

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

May 23, 2009

TO: Honorable Joe Straus, Speaker of the House, House of Representatives

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

IN RE: HB2531 by Chavez (Relating to a reporting requirement regarding the Texas emerging technology fund.), **As Passed 2nd House**

No fiscal implication to the State is anticipated.

The bill would implement a recommendation in the Legislative Budget Board *Government Effectiveness and Efficiency Report* entitled "Improve Accountability for the Texas Emerging Technology Fund."

The bill would allow the governor to obtain assistance from an outside entity in negotiating contracts with award recipients; and to oversee and monitor contracts, prepare the annual report; and provide Emerging Technology Fund (ETF) investment portfolio advice and evaluation. The outside entity would receive compensation from the ETF.

The bill would require the governor to submit an annual report which shows the actual performance of the ETF in terms of private investment and federal grants or loans received by award recipients. Information would be provided in the report about the aggregate planned and actual outcomes resulting from awards made during preceding fiscal year. The annual report would identify the awards made from the ETF to each recipient, as well as the total award amounts provided under the commercialization, matching, and research superiority programs.

The annual report would contain information about the ETF's investment portfolio, specifically: a brief description of the investments in the portfolio, the value of each investment, and the portfolio's total value as of the reporting period's ending date. The governor would be required to submit the annual report to the Legislative Budget Board and post it on the office of the governor's website. Once posted, the governor would be required to send email messages to members of the legislature that provide an electronic copy of the report and a link to report on the office of the governor's website. The governor would be required to submit the first annual report no later than January 1, 2011.

The bill would alter the allocations for commercialization, research matching, and research superiority programs to 60 percent, 10 percent, and 30 percent, respectively, from 50 percent, 16.67 percent, and 33.33 percent of the fund's appropriation (less administrative costs). The governor would still be able to adjust allocations with prior approval of the lieutenant governor and speaker of the house of representatives.

The bill would prohibit the governor from making an award or transfer from the Texas Emerging Technology Fund to the Texas Enterprise Fund in order to make a grant or other expenditure from the Texas Enterprise Fund without prior written approval of the Legislative Budget Board. It would also prohibit the governor from making a grant or transfer from the Texas Enterprise Fund to the Texas Emerging Technology Fund in order to make an award or other expenditure from the Texas Emerging Technology Fund without the previously mentioned approval.

The bill contains provisions making certain information related to award recipients confidential and requiring the governor to make award contract summaries

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies:

LBB Staff: JOB, JRO, JI