

By: Howard

H.J.R. No. 203

A JOINT RESOLUTION

1 proposing a constitutional amendment providing for the creation of
2 the Texas legacy fund and the Texas legacy distribution fund,
3 dedicating the Texas legacy distribution fund to certain state
4 infrastructure projects or the reduction of certain long-term
5 obligations, and providing for the transfer of certain general
6 revenues to the economic stabilization fund, the Texas legacy fund,
7 and the state highway fund.

8 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF TEXAS:

9 SECTION 1. Section 49-g, Article III, Texas Constitution,
10 is amended by adding Subsections (a-1), (a-2), (b-1), and (b-2) and
11 amending Subsections (b), (c), (c-1), (c-2), and (i) to read as
12 follows:

13 (a-1) The comptroller of public accounts shall invest the
14 economic stabilization fund as provided by general law. The
15 expenses of managing the investments of the fund are paid from the
16 fund without appropriation. The comptroller shall credit to the
17 fund the interest and other earnings attributable to the investment
18 of money in the fund, subject to the limit in effect under
19 Subsection (g) of this section.

20 (a-2) For the purposes of allocating amounts to be
21 transferred as provided by this section, the legislature by general
22 law shall determine a sufficient balance of the economic
23 stabilization fund or a method to determine that sufficient
24 balance.

1 (b) The comptroller of public accounts shall, not later than
2 the 90th day of each biennium, transfer from the general revenue
3 fund to the economic stabilization fund and the Texas legacy fund a
4 total amount equal to one-half of any unencumbered positive balance
5 of general revenues on the last day of the preceding biennium and
6 allocate that amount as provided by Subsections (b-1) and (b-2) of
7 this section. However, if [~~if~~] necessary and notwithstanding the
8 allocations prescribed by Subsection (b-2) of this section, the
9 comptroller shall reduce the amount to be transferred to the
10 economic stabilization fund under that subsection in proportion to
11 the other amounts prescribed by this section to prevent the amount
12 in the fund from exceeding the limit in effect for that biennium
13 under Subsection (g) of this section.

14 (b-1) If at the time the comptroller of public accounts
15 makes the transfer under Subsection (b) of this section the
16 unappropriated balance of the economic stabilization fund is equal
17 to or greater than the sufficient balance as determined in
18 accordance with Subsection (a-2) of this section, the comptroller
19 shall allocate to the Texas legacy fund the total amount required to
20 be transferred as prescribed by Subsection (b) of this section.

21 (b-2) If at the time the comptroller of public accounts
22 makes the transfer under Subsection (b) of this section the
23 unappropriated balance of the economic stabilization fund is less
24 than the sufficient balance as determined in accordance with
25 Subsection (a-2) of this section, in making the transfer, the
26 comptroller shall allocate:

27 (1) to the economic stabilization fund an amount equal

1 to the lesser of:

2 (A) the amount necessary to make the
3 unappropriated balance of the economic stabilization fund equal to
4 the sufficient balance; and

5 (B) the total amount required to be transferred
6 as prescribed by Subsection (b) of this section; and

7 (2) to the Texas legacy fund an amount equal to the
8 remainder, if any, of the total amount required to be transferred as
9 prescribed by Subsection (b) of this section after making the
10 allocation under Subdivision (1) of this subsection.

11 (c) Not later than the 90th day of each fiscal year, the
12 comptroller of public accounts shall transfer from the general
13 revenue fund to the economic stabilization fund, the Texas legacy
14 fund, and the state highway fund the sum of the amounts described by
15 Subsections (d) and (e) of this section and allocate those
16 amounts~~[, to be allocated]~~ as provided by Subsections (c-1) and
17 (c-2) of this section. However, if necessary and notwithstanding
18 the allocations prescribed by Subsection ~~[Subsections (c-1) and]~~
19 (c-2) of this section, the comptroller shall reduce proportionately
20 the amounts ~~[described by Subsections (d) and (e) of this section]~~
21 to be transferred and allocated to the economic stabilization fund
22 under that subsection to prevent the amount in that fund from
23 exceeding the limit in effect for that biennium under Subsection
24 (g) of this section. Revenue transferred to the state highway fund
25 under this subsection may be used only for constructing,
26 maintaining, and acquiring rights-of-way for public roadways other
27 than toll roads.

1 (c-1) Of the sum of the amounts described by Subsections (d)
2 and (e) of this section and required to be transferred from the
3 general revenue fund under Subsection (c) of this section, the
4 comptroller of public accounts shall allocate one-half to the Texas
5 legacy [~~economic stabilization~~] fund and the remainder to the state
6 highway fund, except as provided by Subsection (c-2) of this
7 section.

8 (c-2) The legislature by general law shall provide for a
9 procedure by which, notwithstanding Subsection (c-1) of this
10 section, the allocation of the total amount required to be
11 transferred as prescribed by Subsection (c) [~~sum of the amounts~~
12 ~~described by Subsections (d) and (e)~~] of this section may be
13 adjusted to provide for an allocation for [a] transfer to the
14 economic stabilization fund of an amount determined under general
15 law, [~~greater than the allocation provided for under Subsection~~
16 ~~(c-1) of this section~~] with the remainder of that total amount
17 [~~sum~~], if any, allocated for transfer to the Texas legacy fund and
18 the state highway fund as provided by general law. The allocation
19 made as provided by that general law is binding on the comptroller
20 of public accounts for the purposes of the transfers required by
21 Subsection (c) of this section.

22 (i) The comptroller of public accounts shall credit to the
23 Texas legacy fund any [~~general revenue~~] interest due to the
24 economic stabilization fund that would result in an amount in the
25 economic stabilization fund that exceeds the limit in effect under
26 Subsection (g) of this section.

27 SECTION 2. Article III, Texas Constitution, is amended by

1 adding Section 49-g-1 to read as follows:

2 Sec. 49-g-1. (a) The Texas legacy fund is established as a
3 special fund in the state treasury.

4 (b) The comptroller of public accounts shall invest the
5 Texas legacy fund as provided by general law. The expenses of
6 managing the investments of the fund are paid from the fund without
7 appropriation. The comptroller shall credit to the fund the
8 interest and other earnings attributable to the investment of money
9 in the fund, subject to any transfer to the Texas legacy
10 distribution fund made in accordance with Subsection (e) of this
11 section.

12 (c) The legislature may appropriate money to the Texas
13 legacy fund in addition to money transferred to the fund under
14 Section 49-g of this article.

15 (d) The legislature may not appropriate money from the Texas
16 legacy fund.

17 (e) Each fiscal year, the comptroller of public accounts
18 shall transfer a portion of the accumulated interest and other
19 earnings credited to the Texas legacy fund from the Texas legacy
20 fund to the Texas legacy distribution fund. In making a transfer,
21 the comptroller shall determine the amount of the transfer in a
22 manner to provide a stable and predictable stream of annual
23 transfers while preserving over time the purchasing power of the
24 principal amount of the Texas legacy fund. If the comptroller
25 determines that the purchasing power of the principal amount of the
26 Texas legacy fund has diminished when computed for any 10-year
27 period, the comptroller may reduce the amount of the annual

1 transfers from the Texas legacy fund to the Texas legacy
2 distribution fund and retain a greater portion of the interest and
3 earnings on the principal in the Texas legacy fund so that the
4 purchasing power of that fund's principal is restored.

5 SECTION 3. Article III, Texas Constitution, is amended by
6 adding Section 49-g-2 to read as follows:

7 Sec. 49-g-2. (a) The Texas legacy distribution fund is
8 established as a special fund in the state treasury.

9 (b) The comptroller of public accounts shall invest the
10 Texas legacy distribution fund as provided by general law. The
11 expenses of managing the investments of the fund are paid from the
12 fund without appropriation. The comptroller shall credit to the
13 fund the interest and other earnings attributable to the investment
14 of money in the fund.

15 (c) The legislature may appropriate money to the Texas
16 legacy distribution fund in addition to money transferred to the
17 fund under Section 49-g-1 of this article.

18 (d) The legislature may appropriate money from the Texas
19 legacy distribution fund only to pay for unfunded actuarial
20 liabilities of the Employees Retirement System of Texas or the
21 Teacher Retirement System of Texas, notwithstanding the limitation
22 on contributions otherwise provided by Section 67(b), Article XVI,
23 of this constitution.

24 (e) In determining the rate of growth of appropriations from
25 state tax revenues not dedicated by this constitution for purposes
26 of Section 22, Article VIII, of this constitution, an appropriation
27 of money from the Texas legacy distribution fund for a purpose

1 described by Subsection (d) of this section shall be excluded
2 regardless of the source of the revenues appropriated.

3 SECTION 4. The following temporary provision is added to
4 the Texas Constitution:

5 TEMPORARY PROVISION. (a) This temporary provision applies
6 to the constitutional amendment proposed by the 88th Legislature,
7 Regular Session, 2023, providing for the creation of the Texas
8 legacy fund and the Texas legacy distribution fund, dedicating the
9 Texas legacy distribution fund to certain state infrastructure
10 projects or the reduction of certain long-term obligations, and
11 providing for the transfer of certain general revenues to the
12 economic stabilization fund, the Texas legacy fund, and the state
13 highway fund.

14 (b) Sections 49-g-1 and 49-g-2, Article III, of this
15 constitution, as added by the amendment, and the amendment to
16 Section 49-g, Article III, of this constitution, take effect
17 January 1, 2024.

18 (c) As soon as practicable after the effective date of the
19 amendment adding Sections 49-g-1 and 49-g-2 to Article III of this
20 constitution, the comptroller of public accounts shall establish
21 the Texas legacy fund and the Texas legacy distribution fund as
22 provided by those sections. The comptroller shall transfer from
23 the economic stabilization fund the amount of \$500 million as the
24 principal balance of the Texas legacy fund.

25 (d) As soon as practicable after the effective date of the
26 amendment, the comptroller of public accounts shall invest the
27 economic stabilization fund, the Texas legacy fund, and the Texas

1 legacy distribution fund as provided by general law.

2 (e) This temporary provision expires January 1, 2025.

3 SECTION 5. This proposed constitutional amendment shall be
4 submitted to the voters at an election to be held November 7, 2023.
5 The ballot shall be printed to permit voting for or against the
6 proposition: "The constitutional amendment providing for the
7 creation of the Texas legacy fund and the Texas legacy distribution
8 fund, dedicating the Texas legacy distribution fund to certain
9 state infrastructure projects or the reduction of certain long-term
10 obligations, and providing for the transfer of certain general
11 revenues to the economic stabilization fund, the Texas legacy fund,
12 and the state highway fund."