

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

May 18, 2017

TO: Honorable Charles Perry, Chair, Senate Committee on Agriculture, Water & Rural Affairs

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **HB2004** by Anderson, Charles "Doc" (relating to the Texas economic development fund for the Department of Agriculture.), **Committee Report 2nd House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2004, Committee Report 2nd House, Substituted: a negative impact of (\$150,000) through the biennium ending August 31, 2019.

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
2018	(\$75,000)
2019	(\$75,000)
2020	(\$75,000)
2021	(\$75,000)
2022	(\$75,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue (Loss) from General Revenue Fund 1	Probable Revenue Gain from Texas Economic Development Fund 183
2018	(\$75,000)	\$75,000
2019	(\$75,000)	\$75,000
2020	(\$75,000)	\$75,000
2021	(\$75,000)	\$75,000
2022	(\$75,000)	\$75,000

Fiscal Analysis

The bill would amend the Texas Agriculture Code, Section 12.0272 to expand the use of the Texas Economic Development Fund No. 183 (TEDF) by the Texas Department of Agriculture (TDA) to include funding the continuation of an economic development program originally implemented as part of the State Small Business Credit Initiative or other economic development programs implemented by TDA; any programs or services that encourage the export of Texas agricultural products or products manufactured in rural Texas; or an economic development program established through an agreement with a federal agency, foreign governmental entity, local governmental entity, nonprofit organization, private entity, public university, or state governmental entity to encourage rural economic development in Texas. The bill would direct all gifts, grants, and donations received by TDA to be deposited to the TEDF.

The bill would amend the Texas Agriculture Code by adding Section 12.0273 to allow TEDF funds to be used only for the purposes outlined in the amended Section 12.0272, and to require the recipient of a TEDF grant to provide a 25 percent match. The term of a loan from the TEDF would be limited to 20 years, and would require monthly payment beginning not later than 90 days after the loan was made. TDA would be required to maintain a balance in the TEDF equal to 25 percent of the amount of money in the fund on January 1, 2017, and would be required to submit a report on the status of the fund to the governor and other members of the legislature not later than December 1 of each even-numbered year.

The bill would take effect immediately if it receives a vote of two-thirds of all the members elected to each house, or on September 1, 2017.

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 with 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."

Methodology

The Comptroller estimates that the revenue from gifts, grants and donations redirected to the TEDF from the General Revenue Fund would total \$75,000 each fiscal year and that this amount would continue in future fiscal years with no growth. Based on the analysis of TDA, duties and responsibilities associated with implementing the provisions of the bill could be accomplished utilizing existing resources.

Based on information collected from the Uniform State Accounting System, the balance in the TEDF on January 1, 2017 totaled \$8,902,373. The bill would require a balance of \$2,225,593 to be maintained. Expenditures from the TEDF could be limited based future appropriations from the TEDF and future revenue collections.

Local Government Impact

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

Source Agencies: 304 Comptroller of Public Accounts, 551 Department of Agriculture

LBB Staff: UP, MSO, SZ, CL, MW