

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

April 26, 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 pilot program to assist small business in obtaining capital.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB4195, As Introduced: an impact of \$0 through the biennium ending August 31, 2019.

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
2018	\$0
2019	\$0
2020	\$0
2021	\$0
2022	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from Economic Development Bank 5106
2018	(\$400,000)
2019	(\$400,000)
2020	(\$400,000)
2021	(\$400,000)
2022	(\$400,000)

Fiscal Analysis

The bill would amend Government Code relating to establishing a pilot program to assist small business in obtaining capital.

The bill would require the Economic Development Bank within the Governor's Office to issue a request for proposals and select a community development financial institution (CDFI) to administer the program and provide capital access loans to certain businesses. The bill would provide funding for the program by allocating not more than 20 percent of the capital access fund located in the Economic Development Bank General Revenue-Dedicated Account No. 5106. The bill would require the selected CDFI and the Economic Development Bank to fulfill certain reporting requirements. The provisions of the bill would expire September 1, 2020.

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

Methodology

According to the Office of the Governor, the administrative cost of implementing this program would be 20 percent of the existing Capital Access Fund located in the GR Account- Economic Development Bank 5106. The fund currently has approximately \$2,000,000 resulting in a maximum amount of \$400,000 to be awarded to a CDFI to fulfill the provisions of the bill.

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.

Local Government Impact

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

Source Agencies: 300 Truusted Programs Within the Office of the Governor

LBB Staff: UP, CL, NV, LBe