

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

April 6, 2017

TO: Honorable Byron Cook, Chair, House Committee on State Affairs

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB89 by King, Phil (Relating to state contracts with and investments in companies that boycott Israel.), **Committee Report 1st House, Substituted**

Depending upon the number of entities that contract with or invest in companies that boycott Israel, there could be an indeterminate fiscal impact to the state.

The bill would amend the Government Code to require a governmental entity contracting for goods or services to include in its contract a written verification from the contracting company stating the company does not boycott Israel and will not boycott Israel during the term of the contract.

The bill would also require the Comptroller of Public Accounts (CPA) to prepare and maintain a list of all companies that boycott Israel. Under certain circumstances, the bill would require state pension systems, and the Permanent School Fund to sell, redeem, divest, or withdraw publicly traded securities of a company that boycotts Israel. Pursuant to the bill's reporting and notification provisions, the Attorney General would receive both CPA's list of companies that boycott Israel and reports from state governmental entities regarding their divestment from listed companies. The bill would grant the Attorney General civil enforcement authority with regards to the bill's provisions relating to prohibition on investment in companies that boycott Israel. The bill would take effect on September 1, 2017.

CPA, the General Land Office, the Teacher Retirement System, and the Employees Retirement System indicate that the costs associated with implementing the provisions of the bill cannot be estimated.

The Office of the Attorney General and the Texas Education Agency indicate that any costs associated with the bill could be absorbed within the respective agency's current resources.

The Texas Emergency Services Retirement System estimates that there would be minimal cost associated with implementing the provisions of the bill.

Local Government Impact

According to the Texas County and District Retirement System (TCDRS), no fiscal impact to TCERS is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 305 General Land Office and Veterans' Land Board, 326 Texas Emergency Services Retirement System, 327 Employees Retirement System, 720 The University of Texas System Administration, 302 Office of the Attorney General, 323 Teacher Retirement System, 701 Texas Education Agency

LBB Staff: UP, AG, JPU, DRE, KFa, CL, SD, LCO, JSm, JGA