

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION**

**April 23, 2013**

**TO:** Honorable Jim Pitts, Chair, House Committee on Appropriations

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE: HB3505** by Capriglione (Relating to the establishment and administration of a state bullion depository and the investment of certain public money in precious metals and depository accounts.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB3505, As Introduced: a negative impact of (\$14,210,000) through the biennium ending August 31, 2015.

There could be an indeterminate revenue gain to General Revenue from the fees, charges, or other payments received from the depository operations.

**General Revenue-Related Funds, Five-Year Impact:**

<b>Fiscal Year</b>	<b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b>
2014	(\$9,730,000)
2015	(\$4,480,000)
2016	(\$4,480,000)
2017	(\$4,480,000)
2018	(\$4,480,000)

**All Funds, Five-Year Impact:**

<b>Fiscal Year</b>	<b>Probable (Cost) from General Revenue Fund 1</b>	<b>Change in Number of State Employees from FY 2013</b>
2014	(\$9,730,000)	71.0
2015	(\$4,480,000)	71.0
2016	(\$4,480,000)	71.0
2017	(\$4,480,000)	71.0
2018	(\$4,480,000)	71.0

**Fiscal Analysis**

This bill would amend various Sections of the Government , Occupation and Finance Codes relating to the establishment and administration of a state bullion depository and the investment of

certain public money in precious metals and depository accounts.

This bill would amend Subtitle C, Title 10, Government Code by adding Chapter 2116 - Texas Bullion Depository: (1) to outline the requirements of establishment and administration of Texas Bullion; (2) to set that deposits to the depository and other related assets are not subject to legislative appropriation; (3) to direct any revenue realized from fees, charges or other payments received in the course of depository operations to General Revenue Fund; (4) to set requirements regarding setting depository accounts, their types, contracts for their management, accounts' fees, penalties and transfers of their balances; (5) to require Comptroller to establish accounting and reporting policy and procedures for depository and depository agents.

This bill would make necessary changes to existing Sections of the Occupation and Finances Codes relating to the depository agents, their licensing, regulation and certification.

This bill would take effect immediately upon enactment, assuming that it received the requisite two-thirds majority votes in both houses of the Legislature. Otherwise, it would take effect September 1, 2013.

### **Methodology**

Based on the specific requirements of the bill, implementation of the provisions would require significant research and analysis and also would entail a substantial and thoughtful undertaking of establishing a precious metal bullion depository that would hold such metals in the form of either bullion or specie for institutions and individuals alike in the state. The bill would require an assessment of how to acquire a secure vault.

The fiscal impact of the provisions of this bill regarding additional revenue than could be generated by Texas Depository Bullion's activity cannot be estimated.

The Comptroller of Public Accounts estimates it would be necessary to hire 71 FTEs for facility and security personnel.

### **Technology**

There would be a one-time technology cost of \$5,250,000 in fiscal 2014 for software and hardware acquisition and an additional \$200,000 annually for ongoing maintenance and upgrades.

### **Local Government Impact**

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

**Source Agencies:** 304 Comptroller of Public Accounts

**LBB Staff:** UP, KK, SD