

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 27, 2009

TO: Honorable Jim Pitts, Chair, House Committee on Appropriations

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

IN RE: **HB4325** by Strama (Relating to the creation of a Sunny Day Fund to attract competitive federal grants to Texas under the American Recovery and Reinvestment Act.), As Introduced

Estimated Two-year Net Impact to General Revenue Related Funds for HB4325, As Introduced: a negative impact of (\$911,266) 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	(\$530,428)
2011	(\$380,838)
2012	(\$380,838)
2013	(\$380,838)
2014	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue (Loss) from <i>Economic Stabilization Fund 599</i>	Probable Revenue Gain from <i>New General Revenue Dedicated</i>	Probable (Cost) from <i>New General Revenue Dedicated</i>	Probable (Cost) from <i>General Revenue Fund 1</i>
2010	(\$1,000,000,000)	\$1,000,000,000	(\$1,000,000,000)	(\$530,428)
2011	\$0	\$0	\$0	(\$380,838)
2012	\$0	\$0	\$0	(\$380,838)
2013	\$0	\$0	\$0	(\$380,838)
2014	\$0	\$0	\$0	\$0

Fiscal Year	Change in Number of State Employees from FY 2009
2010	6.0
2011	6.0
2012	6.0
2013	6.0
2014	6.0

Fiscal Analysis

The bill would create the Texas Recovery and Reinvestment Fund to attract competitive federal grants to Texas under the American Recovery and Reinvestment Act (ARRA). The administration of the fund would be considered a trustee program within the Office of the Governor. 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 require the following to be deposited into the fund: \$1 billion from the Economic Stabilization Fund (ESF), amounts appropriated by the legislature, interest earned, and gifts, grants, and other donations. Subject to availability of funds, the bill would require the fund to be used to provide matching grants equal to one-third the total amount awarded to entities who receive competitive grants for investments in Texas from the United States government pursuant to ARRA and who receive awards for the same purpose from private entities.

The bill would allow the governor to enter into written agreements with grantees pertaining to liens and repayment with interest if the grants are to be used to build capital improvements and for repayment with interest if as of a certain date the money has not been used.

The fund would cease to exist on December 31, 2010 and all remaining amounts in the fund would be returned to ESF.

The bill would be effective September 1, 2009.

Methodology

It is assumed that the \$1 billion transferred from the Economic Stabilization Fund to the Texas Recovery and Reinvestment Fund would be granted out in fiscal year 2010. It is also assumed that the Office of the Governor would require six new employees in order to oversee the grant process at a cost of \$253,860 per fiscal year for salaries and wages and \$72,528 per fiscal year for benefits out of General Revenue through fiscal year 2013. In addition, one-time costs of \$49,590 for equipment such as computers, desks, and telephones in fiscal year 2010 and on-going costs including travel of \$27,450 per fiscal year and other operating expenses of \$27,000 per fiscal year would be needed through fiscal year 2013. Although it is assumed that the Texas Recovery and Reinvestment Funds would be granted out in fiscal year 2010, it is assumed that the Office of the Governor would continue to need the six employees through 2013 in order to monitor for compliance with grant rules.

Technology

The Office of the Governor assumed it would cost \$100,000 in General Revenue in fiscal year 2010 to create a database to keep track and maintain the grants.

Local Government Impact

There could be a positive local impact depending on which American Recovery and Reinvestment Act grants are matched.

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

LBB Staff: JOB, MN, MS, BTA