

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

April 2, 2015

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB29 by Springer (Relating to the funding of certain activities related to the commercialization of emerging technologies.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB29, As Introduced: 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 Savings/(Cost) from Emerging Technology 5124	Probable Revenue Gain/(Loss) from New General Revenue Dedicated	Probable Savings/(Cost) from New General Revenue Dedicated	Probable Savings/(Cost) from Institutional Funds 8888
2016	(\$90,618,000)	\$99,754,100	(\$9,000,000)	(\$9,000,000)
2017	\$0	\$606,100	(\$9,000,000)	(\$9,000,000)
2018	\$0	\$6,706,100	(\$9,000,000)	(\$9,000,000)
2019	\$0	\$606,100	(\$9,000,000)	(\$9,000,000)
2020	\$0	\$962,087	(\$9,000,000)	(\$9,000,000)

Fiscal Analysis

The bill would amend Education Code to create the Governor's University Research Initiative administered by the Office of the Governor to award grants to eligible institutions. The bill would

define the program and grant process, direct the creation of an advisory board, and define the funding source. The bill would direct the closing activities of the Texas Emerging Technology Fund and directs the creation of the Governor's University Research Initiative and the involvement of the Texas Treasury Safekeeping Trust. The bill would abolish regional centers of innovation and commercialization created according to Government Code and would abolish the Texas Emerging Technology Fund. The bill would create a dedicated account and special or trust fund.

The Office of the Governor, the Comptroller of Public Accounts, and the Higher Education Coordinating Board indicate that other costs associated with the implementation of the bill could be absorbed within existing resources.

Methodology

Using the Comptroller of Public Account's (CPA) Biennial Revenue Estimate, \$90,618,000 in unexpended balances would be transferred from the General Revenue - Dedicated Emerging Technology Fund Account No. 5124 to new General Revenue - Dedicated Governor's University Research Initiative Fund.

Based on a similar state grant program to recruit certain distinguished researchers to institutions of higher education, it is estimated that the Governor's Office would award a minimum of three grants each fiscal year with an average grant award of \$3 million each, for a total of \$9 million in grants each fiscal year of the 2016-17 biennium to eligible institutions of higher education. It's assumed that these grants would be for a five year period. Since the bill requires a match of funds from the institution applying for a grant, it's assumed \$3 million each fiscal year for the three grants awarded by the Governor's Office, each fiscal year would come from matching Institutional Funds.

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 the Governor's University Research Initiative Fund, except for money obligated for existing agreements and money deposited in the fund as a gift, grant or donation under specific terms of use. The Office of the Governor indicates there would be on-going revenues from investments in entities that received Emerging Technology Funds of \$9,136,100 in 2016, \$606,100 in 2017 \$6,706,100 in 2018, \$606,100 in 2019 and \$962,087 in 2020. On the bill's effective date, GR Account 5124-Emerging Technology would be abolished and Comptroller would transfer the unencumbered balance of the fund to the Governor's University Research Initiative Fund.

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, 781 Higher Education Coordinating Board

LBB Staff: UP, CL, EP, LBe