

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

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

**April 15, 2015**

**TO:** Honorable Tan Parker, Chair, House Committee on Investments & Financial Services

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

**IN RE: HB3617** by Capriglione (Relating to the establishment of a business investment fund in this state.), **As Introduced**

The fiscal implications of the bill cannot be determined at this time due to unknown appropriations and potential investments to the business investment fund and unknown direction and limitations regarding payments to the fund's investment manager.

The bill would add Chapter 486 to the Government Code to establish a business investment fund as a trust fund outside the state treasury held by the Comptroller as trustee in a financial institution and administered by the Comptroller through a contract with a private equity fund manager (investment manager). The fund would consist of appropriations to the fund; money provided by other investors for deposit to the fund and subsequent investment; and earnings on investments of fund money. The fund would be established for the purpose of facilitating job creation and retention by businesses in this state. The fund would be used to (1) make investments in one or more qualified businesses, as defined in the bill, based on market terms; (2) make other investments for limited periods as specified in the bill; and (3) repay the principal of and pay interest on investments made in the fund. The Comptroller would be required to enter into a contract with the investment manager by January 1, 2016. The bill would take effect immediately upon receipt of a two-thirds vote of all members elected to each house; otherwise the bill would take effect September 1, 2015.

The bill 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 within or outside of the Treasury, or create a dedicated revenue source. The fund, account, or revenue dedication included in the bill would be subject to funds consolidation review by the current Legislature.

According to the Comptroller, while the bill would have no revenue implications, the fiscal impact to the state cannot be estimated. The impact would be affected by the amount of appropriations for the business investment fund and level of investments made to the fund. In addition, the bill broadly defines the purpose and use of the fund and does not specify the method of calculation for payments to the investment manager. However, costs to implement the bill could be absorbed within existing resources.

**Local Government Impact**

No fiscal implication to units of local government is anticipated.

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

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