

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

May 8, 2007

TO: Honorable Kyle Janek, Chair, Senate Committee on S/C on Emerging Technologies & Economic Dev.

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

IN RE: HB1188 by Morrison (Relating to the Texas emerging technology fund.), **As Engrossed**

No significant fiscal implication to the State is anticipated.

The bill permits appropriated amounts from the Emerging Technology Fund be used for staff and administration of Emerging Technology Fund activities. The bill provides that funding for the administration of the Emerging Technology Fund not exceed \$600,000 per year. Currently, administration of the Emerging Technology Fund is funded using existing funds. Therefore, no significant fiscal impact to the state is anticipated.

The bill changes from 25 percent to 16.67 percent the amount from the Texas Emerging Technology Fund to be used to match funding from research sponsors. The bill changes from 25 percent to 33.33 percent the amount from the Texas Emerging Technology Fund to be used to acquire new or enhance existing research superiority at public institutions of higher education. The bill provides that no more than 2.0 percent of the amount allocated for incentives for commercialization activities may be invested directly in a regional center of innovation and commercialization. No significant fiscal implication to the state is anticipated as the bill redirects appropriated amounts.

The bill permits the Office of the Governor to use the Emerging Technology Fund to make loans and charge interest. The bill permits the Office of the Governor to take an equity position in the form of stock or other security when considering granting an award from the fund and sell or trade a security for the benefit of the fund. Current statute provides for an allocation to the Emerging Technology Fund of any royalties, profits, or financial benefits derived from the commercialization of technology developed by an Emerging Technology Fund program grantee. However, there was no increased revenue generated to the fund from these activities during fiscal year 2006. Based on fiscal year 2006 activity, it is anticipated that the ability of the Office of the Governor to take an equity position in the form of stock or other security as permitted by the bill will result in no significant fiscal impact to the state.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 301 Office of the Governor, 304 Comptroller of Public Accounts

LBB Staff: JOB, JRO, MS, SMi