

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

May 21, 2017

TO: Honorable Dan Patrick, Lieutenant Governor, Senate

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: SB81 by Nelson (Relating to the operations of the Cancer Prevention and Research Institute of Texas; authorizing a trust company to charge the institute an investment fee.),
As Passed 2nd House

No significant fiscal implication to the State is anticipated through fiscal year 2020. However, beginning in fiscal year 2021, there is an estimated negative impact of (\$11,400,000) in General Revenue each fiscal year through fiscal year 2041 for additional debt service payments by the Texas Public Finance Authority.

The bill would amend various codes relating to the operations of the Cancer Prevention and Research Institute of Texas (CPRIT); authorizing a fee. The bill would expand the definition for an appointed officer of a major state agency to include CPRIT's Oversight Committee under certain state ethics requirements. The bill would extend CPRIT's sunset date by two years from September 1, 2021, to September 1, 2023. The bill would also extend the period that the CPRIT Oversight Committee may award grants by two years from August 31, 2020, to August 31, 2022. The bill would amend the limitations relating to grant awards for cancer prevention and control programs. The bill would allow the Oversight Committee to transfer management and disposition authority for interests in royalties, income, and other benefits to the Texas Treasury Safekeeping Trust Company (TTSTC), and allow the Oversight Committee to conduct a closed session relating to investment ownership. The bill would authorize the TTSTC to charge a fee to recover the reasonable and necessary costs incurred in managing CPRIT assets. The bill would repeal the requirements relating to disclosure of political contributions made by Oversight Committee members.

According to CPRIT, under current statutory restrictions, there would be an estimated \$146.0 million in unissued bond authority of the \$3.0 billion approved by Texas Constitution, Art. III, Sec. 67. This includes \$90.0 million in bond authority that CPRIT cannot award due to limits in current statute and \$56.0 million in available authority from grants that have ended without expending their full award, an amount that will likely increase as additional grants end. The change in the sunset date would allow the agency to utilize all available authority.

This analysis assumes all \$146.0 million in bond proceeds would be issued and awarded as grants in fiscal year 2021. Additional agency administrative costs for the 2022-23 biennium are estimated to be \$4.0 million in Other Funds - Bond Proceeds each fiscal year, based on current expenditures on grant compliance and administration. Beginning in fiscal year 2021, the issuance and award of \$146.0 million in additional bond authority will result in additional debt service paid by Texas Public Finance Authority, estimated to average \$11.4 million per year in General Revenue for 20 years.

The Cancer Prevention and Research Institute of Texas indicates that the duties and responsibilities associated with implementing the provisions of the bill could be accomplished within the agency's existing resources. This analysis assumes that any costs associated with managing investments will be offset by the fees that may be collected by TTSTC.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 542 Cancer Prevention and Research Institute of Texas

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