

By: Howard

H.B. No. 5227

A BILL TO BE ENTITLED

AN ACT

1
2 relating to the allocation of certain constitutional transfers of
3 money to the economic stabilization fund, the Texas legacy fund,
4 and the state highway fund and to the management and investment of
5 the economic stabilization fund, the Texas legacy fund, and the
6 Texas legacy distribution fund.

7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

8 SECTION 1. The heading to Subchapter H, Chapter 316,
9 Government Code, is amended to read as follows:

10 SUBCHAPTER H. ALLOCATIONS OF CERTAIN CONSTITUTIONAL TRANSFERS OF
11 MONEY [~~ALLOCATION OF TRANSFERS TO ECONOMIC STABILIZATION FUND AND~~
12 ~~STATE HIGHWAY FUND~~]

13 SECTION 2. Section 316.093, Government Code, is amended to
14 read as follows:

15 Sec. 316.093. ADJUSTMENT OF CONSTITUTIONAL ALLOCATIONS TO
16 FUND AND STATE HIGHWAY FUND. (a) Before the comptroller makes
17 transfers for a state fiscal year in accordance with Section
18 49-g(c), Article III, Texas Constitution, the comptroller shall
19 determine whether the sum of the unappropriated balance of the fund
20 on the preceding August 31[~~7~~] and any projected transfer to the fund
21 under Section 49-g(b) of that article[~~7, and any projected transfer~~
22 ~~to the fund under Section 49-g(c) of that article~~] in accordance
23 with the allocations for the transfer as provided by Section
24 49-g(b-2) [~~49-g(c-1)~~] of that article is less than the sufficient

1 balance determined as provided by Section 404.074 [~~amount~~
2 ~~determined under Section 316.092 for that state fiscal biennium~~].

3 (b) For the purposes of Section 49-g(c-2), Article III,
4 Texas Constitution, if [~~If~~] the sum described by Subsection (a) is
5 less than the amount determined as provided by Section 404.074
6 [~~under Section 316.092~~] for that state fiscal biennium, the
7 comptroller shall reduce the allocation to the Texas legacy [~~state~~
8 ~~highway~~] fund provided by Section 49-g(c), Article III, Texas
9 Constitution, and increase the allocation to the economic
10 stabilization fund, in an [~~equal~~] amount equal to the reduction in
11 the allocation to the Texas legacy fund, until the sufficient
12 balance determined as provided by Section 404.074 is achieved
13 [~~amount determined under Section 316.092 for that state fiscal~~
14 ~~biennium would be achieved by the transfer to the fund or the total~~
15 ~~amount of the sum described by Section 49-g(c), Article III, Texas~~
16 ~~Constitution, is allocated to the fund, whichever occurs first~~].

17 (c) For the purposes of Section 49-g(c-2), Article III,
18 Texas Constitution, the comptroller shall adjust the allocation
19 provided by Section 49-g(c-1) of that article of amounts to be
20 transferred to the fund, to the Texas legacy fund, and to the state
21 highway fund under Section 49-g(c) of that article in a state fiscal
22 year beginning on or after September 1, 2035, as provided by
23 Subsections (c-1), (c-2), and (c-3) of this section [~~so that the~~
24 ~~total of these amounts is transferred to the economic stabilization~~
25 ~~fund~~], except that the comptroller shall reduce a transfer made
26 under Subsection (c-2) and (c-3) of this section to the economic
27 stabilization fund [~~this subsection~~] as necessary to prevent the

1 amount in the fund from exceeding the limit in effect for that
2 biennium under Section 49-g(g), Article III, Texas Constitution [~~of~~
3 ~~that article~~].

4 (c-1) For a state fiscal year to which Subsection (c)
5 applies, if at the time the comptroller makes the transfer under
6 Section 49-g(c), Article III, Texas Constitution, the sum described
7 by Subsection (a) of this section is equal to or greater than the
8 sufficient balance determined as provided by Section 404.074, the
9 comptroller shall allocate to the Texas legacy fund the total of the
10 amounts required to be transferred as provided by Section 49-g(c),
11 Article III, Texas Constitution.

12 (c-2) For a state fiscal year to which Subsection (c)
13 applies, if at the time the comptroller makes the transfer under
14 Section 49-g(c), Article III, Texas Constitution, the sum described
15 by Subsection (a) of this section is less than the sufficient
16 balance determined as provided by Section 404.074, the comptroller
17 shall allocate:

18 (1) to the fund an amount equal to the lesser of:

19 (A) the amount that, when added to the sum
20 described by Subsection (a), is necessary to make the
21 unappropriated balance of the fund equal to the sufficient balance;
22 and

23 (B) the total of the amounts required to be
24 transferred as provided by Section 49-g(c), Article III, Texas
25 Constitution; and

26 (2) to the Texas legacy fund an amount equal to the
27 remainder, if any, of the total of the amounts required to be

1 transferred as provided by Section 49-g(c), Article III, Texas
2 Constitution.

3 (c-3) Each time the comptroller, as provided by Section
4 49-g(b) or (c), Article III, Texas Constitution, reduces an amount
5 of general revenue that otherwise is to be transferred to the
6 economic stabilization fund, the comptroller shall allocate to the
7 credit of the state debt retirement account an amount of general
8 revenue equal to the amount by which the comptroller reduced the
9 amount of the transfer to the economic stabilization fund.

10 (d) Subsection [~~Subsections (a) and~~] (b) and this
11 subsection expire December 31, 2034.

12 SECTION 3. The heading to Section 404.0241, Government
13 Code, is amended to read as follows:

14 Sec. 404.0241. COMPUTATION [~~INVESTMENT~~] OF [~~CERTAIN~~]
15 ECONOMIC STABILIZATION FUND BALANCE [~~BALANCES~~].

16 SECTION 4. Subchapter C, Chapter 404, Government Code, is
17 amended by adding Sections 404.02411, 404.02412, 404.02413, and
18 404.02414 to read as follows:

19 Sec. 404.02411. MANAGEMENT AND INVESTMENT OF ECONOMIC
20 STABILIZATION FUND, TEXAS LEGACY FUND, AND TEXAS LEGACY
21 DISTRIBUTION FUND. (a) This section applies only to the following
22 funds:

- 23 (1) the economic stabilization fund;
24 (2) the Texas legacy fund; and
25 (3) the Texas legacy distribution fund.

26 (b) Notwithstanding Section 404.024, in managing the assets
27 of a fund to which this section applies, the comptroller, through

1 procedures and subject to restrictions the comptroller establishes
2 for each fund and in amounts the comptroller considers appropriate
3 for each fund, may acquire, exchange, sell, supervise, manage, or
4 retain any kind of investment that a prudent investor exercising
5 reasonable care, skill, and caution would acquire, exchange, sell,
6 supervise, manage, or retain in light of the purposes, terms,
7 distribution requirements, and other circumstances then prevailing
8 for the fund, taking into consideration the investment of all the
9 assets of the fund rather than a single investment.

10 (c) The comptroller may pool assets of a fund to which this
11 section applies with other state funds for purposes of investment
12 under Section 404.024(b).

13 Sec. 404.02412. INVESTMENT OBJECTIVES AND PURPOSES OF
14 ECONOMIC STABILIZATION FUND. The investment objectives and
15 purposes of the economic stabilization fund are to preserve:

- 16 (1) the fund's principal;
17 (2) the purchasing power of the fund's principal; and
18 (3) the liquidity of the fund.

19 Sec. 404.02413. INVESTMENT OBJECTIVES AND PURPOSES OF TEXAS
20 LEGACY FUND. The investment objectives and purposes of the Texas
21 legacy fund are to generate earnings on the fund's principal to:

- 22 (1) maintain the purchasing power of that principal
23 and if possible, increase that purchasing power; and
24 (2) provide for predictable and stable annual earnings
25 transfers to the Texas legacy distribution fund.

26 Sec. 404.02414. INVESTMENT OBJECTIVE AND PURPOSE OF TEXAS
27 LEGACY DISTRIBUTION FUND. The investment objective and purpose of

1 the Texas legacy distribution fund is to maintain sufficient
2 liquidity to meet the needs of the fund.

3 SECTION 5. Subchapter E, Chapter 404, Government Code, is
4 amended by adding Section 404.074 to read as follows:

5 Sec. 404.074. SUFFICIENT BALANCE OF ECONOMIC STABILIZATION
6 FUND. For the purpose of making the transfers of money required by
7 Section 49-g, Article III, Texas Constitution, on or after the
8 first day but before the 90th day of a state fiscal year, the
9 comptroller shall determine for that fiscal year the amount of the
10 sufficient balance of the economic stabilization fund. The amount
11 of the sufficient balance is equal to seven percent of the certified
12 general revenue-related appropriations for the state fiscal
13 biennium during which the determination is made.

14 SECTION 6. The following provisions of the Government Code
15 are repealed:

- 16 (1) Section 316.092; and
17 (2) Sections 404.0241(a), (b), and (d).

18 SECTION 7. This Act takes effect January 1, 2024, but only
19 if the constitutional amendment providing for the creation of the
20 Texas legacy fund and the Texas legacy distribution fund,
21 dedicating the Texas legacy distribution fund to certain state
22 infrastructure projects or the reduction of certain long-term
23 obligations, and providing for the transfer of certain general
24 revenues to the economic stabilization fund, the Texas legacy fund,
25 and the state highway fund is approved by the voters. If that
26 amendment is not approved by the voters, this Act has no effect.