

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

May 18, 2007

TO: Honorable Tom Craddick, Speaker of the House, House of Representatives

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

IN RE: HB3900 by Morrison (Relating to the Texas tomorrow fund II prepaid tuition unit undergraduate education program.), **As Passed 2nd House**

No fiscal implication to the State is anticipated.

The bill would create the Texas Tomorrow Fund II as a trust fund outside of the State Treasury. The fund would receive deposits of money paid to purchase prepaid tuition contracts and earnings from investments. The fund's assets only could be used to pay the costs of program administration and to make payments to general academic teaching institutions and two-year institutions of higher education on behalf of beneficiaries. Because all program administration and operating costs would be paid via fund assets, there would be no additional costs to the state.

The bill would do one or more of the following: create or recreate a dedicated account in the General Revenue Fund, create or recreate a special or trust fund either with or outside of the Treasury, or create a dedicated revenue source. Legislative policy, implemented as Government Code 403.094, consolidated special funds (except those affected by constitutional, federal, or other restrictions) into the General Revenue Fund as of August 31, 1993 and eliminated all applicable statutory revenue dedications as of August 31, 1995. Each subsequent Legislature has reviewed bills that affect funds consolidation. The fund, account, or revenue dedication included in this bill would be subject to funds consolidation review by the current Legislature.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 781 Higher Education Coordinating Board

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