

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 5, 2009

TO: Honorable Mark Strama, Chair, House Committee on Technology, Economic Development & Workforce

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

IN RE: HB1180 by Chavez (Relating to distributions from the employment and training investment holding fund.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1180, As Introduced: a positive impact of \$38,640,000 through the biennium ending August 31, 2011.

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
2010	\$38,640,000
2011	\$0
2012	\$38,640,000
2013	\$0
2014	\$38,640,000

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from <i>Texas Enterprise Fund</i> 5107	Probable Savings/(Cost) from <i>General Revenue Fund</i> 1
2010	(\$38,640,000)	\$38,640,000
2011	\$0	\$0
2012	(\$38,640,000)	\$38,640,000
2013	\$0	\$0
2014	(\$38,640,000)	\$38,640,000

Fiscal Analysis

The bill would amend the Labor Code regarding transfers from the GR Account 5128—Employment and Training Investment Holding (Holding Account). Currently, under the Labor Code, the transfer requirements for amounts in the Holding Account include that from the first \$160 million deposited in the Holding Account in any state fiscal biennium, 75 percent is transferred to GR Account 5107—Texas Enterprise and 25 percent is transferred to the Skills Development Fund; any remaining amount in the Holding Fund after those two distributions would be transferred to the Training Stabilization Fund, which is a trust Fund held with the Texas Treasury Safekeeping Trust Company.

The bill would change the transfer requirements so that from the first \$160 million deposited in the Holding Account in any state fiscal biennium, 50 percent would be transferred to the GR Account

5107—Texas Enterprise Fund and 50 percent would be transferred to the Skills Development Fund; any remaining amount in the Holding Account after those two distributions would be transferred to the Training Stabilization Fund.

This bill would take effect immediately upon enactment, assuming that it received the requisite two-thirds majority votes in both houses of the Legislature. Otherwise, it would take effect September 1, 2009.

Methodology

The bill would decrease the amount transferred to GR Account 5107—Texas Enterprise Fund and would increase the amount transferred to the Skills Development Fund. Since the Skills Development Fund was previously abolished through funds consolidation, in recent years this transfer has been made to the General Revenue Fund. Accordingly, appropriations since then have been made to the Texas Workforce Commission for the Skills Development Program in the agency's budget in A.2.1. Strategy: Skills Development from the General Revenue Fund. In addition to the transfer, General Revenue could be impacted if General Revenue appropriations are made to the Texas Enterprise Fund in lieu of amounts transferred from the Employment and Training Investment Account.

The Labor Code specifies transfers being made based on the funds deposited in a "state fiscal biennium." For the purposes of this analysis, it is assumed that revenue impacts would remain constant from fiscal year 2010 through fiscal year 2015. Transfer changes reflected above for each biennium were based on estimates provided by the Comptroller of Public Accounts for the first biennium and were allocated 100 percent to the first fiscal year in each biennium (2010, 2012, and 2014).

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, 320 Texas Workforce Commission

LBB Staff: JOB, JRO, MW, NV, BTA