LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

May 15, 2023

TO: Honorable Charles Schwertner, Chair, Senate Committee on Business & Commerce

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: **HB4246** by Orr (Relating to delivery of certain unclaimed money for scholarships for rural students, rural economic development, and energy efficiency assistance.), **As Engrossed**

Estimated Two-year Net Impact to General Revenue Related Funds for HB4246, As Engrossed : a negative impact of ($12,000,000) through the biennium ending August 31, 2025.

General Revenue-Related Funds, Five- Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to *General Revenue Related Funds*
2024	($6,000,000)
2025	($6,000,000)
2026	($6,000,000)
2027	($6,000,000)
2028	($6,000,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue (Loss) from *General Revenue Fund* 1
2024	($6,000,000)
2025	($6,000,000)
2026	($6,000,000)
2027	($6,000,000)
2028	($6,000,000)

Fiscal Analysis

The bill would amend Section 74.3013(f), Property Code, allowing all nonprofit cooperative corporations to transfer up to 50 percent of the total money reported for that year for scholarship funds for rural students, stimulating rural economic development, or providing energy efficiency assistance to members of electric cooperatives, instead of delivering the money to the comptroller as prescribed in Section 74.301, Property Code. It would also eliminate the current $2 million maximum on such transfers.

Methodology

Current law allows electric cooperatives to retain up to $2 million in unclaimed capital credit amounts for the purposes of providing scholarships to rural students, stimulating rural economic development, or providing energy efficiency assistance to co-op members. No more than 20 percent of each nonprofit cooperative's eligible funds may be used for this purpose. This money would otherwise be remitted to the Comptroller as unclaimed property.

The Comptroller estimates that increasing the limit from 20 percent to 50 percent and eliminating the $2 million maximum would reduce county transfers to approximately $8 million per fiscal year, while co-ops would retain approximately $13 million per fiscal year. This would generate a net loss to Genera Revenue of $6 million per fiscal year.

Local Government Impact

County transfers would decrease by $6 million per fiscal year.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JMc, SZ, LCO, CSmi, NV