

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

April 5, 2007

TO: Honorable Steve Ogden, Chair, Senate Committee on Finance

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: HB48 by Chavez (Relating to distributions from the employment and training investment holding fund.), **As Engrossed**

Estimated Two-year Net Impact to General Revenue Related Funds for HB48, As Engrossed: a positive impact of \$12,800,000 through the biennium ending August 31, 2009.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2008	\$6,400,000
2009	\$6,400,000
2010	\$6,400,000
2011	\$6,400,000
2012	\$6,400,000

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain from <i>GENERAL REVENUE FUND</i> 1	Probable Revenue (Loss) from <i>Employment/Trng Investment Assmnt</i> 5128
2008	\$6,400,000	(\$6,400,000)
2009	\$6,400,000	(\$6,400,000)
2010	\$6,400,000	(\$6,400,000)
2011	\$6,400,000	(\$6,400,000)
2012	\$6,400,000	(\$6,400,000)

Fiscal Analysis

The bill would amend the Labor Code relating to distributions from the employment and training investment holding fund. The bill would change the percentages used to calculate the amounts transferred from the Employment and Training Investment Assessment Holding Fund on the effective date of the bill.

The bill would take effect upon receiving a two-thirds majority vote in each house; otherwise, the bill would take effect September 1, 2007.

Methodology

Current law states that from the first \$160.0 million deposited in the holding fund during the state

fiscal biennium ending August 31, 2007, 67% is to be transferred to the Texas Enterprise Fund and 33% to the Skills Development fund program, with those transfer percentages changing to 75% and 25% respectively, during any state fiscal biennium on or after September 1, 2007. The bill would change the percentages used to calculate the amounts transferred from the Employment and Training Investment Assessment Holding Fund by retaining transfer percentages of 67% to the Texas Enterprise Fund and 33% to the Skills Development fund program as of September 1, 2007.

Based on the analysis of the Texas Workforce Commission, it is assumed that there would be a \$6.4 million increase available each fiscal year for the Skills Development Fund. It is also assumed that a corresponding decrease of \$6.4 million would be realized each fiscal year by the Texas Enterprise Fund.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 301 Office of the Governor, 320 Texas Workforce Commission, 716 Texas Engineering Extension Service, 781 Higher Education Coordinating Board

LBB Staff: JOB, CT, JRO, MW, NV, KJG