

LEGISLATIVE BUDGET BOARD  
Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

May 19, 2023

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

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

**IN RE:** HB2466 by Button (relating to the creation of the Texas technology and innovation program.),  
Committee Report 2nd House, Substituted

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB2466, Committee Report 2nd House, Substituted: a negative impact of (\$10,923,262) through the biennium ending August 31, 2025. This estimate assumes that the Legislature would appropriate the maximum amount for grants authorized by the legislation.

General Revenue-Related Funds, Five- Year Impact:

<i>Fiscal Year</i>	<i>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</i>
2024	(\$10,468,631)
2025	(\$454,631)
2026	(\$10,454,631)
2027	(\$454,631)
2028	(\$10,454,631)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	<i>Probable Savings/(Cost) from General Revenue Fund 1</i>	<i>Change in Number of State Employees from FY 2023</i>
2024	(\$10,468,631)	4.0
2025	(\$454,631)	4.0
2026	(\$10,454,631)	4.0
2027	(\$454,631)	4.0
2028	(\$10,454,631)	4.0

Fiscal Analysis

The bill would create the Texas Technology and Innovation Program (Program) and Texas Technology and Innovation Fund. The Economic Development and Tourism Office (EDT), which is located within the Office of the Governor, is required to establish, and administer the program to provide matching grants from funds received by a business entity through the small business innovation research and small business technology transfer program established by 15 U.S.C. Section 638.

The bill would impose eligibility, application, and award requirements on business entities and EDT for the grant matching program. EDT would be authorized to award phase zero, one, and two grants to eligible business entities. EDT would be required to award no more than \$10.0 million in total grant awards from the program per biennium.

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.

### **Methodology**

Federal Small Business Innovation Research and Small Business Technology Transfer award data from the U.S. Small Business Administration indicates that 247 phase one and 160 phase two awards corresponding to a total obligated amount of \$242,066,754 were awarded to Texas small businesses in fiscal year 2022. Since the first awards made to Texas small businesses in 1983, a total of 6,150 phases one and 2,462 phase two awards corresponding to a total obligated amount of \$2,794,006,548.

Assuming that EDT is appropriated the maximum authorized for grant awards, the two-year cost of the Program for grants is anticipated at \$10.0 million.

EDT anticipates that four new FTEs would be required to standup and administer the new grant program. These would include 1.0 Manager V, 1.0 Grant Specialist IV, 0.5 Compliance Analyst IV, 1.0 Accountant IV, and 0.5 Attorney III. The two-year cost for these FTEs is anticipated at \$923,262.

### **Technology**

The technology impact of the bill includes one-time costs of \$14,000 in fiscal year 2024 for equipment (computer, printer, telecom/voicemail box, etc.).

### **Local Government Impact**

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

**Source Agencies:** 300 Trusteed Programs Within the Office of the Governor, 304 Comptroller of Public Accounts

**LBB Staff:** JMc, MOc, LCO, HGR, SZ, NV