

**LEGISLATIVE BUDGET BOARD**

**Austin, Texas**

**FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION**

**April 30, 2021**

**TO:** Honorable Brian Birdwell, Chair, Senate Committee on Natural Resources & Economic Development

**FROM:** Jerry McGinty, Director, Legislative Budget Board

**IN RE: SB1465** by Hinojosa (Relating to operation of the Texas small and rural community success fund program administered by the Texas Economic Development Bank as successor to the Texas leverage fund program and to creation of the micro-business disaster recovery loan guarantee program.),  
**Committee Report 1st House, Substituted**

The fiscal implications of the bill cannot be determined at this time. The bill would have an indeterminate negative impact based on appropriations that would be made by the Legislature as well as the assumption of funds from a dedicated account to an account that exists outside the state treasury.

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 Governor may, but is not required to, implement a provision of this Act using other appropriations available for that purpose

The bill would amend the Texas Government Code and the Local Government Code to establish the Texas Small and Rural Community Success Fund. The fund is established as a fund outside the treasury by the Comptroller's Office and may be used for making loans to Economic Development Corporations for eligible projects, principal and interest on bonds, and to pay costs associated with the administration of the program.

The bill would authorize the Texas Economic Development Bank to issue, sell and retire bonds, including obligations in the form of commercial paper to provide funding for economic development purposes.

The bill would authorize the Texas Leverage Fund, as amended, to continue operations as established by the September 9, 1992 master resolution of the Texas Department of Commerce.

The bill would establish the Micro-Businesses Disaster Recovery Loan Guarantee Program. The bill would establish a micro-business disaster recovery fund in General Revenue. The bill would provide the executive director of the Texas Economic Development and Tourism Office shall adopt rules necessary to accomplish the purposes of the program. The bill would also require an annual report to be submitted to the legislature on the program's activities.

The bill would provide that previous government acts and proceedings of the Comptroller's Office, the Texas Economic Development and Tourism Office, and the Texas Economic Development Bank relating to the administration of the Texas Leverage Fund that occurred before the effective date of this bill are validated as if they had been authorized by law.

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.

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that purpose, the Governor may, but is not required to, implement a provision of this Act using other appropriations available for that purpose.

According to the Comptroller's Office, the fiscal impact of the bill cannot be estimated at this time.

According to the Office of the Attorney General, any additional work resulting from the provisions of the bill could be absorbed within current resources.

### **Local Government Impact**

According to the Texas Association of Counties, there may be a positive fiscal impact on counties, providing loans for eligible economic development projects. However, without additional information regarding state funding available to support such loans and economic development projects proposed by counties, the fiscal impact of this bill on counties cannot be determined.

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

**LBB Staff:** JMc, AJL, LCO, HGR, MBO