

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

May 11, 2007

TO: Honorable Craig Estes, Chair, Senate Committee on S/C on Ag., Rural Affairs & Coastal Resources

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

IN RE: HB2671 by Swinford (Relating to limited agricultural cooperatives; providing penalties.), **As Engrossed**

No significant fiscal implication to the State is anticipated.

The bill adds Chapter 53 to the Agriculture Code, creating the Limited Agricultural Cooperatives Act. A limited agricultural cooperative (LAC) may be created to market, process, or otherwise change the form of marketability of crops, livestock, and other agricultural products. The LAC is created by filing articles of organization with the Secretary of State (SOS). The legislation allows the SOS to set and collect fees to cover filing costs. In addition to articles of organization, a LAC may file the following: amendments to its organizational document; changes to its registered agent/office; mergers; a consolidation; a notice of intent to dissolve; articles of dissolution; and a revocation of the dissolution.

Given the low volume of filings that are currently submitted to the SOS for similar entities under the Agriculture Code or for consumer cooperatives under the Texas Business Organizations Code, the SOS does not anticipate that there will be significant revenue generated as a result of filings under the Act. Further, the agency does not anticipate that additional staffing will be necessary to accommodate these filings. The SOS does anticipate some one-time computer programming, development, and testing costs associated with the provisions in this bill, however, these costs can be absorbed within existing agency resources.

The bill does not replace or modify any current statute dealing with agricultural cooperatives and has no fiscal impact on the Department of Agriculture.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 307 Secretary of State, 551 Department of Agriculture

LBB Staff: JOB, WK, ZS, JF