

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

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

**April 20, 2015**

**TO:** Honorable Dennis Bonnen, Chair, House Committee on Ways & Means

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

**IN RE: HB3637** by Turner, Chris (Relating to the verification of information provided to the comptroller and contained in reports on compliance with agreements under the Texas Economic Development Act.), **As Introduced**

<p><b>Estimated Two-year Net Impact to General Revenue Related Funds</b> for HB3637, As Introduced: a negative impact of (\$1,454,000) through the biennium ending August 31, 2017.</p>
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**General Revenue-Related Funds, Five-Year Impact:**

<b>Fiscal Year</b>	<b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b>
2016	(\$727,000)
2017	(\$727,000)
2018	(\$727,000)
2019	(\$727,000)
2020	(\$727,000)

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

<b>Fiscal Year</b>	<b>Probable (Cost) from General Revenue Fund 1</b>	<b>Change in Number of State Employees from FY 2015</b>
2016	(\$727,000)	9.0
2017	(\$727,000)	9.0
2018	(\$727,000)	9.0
2019	(\$727,000)	9.0
2020	(\$727,000)	9.0

## **Fiscal Analysis**

The bill would amend Section 313.032 of the Tax Code to require the Comptroller to verify the data submitted by school property tax limitation agreement recipients for use by the Comptroller for the report to the Legislature required under this section. The Comptroller would verify the data using information from reliable sources, such as the Texas Workforce Commission or chief appraisers for appraisal districts.

The bill would take effect September 1, 2015.

## **Methodology**

Currently, agreements are between the company and the school district, and the district is responsible for enforcement of the agreement. The Comptroller is not a party to the agreement.

Companies submitting information to the Comptroller for the report are currently required to attest to the accuracy of the data submitted, and certify such data. Implementing an employee-level job and wage verification system of company-submitted data, would require additional resources.

The administrative cost estimate reflects the funds that would be necessary to hire eight systems analyst IIIs and one project manager to assume this new function. Using the Texas Enterprise Fund program as a comparison, 2.5 FTEs conduct 10 site visits a year and perform desk audits using one data element on 80 active agreements. The Chapter 313 program currently has approximately 350 agreements, with an estimated 50 additional projects added annually. The data verification process would entail reviewing 15 separate data elements and conducting approximately 50 site visits.

## **Local Government Impact**

No significant fiscal implication to units of local government is anticipated.

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

**LBB Staff:** UP, KK, SZ, SD