

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

May 14, 2013

TO: Honorable John Davis, Chair, House Committee on Economic & Small Business Development

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **SB1390** by Davis (Relating to an audit by the state auditor of the Texas Enterprise Fund.), Committee Report 2nd House, Substituted

Estimated Two-year Net Impact to General Revenue Related Funds for SB1390, Committee Report 2nd House, Substituted: a negative impact of (\$537,688) through the biennium ending August 31, 2015.

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
2014	(\$537,688)
2015	\$0
2016	\$0
2017	\$0
2018	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from General Revenue Fund 1	Change in Number of State Employees from FY 2013
2014	(\$537,688)	3.8
2015	\$0	0.0
2016	\$0	0.0
2017	\$0	0.0
2018	\$0	0.0

Fiscal Analysis

The bill would require the State Auditor to conduct an audit of the Texas Enterprise Fund established under Section 481.078, Government Code. The bill would allow the State Auditor to establish the scope of the audit and objectives consistent with standards identified in the bill. The bill would establish that the audit may determine whether money from the fund is disbursed in compliance with the requirements of the Government Code and other relevant laws or standards; monitored to determine whether the persons or entities awarded money from the fund comply with terms of any applicable agreements and with requirements of the Government Code and other relevant laws or standards; and maintained in a manner that provides adequate financial control systems to ensure accountability for the proper use of disbursed money. The bill would also allow, as practicable, the State Auditor to assess the efficiency and effectiveness of the Texas Enterprise Fund. The bill would require the State Auditor to prepare and file the audit report under parameters established in the bill with the Lieutenant Governor, the Speaker of the House of Representatives, and the presiding officer of each standing committee of the Senate and the House of Representatives having primary jurisdiction over fiscal matters.

The bill would take effect September 1, 2013, and would expire September 1, 2015.

Methodology

Based on information provided by the State Auditor's Office (SAO), it is assumed that an audit would be conducted for the Texas Enterprise Fund in fiscal year 2014 and that a report of the audit would be filed no later than January 1, 2015. It is also assumed that 6,000 hours would be required to perform the audit; that the audit would require travel costs; and that an additional 3.8 FTEs for Auditor positions would be necessary in fiscal year 2014 to implement the provisions of the bill. Costs reflected above totaling \$537,688 include salaries, travel, benefits, and other operating expenses that would be paid from the General Revenue Fund.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 308 State Auditor's Office, 301 Office of the Governor

LBB Staff: UP, RB, MW