

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

May 7, 2017

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **HB4195** by Johnson, Eric (Relating to establishing a program to assist small businesses in job creation by increasing access to capital.), **Committee Report 1st House, Substituted**

No significant fiscal implication to the State is anticipated from provisions of the bill related to the administration of the loan program. However, the fiscal impact of creating a revolving loan account cannot be determined at this time due to the unknown amount of initial loan funding needed.

The bill would amend Government Code relating to establishing a program to assist small businesses in job creation by increasing access to capital.

The bill would require the Economic Development Bank within the Governor's Office to enter into participation agreements with eligible community development financial institutions (CDFI) to create terms for the Bank to make contributions to the CDFI's revolving loan account as a part of the Reinvestment in Support for Employment Program. The bill would require the Bank to set certain criteria for CDFI eligibility and certain loan requirements. The bill would require the Bank to distribute funds from a revolving loan account quarterly to participating CDFIs and would require the CDFI's to be solely responsible for loan losses under the program. The bill would require the selected CDFI and the Economic Development Bank to fulfill certain reporting requirements.

Due to the unknown amount needed to provide initial funding for a new revolving loan account, this analysis estimates an indeterminate fiscal impact to the state associated with the implementation of a new loan program.

This analysis assumes administrative duties and responsibilities associated with implementing the provisions of the bill could be accomplished utilizing existing resources in the Truusted Programs Within the Office of the Governor.

The bill would take effect immediately upon receiving two-thirds majority vote in each house. Otherwise, the bill would take effect September 1, 2017.

Local Government Impact

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

Source Agencies: 300 Truſteed Programs Within the Office of the Governor, 304 Comptroller of Public Accounts

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