

**LEGISLATIVE BUDGET BOARD**

**Austin, Texas**

**FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION**

**Revision 1**

**May 12, 2009**

**TO:** Honorable Rene Oliveira, Chair, House Committee on Ways & Means

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

**IN RE: HB4076** by Paxton (Relating to the establishment of the Texas Power Source.), **Committee Report 1st House, Substituted**

**For the sake of this analysis, it is assumed that \$500 million could be appropriated to help capitalize the Texas Power Source Fund.**

The bill would amend the Government Code, by creating the Texas Power Source program as a program authorized by Section 52-a in Article III of the Texas Constitution and as an account outside the state treasury. The bill would provide for appointment of an oversight committee, establishment of a selection committee, and selection of the board of directors for the investment team.

Under the provisions of the bill, the selection committee would enter into a service contract with the investment team, a nonprofit corporation. Under the contract, the team could: employ staff; acquire, hold, or dispose of assets; execute contracts; pay expenses; administer and protect the account and program; and, exercise all voting and other powers or privileges. Investments from the account would be in accordance with the strategy established by the bill and would be limited to businesses with substantial operations and assets located in the state. Income, investment returns and capital appreciation would become part of the account's corpus for further investment until the program's dissolution. The bill would prohibit lobbying by entities and political subdivisions using account proceeds. This bill would also prohibit the financing of political campaigns with account proceeds.

The bill would require the Comptroller to deposit funds to the account as directed by the General Appropriations Act. The bill would require the board to dissolve the account and liquidate investments beginning no later than the account's tenth anniversary or September 1, 2019, unless the Legislature extends the account for another ten years by two-thirds majority vote. Dissolution would be completed by the eleventh anniversary of the account or September 1, 2020. The account's assets would be returned to the Comptroller.

Note: This legislation 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. The fund, account, or revenue dedication included in this bill would be subject to funds consolidation review by the current Legislature.

The 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.

**Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 304 Comptroller of Public Accounts

JOB, MN

**LBB Staff:**