LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION
Revision 1

May 7, 2009

TO: Honorable Burt R. Solomons, Chair, House Committee on State Affairs

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

IN RE: **HB4133** by Swinford (Relating to the creation of the Texas Export Financial Assistance Guarantee Program.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB4133, Committee Report 1st House, Substituted: a negative impact of ($50,000,000) through the biennium ending August 31, 2011.

A portion of this cost would be offset by the 25-basis-point fee applied to the outstanding balance of the state's guaranteed portion of loans made by the financial institution under this program but this amount would be indeterminate.

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	($25,000,000)
2011	($25,000,000)
2012	($25,000,000)
2013	($25,000,000)
2014	($25,000,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from *General Revenue Fund* 1	Probable Revenue Gain from *New General Revenue Dedicated*	Probable (Cost) from *New General Revenue Dedicated*
2010	($25,000,000)	$25,000,000	($25,000,000)
2011	($25,000,000)	$25,000,000	($25,000,000)
2012	($25,000,000)	$25,000,000	($25,000,000)
2013	($25,000,000)	$25,000,000	($25,000,000)
2014	($25,000,000)	$25,000,000	($25,000,000)

Fiscal Analysis

The bill would create the Texas Export Financial Assistance Guarantee Program within the Texas Economic Development and Tourism Office at the Trusteed Programs Within the Office of the Governor. The program would guarantee a portion of loans made by participating financial institutions to certain manufacturers to facilitate the manufacture of certain products in Texas for international export. Preferred manufacturing industries would include alternative energies, medical goods, green technologies, high fuel efficiency vehicles, water conservation and purification technologies, and scientific goods.

In order to obtain a loan guarantee, a manufacturer would have to meet experience and financial requirements and conditions specified in the bill. A manufacturer could use the funding only to finance the costs of manufacturing in this state a product for international export. Under the program, a participating financial institution would apply for a loan guarantee with the Office for an eligible loan. The bill would allow the state to guarantee up to 50 percent of the amount of an eligible loan, or in special circumstances up to 80 percent.

Every six months, a participating financial institution would pay to the Office a 25-basis-point fee applied to the outstanding balance of the state's guaranteed portion of loans made by the financial institution under the program.

The bill would require the Office to determine criteria for a financial institution to apply for loan guarantees. The office would also be required to perform an annual audit and submit biennial reports to the legislature.

The bill would be effective immediately if it receives a vote of two-thirds or on September 1, 2009.

Methodology

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 General Revenue – Dedicated account would consists of appropriations by the legislature, gifts, grants, and other donations, and income and interest earned and could only be used to guarantee loans and administer the program. It is assumed that appropriations would be $25 million per fiscal year.

In addition, every six months, a participating financial institution would pay to the Office a 25-basis-point fee applied to the outstanding balance of the state's guaranteed portion of loans made by the financial institution under the program. The amount this fee would generate cannot be determined.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 301 Office of the Governor, 304 Comptroller of Public Accounts

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