

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

**FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION**

**April 21, 2015**

**TO:** Honorable Angie Chen Button, Chair, House Committee on Economic & Small Business Development

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE:** **HB27** by Button (Relating to state economic development measures, including administration of the Texas Enterprise Fund, the abolishment of the Texas emerging technology fund, and the disposition of balances from the Texas emerging technology fund.), **Committee Report 1st House, Substituted**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB27, Committee Report 1st House, Substituted: an impact of \$0 through the biennium ending August 31, 2017.

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
2016	\$0
2017	\$0
2018	\$0
2019	\$0
2020	\$0

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

Fiscal Year	Probable Revenue Gain/(Loss) from <i>General Revenue Fund</i> 1	Probable Savings/(Cost) from <i>General Revenue Fund</i> 1	Probable Savings/(Cost) from <i>Emerging Technology</i> 5124	Probable Revenue Gain/(Loss) from <i>Texas Treasury</i> <i>Safekeeping Trust</i> <i>Company</i>
2016	\$90,618,000	(\$90,618,000)	(\$90,618,000)	\$9,136,100
2017	\$0	\$0	\$0	\$606,100
2018	\$0	\$0	\$0	\$6,706,100
2019	\$0	\$0	\$0	\$606,100
2020	\$0	\$0	\$0	\$962,087

<b>Fiscal Year</b>	<b>Probable Savings/(Cost) from Texas Treasury Safekeeping Trust Company</b>	<b>Change in Number of State Employees from FY 2015</b>
2016	(\$9,136,100)	(7.0)
2017	(\$606,100)	(7.0)
2018	(\$6,706,100)	(7.0)
2019	(\$606,100)	(7.0)
2020	(\$962,087)	(7.0)

## **Fiscal Analysis**

The bill amends Government Code to include projects for commercialization of property derived from University Research Development grants that receive matching funds from the institution and additional private funding, to the eligible uses for the Texas Enterprise Fund. The bill would amend Government Code to shorten the approval period for a grant from the Texas Enterprise Fund.

The bill would abolish the Emerging Technology Fund (ETF) and transfer management of the ETF portfolio to the Texas Treasury Safekeeping Trust company with proceeds used for portfolio management and any excess deposited into General Revenue. The bill would allow the unencumbered balances of the ETF to be appropriated only to: the Texas Research Initiative Program (TRIP); the Texas Research University Fund; and to the Comptroller for expenses incurred in managing the investment portfolio in connection with awards from the former ETF. Although the ETF would be abolished effective September 1, 2015, agreements in place before that date would not be affected. All money in the fund on that date and received in the future would be deposited to General Revenue, except for money obligated for existing agreements and money deposited in the fund as a gift, grant or donation under specific terms of use.

## **Methodology**

Using the Comptroller of Public Account's (CPA) Biennial Revenue Estimate, \$90.6 million in unexpended balances in General Revenue - Dedicated Emerging Technology Fund Account No. 5124 would be available to be appropriated to: the Texas Research Incentive Program (TRIP); the Texas Research University Fund; the Governor's Research Initiative Fund; and to the Comptroller (CPA) for expenses incurred in managing the investment portfolio in connection with awards from the former ETF. As the bill does not require certain percentages of distribution, it is assumed the balances in General Revenue - Dedicated Emerging Technology Fund 5124 would be transferred into General Revenue and appropriated in undetermined shares to the Texas Research Incentive Program (TRIP); the Texas Research University Fund, and the CPA.

The provisions of the bill would reduce the Office of the Governor by 7.0 FTEs that currently administer the Emerging Technology Fund.

It is assumed that on-going revenues from investments in entities that received Emerging Technology Funds, estimated by the Office of the Governor to be \$9.1 million in 2016, \$0.6 million in 2017 \$6.7 million in 2018, \$0.6 million in 2019 and \$1.0 million in 2020, and would be used by the Texas Treasury Safekeeping Trust Company (TTSTC) and the CPA for expenses incurred in managing the investment portfolio in connection with awards from the former ETF. However, the cost to manage the ETF portfolio may be higher or lower depending on the composition of the portfolio.

**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

**LBB Staff:** UP, CL, EP, LBe