

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION**

**April 6, 2011**

**TO:** Honorable Mike Jackson, Chair, Senate Committee on Economic Development

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

**IN RE: SB891** by Carona (Relating to certain investments by insurance companies and related organizations.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for SB891, As Introduced: a positive impact of \$112,500 through the biennium ending August 31, 2013.

**General Revenue-Related Funds, Ten-Year Impact:**

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2012	\$67,500
2013	\$45,000
2014	\$45,000
2015	\$45,000
2016	\$45,000
2017	(\$49,955,000)
2018	(\$49,955,000)
2019	(\$49,955,000)
2020	(\$49,955,000)
2021	\$0

**All Funds, Ten-Year Impact:**

Fiscal Year	Probable Revenue Gain/(Loss) from <i>General Revenue Fund</i> <b>1</b>	Probable Revenue (Loss) from <i>Foundation School Fund</i> <b>193</b>
2012	\$67,500	\$0
2013	\$45,000	\$0
2014	\$45,000	\$0
2015	\$45,000	\$0
2016	\$45,000	\$0
2017	(\$37,455,000)	(\$12,500,000)
2018	(\$37,455,000)	(\$12,500,000)
2019	(\$37,455,000)	(\$12,500,000)
2020	(\$37,455,000)	(\$12,500,000)
2021	\$0	\$0

**Fiscal Analysis**

The bill would establish an additional Certified Capital Company (CAPCO) Investment Program, Program Three. The program would be subject to the same investment, certification, and compliance provisions in effect under current law for earlier CAPCO programs.

The bill would provide for \$200 million in insurance premium tax credits for investment made under Program Three. The bill would require the comptroller to accept premium tax credit allocation claims no later than January 1, 2012. Aggregate credits would be limited to \$50 million each year. The first credits could not be claimed until the tax report due in March 2017.

The applicants for certification as a certified capital investment company would pay an initial fee of \$7,500 and an annual renewal fee of \$5,000 per CAPCO program.

The bill would take effect September 1, 2011.

### **Methodology**

The estimate assumes that companies taking CAPCO credits would have sufficient premium tax liability to take \$50 million in credits each year beginning in fiscal year 2017. The estimate of revenue from the fee assumes that 9 companies are certified.

### **Local Government Impact**

No fiscal implication to units of local government is anticipated.

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

**LBB Staff:** JOB, AG, SD, RS, CH