

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 87th LEGISLATURE 1st CALLED SESSION 2021

July 11, 2021

TO: Honorable Bryan Hughes, Chair, Senate Committee on State Affairs

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: SB24 by Kolkhorst (Relating to state investments in social media companies that censor political speech.), **As Introduced**

The fiscal implications of the bill cannot be determined due to the future performance of affected investments and the difference in returns between affected investments and those that would potentially replace them being unknown.

The bill would amend the Government Code to prohibit state governmental entities, as defined by the language of the bill, from investing in social media companies that censor political speech. The Office of the Attorney General (OAG) would be required to prepare and maintain a list of such companies and provide it to the entities and the presiding officer of each house of the Legislature and post the list on a publicly available website.

The bill would require entities to sell all publicly traded assets of a listed company and would prohibit such entities from acquiring securities of a listed company, with certain exceptions. Not later than January 15 of each year, entities would be required to file a publicly available compliance report with the presiding officer of each house of the Legislature and the OAG. The bill would also authorize the OAG to bring any action necessary to enforce the bills' provisions.

The fiscal implications of the bill cannot be determined due to the future performance of affected investments and the difference in returns between affected investments and those that would potentially replace them being unknown.

According to the Office of Court Administration, no significant fiscal impact to the state court system is anticipated. OAG anticipates any legal or technology work resulting from the passage of the bill could be reasonably absorbed using current resources. The General Land Office estimates no fiscal impact as a result of the passage of the bill.

According to the Comptroller of Public Accounts, the fiscal impact on the state cannot be estimated.

According to the Teachers Retirement System, the fiscal impact on the pension fund related to returns on investments due to the prohibition cannot be determined as the difference in returns between affected investments and those that would replace them, if possible, cannot be estimated.

According to the Texas Emergency Services Retirement System, the bill would impact the managed accounts of the system's portfolio, though in an amount that cannot be calculated due to the impact being dependent on future investment performance.

The Employees Retirement System (ERS) indicates that the bill could potentially limit the return potential of ERS investments by restricting the entities in which ERS can invest based on non-financial criteria.

Local Government Impact

The fiscal implications of the bill cannot be determined at this time.

Source Agencies: 212 Office of Court Admin, 302 Office of the Attorney General, 304 Comptroller of Public Accounts, 305 General Land Office, 323 Teacher Retirement System, 326 Tx Emergency Serv Retirement System, 327 Employees Retirement System

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