

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

April 3, 2019

TO: Honorable Donna Campbell, Chair, Senate Committee on Veteran Affairs & Border Security

FROM: John McGeady, Assistant Director Sarah Keyton, Assistant Director
Legislative Budget Board

IN RE: SB2131 by Powell (Relating to state assistance provided by the Texas Military Preparedness Commission to defense communities.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB2131, As Introduced: a negative impact of (\$250,000) through the biennium ending August 31, 2021.

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 |
|--------------------|---|
| 2020 | (\$250,000) |
| 2021 | \$0 |
| 2022 | \$0 |
| 2023 | \$0 |
| 2024 | \$0 |

All Funds, Five-Year Impact:

| Fiscal Year | Probable Savings/(Cost) from General Revenue Fund |
|--------------------|--|
| 2020 | (\$250,000) |
| 2021 | \$0 |
| 2022 | \$0 |
| 2023 | \$0 |
| 2024 | \$0 |

Fiscal Analysis

The bill would amend Government Code provisions relating to state assistance provided by the Texas Military Preparedness Commission (TMPC) to defense communities. The bill would

authorize the Texas Public Finance Authority (TPFA) to issue obligations the repayment of which would be dependent on generated revenues, including commercial paper notes to fund a request for financing submitted by the TMPC.

The bill would take effect September 1, 2019.

Methodology

The bill could provide the basis for a cost to the state if the Legislature were to appropriate General Revenue to fund the upfront costs of establishing a commercial paper program. Based on the start-up history of existing commercial paper programs, the estimated one-time cost to the state to set up a general obligation or revenue commercial paper program to fund future requests for financing is \$250,000.

There would be administrative costs to the state related to loan administration, bond issuance, bond fund monitoring and debt service payments. According to TPFA, those costs could presumably be recovered from the borrower, most likely incorporated into the loan payments.

According to the Office of the Governor, the changes would have no impact on TMPC staffing needs. No additional FTEs would be added because the program would fall with the other commercial paper programs at TPFA and under current staffing requirements.

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, 347 Public Finance Authority, 352 Bond Review Board, 401 Military Department

LBB Staff: WP, JQ, LBO, JSm, LLo