

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

March 30, 2007

TO: Honorable Tracy King, Chair, House Committee on Border & International Affairs

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

IN RE: HB1879 by Olivo (Relating to a citizen trade policy commission and an office of trade development.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1879, As Introduced: a negative impact of (\$358,422) 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 | (\$181,461) |
| 2009 | (\$176,961) |
| 2010 | (\$176,961) |
| 2011 | (\$176,961) |
| 2012 | (\$176,961) |

All Funds, Five-Year Impact:

| Fiscal Year | Probable (Cost) from GENERAL REVENUE FUND 1 |
|--------------------|--|
| 2008 | (\$181,461) |
| 2009 | (\$176,961) |
| 2010 | (\$176,961) |
| 2011 | (\$176,961) |
| 2012 | (\$176,961) |

| Fiscal Year | Change in Number of State Employees from FY 2007 |
|--------------------|---|
| 2008 | 2.0 |
| 2009 | 2.0 |
| 2010 | 2.0 |
| 2011 | 2.0 |
| 2012 | 2.0 |

Fiscal Analysis

The bill establishes the Citizen Trade Policy Commission (commission) and the Office of Trade Development (office) within the Office of the Governor.

Methodology

The bill requires the commission to hear public testimony, at not less than five locations in Texas in the first year and not less than three locations in subsequent years. Travel costs for the commissioners and office staff are estimated at \$11,000 for fiscal year 2008 and \$9,500 annually in subsequent years.

Duties of the office include monitoring trade negotiations, analyzing pending trade agreements, and providing technical assistance to workers and businesses that are affected by unfair trade practices. The bill requires the office to provide research requested by, and an annual report to, the Governor, Legislature, and the commission. It is estimated that 2 FTEs will be required to perform the duties of the office at an annual cost of \$57,731 (salary and benefits) per FTE. This analysis also assumes the purchase of 2 personal computers in fiscal year 2008 at a cost of \$1,500 each and annual operating costs of \$2,000.

The bill requires the report to include information on the amount of public contract work being performed overseas, an audit of government goods being procured from overseas, the impact of trade on state and local employment levels and tax revenue, and an analysis of the constraints that trade rules place on state regulatory authority. It is assumed that the agency will subscribe to a trade database service and/or contract for a specialized trade database to obtain trade industry data at an annual cost of \$50,000.

Total costs to General Revenue for fiscal year 2008 are estimated at \$181,461 and annual costs after fiscal year 2008 are estimated at \$176,961.

Technology

The technology impact is estimated at \$3,000 for fiscal year 2008 for the purchase of 2 personal computers at a cost of \$1,500 each.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 301 Office of the Governor

LBB Staff: JOB, CL, SMi