

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

May 16, 2023

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

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB5174 by Bonnen (Relating to the establishment and administration of the Texas Semiconductor Innovation Consortium.), **As Passed 2nd House**

Estimated Two-year Net Impact to General Revenue Related Funds for HB5174, Committee Report 1st House, Substituted: a negative impact of (\$1,685,358) through the biennium ending August 31, 2025. There would be an additional indeterminate cost related to the grant program authorized by the bill which would be dependent on the number of grant applications and appropriations made for this purpose.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five- Year Impact:

<i>Fiscal Year</i>	<i>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</i>
2024	(\$852,915)
2025	(\$832,443)
2026	(\$832,977)
2027	(\$833,517)
2028	(\$834,063)

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	(\$852,915)	6.0
2025	(\$832,443)	6.0
2026	(\$832,977)	6.0
2027	(\$833,517)	6.0
2028	(\$834,063)	6.0

Fiscal Analysis

The bill would establish the Texas Semiconductor Innovation Consortium (TSIC) and a Texas Semiconductor Innovation Fund (TSIF). The TSIC would serve as an advisory panel to the Governor and the Legislature. The TSIC would be administratively attached to the Office of the Governor, Economic Development and Tourism Office (OOG). The OOG would be directed to provide the staff and facilities necessary for TSIC to perform its duties. The TSIC would be governed by an executive committee that would develop and execute a comprehensive statewide strategic plan to further the objectives of the TSIC. The executive committee would

be required to prepare and submit a biennial written report to the Governor and the Legislative Budget Board.

The objectives of the TSIC would be to leverage the expertise and capacity of institutions of higher education, industry and non-profit stakeholders to develop a comprehensive strategic plan to ensure ongoing semiconductor innovation; sustain Texas' leadership in semiconductor research, design and manufacturing; attract public and private investment in Texas related to semiconductors; identify and expand opportunities for workforce training and development related to semiconductors; and establish a forum for public and private stakeholders across the semiconductor manufacturing industry with Texas to focus on education, research, and commercial production.

The TSIF would be utilized to provide appropriations to state entities and institutions of higher education as matches for semiconductor manufacturing and design projects; and award grants to business entities with an established presence within the state of Texas to encourage economic development related to semiconductor manufacturing and design.

Methodology

According to the OOG would require six additional FTEs to fulfill the provisions outlined in the bill. This would include one Director III, two Research Specialist IV, one Compliance Analyst III, one Attorney III, and one Financial Analyst III to fulfill the duties outlined in the bill. The estimated FTE-related costs for the 2024-25 biennium is estimated at \$1,579,230 for the 2024-25 biennium.

Additional office space would be needed to accommodate the additional FTEs to the OOG. The estimated cost for state-owned space for the 2024-25 biennium would be \$106,128.

According to the Comptroller's Office, the revenue impact of the bill cannot be estimated.

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.

Technology

The technology impact includes one-time costs of \$21,000 in fiscal year 2024. One-time costs include standard office equipment (computer, telecom/voicemail, 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, 710 Texas A&M University System Administrative and General Offices, 720 The University of Texas System Administration, 758 Texas State University System, 768 Texas Tech University System Administration, 769 University of North Texas System Administration

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