

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

May 27, 2021

TO: Honorable Dade Phelan, Speaker of the House, House of Representatives

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB3271 by Ordaz Perez (Relating to establishing loan programs to assist certain micro-businesses by increasing access to capital; authorizing fees.), **As Passed 2nd House**

The fiscal implications of the bill cannot be determined at this time due to the amounts of any state funds to be made available for the loan programs and any interest earned on reserve fund deposits being unknown.

The bill would amend Chapter 481 of the Government Code to establish the Micro-Business Capital Access Program to facilitate capital access for micro-businesses that suffer economic injury from natural disasters. The program would be administered by a Community Development Financial Institution (CDFI) and financed through zero-interest loans provided by the Texas Economic Development Bank (TEDB) in the Office of the Governor.

The bill would also establish the Micro-Business Recovery Fund as a dedicated account in the General Revenue Fund. TEDB would have administrative powers over the account.

The program would be funded by direct appropriation and revenue generated by the program. A participating CDFI would submit quarterly and annual reports to TEDB, which would issue annual reports on the program.

The bill would require a participating CDFI to maintain a loan-default reserve fund consisting of borrower fees and deposits from TEDB. The state would earn interest on reserve fund deposits.

This analysis assumes that the administrative costs associated with the bill could be absorbed within the existing resources of the Office of the Governor.

According to the Comptroller of Public Accounts, the fiscal impact on the state cannot be estimated, due to the amount of any interest earned on reserve fund deposits being unknown.

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.

The bill would not make an appropriation, but could establish the basis for an appropriation.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 300 Trusteed Programs - Gov, 304 Comptroller of Public Accounts

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