

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

April 18, 2021

TO: Honorable Jim Murphy, Chair, House Committee on Higher Education

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB15 by Thompson, Senfronia (relating to the creation of the Brain Institute of Texas; granting authority to issue bonds.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB15, Committee Report 1st House, Substituted : a negative impact of (\$4,971,314) through the biennium ending August 31, 2023.

The Brain Institute of Texas is required to implement a provision of this bill only if the legislature appropriates money specifically for that purpose.

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:

<i>Fiscal Year</i>	<i>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</i>
2022	\$0
2023	(\$4,971,314)
2024	(\$45,481,314)
2025	(\$78,518,814)
2026	(\$110,581,314)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	<i>Probable Savings/(Cost) from General Revenue Fund 1</i>	<i>Probable Savings/(Cost) from New General Revenue Dedicated Brain Institute of Texas Research Fund</i>	<i>Probable Savings/(Cost) from Bond Proceed-Gen Obligat 780</i>	<i>Change in Number of State Employees from FY 2021</i>
2022	\$0	\$0	\$0	0.0
2023	(\$4,971,314)	\$300,000,000	(\$300,000,000)	3.0
2024	(\$45,481,314)	\$300,000,000	(\$300,000,000)	3.0
2025	(\$78,518,814)	\$300,000,000	(\$300,000,000)	3.0
2026	(\$110,581,314)	\$300,000,000	(\$300,000,000)	3.0

Fiscal Analysis

The bill would amend the Education Code and Health and Safety Code to establish the Brain Institute of Texas (institute) to conduct research on brain-related health and diseases. Research would be funded by grants from the institute through revenue from general obligation bonds, legislative appropriations, gifts, grants, interest, dividends, and other income. The bill would establish a higher education advisory committee, an oversight

committee, a program integration committee, and a peer review committee.

The bill would require that all appointments are made to the oversight committee no later than December 1, 2022. The oversight committee would not be able to begin official action until a majority of the appointed officers have taken office.

The bill would require the oversight committee to hire a chief executive officer and a chief compliance officer for the institute. The bill would authorize the chief executive officer to hire any other officer position the chief executive officer determines necessary.

The bill would establish the Brain Institute of Texas Research Fund as a dedicated account in the General Revenue Fund which may consist of bond proceeds, gifts, grants, interest, dividends, other income, and amounts appropriated by the legislature. Authorized uses of the fund are for awarding grants, including grants for brain research and for research facilities in this state to conduct brain research; the purchase of research facilities by or for a grant recipient; costs associated with issuing debt; and the operation of the institute. The bill would authorize the Texas Public Finance Authority (TPFA) to issue up to \$300 million in general obligation bonds per fiscal year for the purpose of providing funds to establish the Brain Institute of Texas Research Fund. TPFA would be limited to an issuance of \$300 million per fiscal year, and bond proceeds would accrue to the account.

Contingent on the passage of a constitutional amendment, the effective date of the bill is January 1, 2022.

Note: This legislation would do one or more of the following: create or recreate a dedicated account in the General Revenue Fund, create or recreate a special or trust fund either in, with, or outside of the Treasury, or create a dedicated revenue source. The fund, account, or revenue dedication included in this bill would be subject to funds consolidation review by the current Legislature.

Methodology

This analysis assumes that the oversight board is in place and has hired a chief executive office and a chief compliance officer by December 1, 2022. This analysis assume the issuance of \$300 million in general obligation bonds annually, beginning in fiscal year 2023. General Revenue costs reflect amounts necessary for TPFA to pay debt service on a \$300 million general obligation bond issuance per fiscal year. This analysis assumes the first issuance is on January 1, 2023, with subsequent issuances on September 1 each year.

Costs associated with the operation of the institute will be covered by the annual \$300 million in bond proceeds deposited to the Brain Institute of Texas Research Fund.

TPFA assumes administrating the program will require hiring one Financial Analyst II. TPFA estimates annual costs of \$96,314 in fiscal year 2023, including \$2,500 in one-time equipment costs, and \$93,814 in each subsequent year.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 347 Public Finance Authority, 781 Higher Education Coordinating Board

LBB Staff: JMc, LBO, SD, BRI