

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

**FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION**

**April 3, 2017**

**TO:** Honorable Craig Estes, Chair, Senate Committee on Natural Resources & Economic Development

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

**IN RE:** **SB400** by Kolkhorst (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**

**Estimated Two-year Net Impact to General Revenue Related Funds for SB400, As Introduced:** a negative impact of (\$1,304,000) 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:**

<b>Fiscal Year</b>	<b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b>
2018	(\$652,000)
2019	(\$652,000)
2020	(\$652,000)
2021	(\$652,000)
2022	(\$652,000)

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

<b>Fiscal Year</b>	<b>Probable Savings/(Cost) from General Revenue Fund 1</b>	<b>Change in Number of State Employees from FY 2017</b>
2018	(\$652,000)	8.0
2019	(\$652,000)	8.0
2020	(\$652,000)	8.0
2021	(\$652,000)	8.0
2022	(\$652,000)	8.0

## **Fiscal Analysis**

The bill would require the Comptroller to verify data submitted by recipients of limitation agreements under Chapter 313, Tax Code, used by the Comptroller in the report to the Legislature required under Section 313.032.

The bill would take effect September 1, 2017.

## **Methodology**

Currently, the recipient of limitations are required to attest to and certify the accuracy of the data submitted to the Comptroller for the report required under Section 313.032. The Comptroller's office currently does not verify such data and would require additional staff to review the data elements in Comptroller Form #50-773A pertaining to qualifying jobs created and their wages, qualified investments and properties, and other related information. The agency indicates an additional eight program specialist IVs would be required to assume the verification function. The agency indicates verification efforts would be a continuous activity in each year.

There are currently approximately 350 agreements under Chapter 313 with a net estimated 30 agreements added annually, which would require verification reviews by the Comptroller. The agency indicates that that in addition to verifying qualifying jobs created by the limitation recipients, in certain instances verifications of jobs created by subcontractors would also need to be conducted. The review process may include additional data-collection, site visits and inspection of locally held employment records.

## **Local Government Impact**

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

**Source Agencies:** 304 Comptroller of Public Accounts, 320 Texas Workforce Commission

**LBB Staff:** UP, SZ, NV, LCO