

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

April 12, 2023

TO: Honorable Joan Huffman, Chair, Senate Committee on Finance

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: SB927 by Parker (Relating to the self-directed and semi-independent status of the State Securities Board; authorizing fees.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB927, As Introduced : a positive impact of \$1,394,820 through the biennium ending August 31, 2025.

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>	Probable Net Positive/(Negative) Impact to <i>General Revenue Related Funds</i>
2024	\$697,410
2025	\$697,410
2026	\$697,410
2027	\$697,410
2028	\$697,410

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	Probable Savings/(Cost) from <i>General Revenue Fund</i> 1	Probable Revenue (Loss) from <i>General Revenue Fund</i> 1	Probable Revenue Gain from <i>General Revenue Fund</i> 1
2024	\$10,280,134	(\$10,280,134)	\$697,410
2025	\$10,627,383	(\$10,627,383)	\$697,410
2026	\$10,627,383	(\$10,627,383)	\$697,410
2027	\$10,627,383	(\$10,627,383)	\$697,410
2028	\$10,627,383	(\$10,627,383)	\$697,410

Fiscal Analysis

The bill would amend the Government Code to transition the State Securities Board to a self-directed, semi-independent agency. The bill would take effect September 1, 2023.

Methodology

The bill would repeal sections of the board's authorizing statute that direct certain fees under Chapter 4006, Subchapter A to the General Revenue Fund. However, fees charged under Chapter 4006, Subchapter B would continue to be deposited in the General Revenue Fund per Government Code Section 4006.252. Fees under

Subchapter A, which consist of the fees associated with the applications to become a licensed dealer or investment advisor, have historically generated enough revenue marginally above the operational costs of the agency and would generate sufficient funds for the agency to operate under the new SDSI status. Fees under Subchapter B, which consist of all other fees including the tenth of one-percent on all securities sold, generates greater than 90 percent of the agency's revenue which would continue to be deposited to the credit of the General Revenue fund as under current law.

The State Securities Board indicates that the annual revenue gain (\$697,410 each fiscal year) represents reimbursement for the services that the Securities Board would begin paying under an SDSI funding arrangement. This includes services from the Attorney General's Office, the State Office of Administrative Hearings, the Comptroller of Public Accounts, the State Office of Risk Management, the Texas Facilities Commission, the Sunset Advisory Commission, the State Auditor's Office, and the Department of Information Resources. Under the current structure for appropriations for the State Securities Board, many agencies providing services to the State Securities Board do not recover costs from the agency. However, this bill would require the Securities Board to begin paying for these services, creating an annual gain to the General Revenue Fund.

The dollar amounts entered as annual savings and revenue loss to the General Revenue Fund (\$10,280,134 in fiscal year 2024, \$10,627,383 in fiscal year 2025-2028) represent the sum of the amount appropriated to the agency including the direct and indirect costs. This number represents savings to the General Revenue Fund because it will no longer be annually appropriated to the Securities Board, and it represents a loss to the General Revenue Fund because it will no longer be reimbursed by the Securities Board to the General Revenue Fund.

Technology

No fiscal implication to technology is anticipated.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 300 Trusteed Programs Within the Office of the Governor, 302 Office of the Attorney General, 303 Facilities Commission, 304 Comptroller of Public Accounts, 312 Securities Board, 457 Board of Public Accountancy, 459 Board of Architectural Examiners, 460 Board of Professional Engineers and Land Surveyors

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