LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

May 19, 2025

TO: Honorable Ken King, Chair, House Committee on State Affairs

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: **SB2117** by Parker (relating to the establishment of the Texas Committee on Foreign Investment to review certain transactions involving certain foreign entities in coordination with the attorney general; creating a civil penalty.), **Committee Report 2nd House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for SB2117, Committee Report 2nd House, Substituted: a negative impact of ($5,983,516) through the biennium ending August 31, 2027.

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:

Fiscal Year	**Probable Net Positive/(Negative) Impact to** ***General Revenue Related Funds***
2026	($3,063,322)
2027	($2,920,194)
2028	($2,920,194)
2029	($2,920,194)
2030	($2,920,194)

All Funds, Five-Year Impact:

Fiscal Year	**Probable Savings/(Cost) from** ***General Revenue Fund*** **1**	*Change in Number of State Employees from FY 2025*
2026	($3,063,322)	18.0
2027	($2,920,194)	18.0
2028	($2,920,194)	18.0
2029	($2,920,194)	18.0
2030	($2,920,194)	18.0

Fiscal Analysis

The bill would establish the Texas Committee on Foreign Investment (committee) to facilitate the review of certain foreign transactions. The committee would be composed of nine members as prescribed by the bill. The committee would be subject to the Sunset Act.

The Secretary of State, in consultation with the committee, would adopt rules to establish certain criteria to determine the need for review or exemption of certain foreign transactions. The bill would direct certain foreign transactions be reported to the Office of the Attorney General (OAG) within a certain timeframe. The bill would direct the OAG to conduct an initial review and, if warranted, a secondary investigation. The bill would allow for the OAG to bring an action to recover a not to exceed amount in civil penalties per violation. The OAG could also recover legal costs. The bill would direct the committee to submit a report to the Governor, Lieutenant Governor, Secretary of State, and Speaker of the House of Representatives not later than September 1 of each year.

Methodology

According to information provided by the OAG, additional staff would be needed to implement the provisions of the bill. The OAG estimates 14 additional FTEs would be needed: 1 Assistant Attorney General VI, 3 Assistant Attorney General V, 4 Assistant Attorney General IV, 4 Assistant Attorney General III, 2 Legal Assistant IV. The FTE-related costs, including salaries and wages, benefits, and other travel and other operating expenses, are estimated to be $2,254,083 per fiscal year. The agency anticipates a onetime equipment cost of $42,728 in fiscal year 2026.

The Secretary of State indicates 4.0 FTEs would be required to implement the provisions of the bill: 2 Attorney IV, 1 Program Specialist V, 1 Program Specialist II. The FTE-related costs, including salaries and wages, benefits and other operating expenses is estimated to be $496,778 per fiscal year. Additionally, the agency anticipates an annual cost of $40,000 to hold commission meetings in administrative and contracting costs to hold committee meetings pursuant to state law. The agency anticipates a onetime equipment cost of $31,940 in fiscal year 2026.

It is assumed that the Office of the Governor and the General Land Office could absorb the costs related to implementing the bill within current resources.

According to the Office of Court Administration, Comptroller of Public Accounts, Department of Information Resources, Department of Public Safety, Railroad Commission, Public Utility Commission of Texas, and the Department of Agriculture, no significant fiscal impact is anticipated.

The amounts and timing of revenues from penalties imposed by the bill cannot be estimated.

Technology

The OAG estimates a onetime technology cost of $68,460 in fiscal year 2026. Ongoing technology costs are estimated to be $79,335 per fiscal year for the OAG and $50,000 for the SOS.

Local Government Impact

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

Source Agencies: 116 Sunset Advisory Commission, 212 Office of Court Administration, Texas Judicial Council, 300 Trusteed Programs Within the Office of the Governor, 302 Office of the Attorney General, 304 Comptroller of Public Accounts, 305 General Land Office and Veterans' Land Board, 307 Secretary of State, 313 Department of Information Resources, 405 Department of Public Safety, 455 Railroad Commission, 473 Public Utility Commission of Texas, 551 Department of Agriculture

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