

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

May 9, 2021

TO: Honorable Angie Chen Button, Chair, House Committee on International Relations & Economic Development

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: SB678 by Alvarado (Relating to the creation of the small business disaster recovery loan program.),
As Engrossed

The bill would have an indeterminate cost to the state which is dependent on the funds transferred to the credit of the Small Business Disaster Recovery Revolving Fund as authorized by statute or law.

The Texas Economic Development and Tourism Office, in the Office of the Governor, is required to implement a provision of this Act only if the legislature appropriates money specifically for that purpose. If the legislature does not appropriate money specifically for that purpose, the Office may, but is not required to, implement a provision of this Act using other appropriations available for that purpose.

The bill would amend Chapter 481 of the Government Code to establish the Small Business Disaster Recovery Loan Program and authorize the Texas Economic Development and Tourism Office (office), in the Office of the Governor, to make loans to small businesses affected by a natural disaster declared by the Governor. The office would develop and implement an application process, establish rules, and biennially report to the Governor, Lieutenant Governor, and Legislature.

The bill would create Small Business Disaster Recovery Revolving Fund as a special fund outside the treasury. The bill would authorize the office to administer the fund; the Texas Treasury Safekeeping Trust Company would hold and invest the fund. The fund would consist of transfers or deposits to the credit of the fund, including money from any source transferred or deposited to the credit of the fund at the Comptroller's discretion as authorized by law; proceeds of any dedicated fee or tax dedicated for deposit to the credit of the fund; and investment earnings and interest. An eligible small business would be authorized to use a loan received under this subchapter to pay payroll costs, including costs related to the continuation of healthcare benefits for the business's employees. According to the Comptroller, the fiscal impact of the bill to the state cannot be estimated at this time. The office indicates there would be administrative costs to the agency to administer the fund. This analysis assumes the cost associated with implementing the provisions of the bill could be absorbed within existing resources.

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 within 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 take effect September 1, 2021.

Local Government Impact

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

Source Agencies: 300 Trusteed Programs - Gov, 302 Office of the Attorney General, 304 Comptroller of Public

Accounts

LBB Staff: JMc, SZ, LCO, CST, KK, MBO