

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION
Revision 1

May 15, 2003

TO: Honorable Teel Bivins, Chair, Senate Committee on Finance

FROM: John Keel, Director, Legislative Budget Board

IN RE: HJR2 by Heflin (Proposing a constitutional amendment requiring that money appropriated from the economic stabilization fund be repaid to the fund during the next state fiscal biennium.), **As Engrossed**

Estimated Two-year Net Impact to General Revenue Related Funds for HJR2, As Engrossed: a negative impact of (\$475,584) through the biennium ending August 31, 2005.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2004	(\$475,584)
2005	\$0
2006	(\$550,193,661)
2007	(\$550,193,661)
2008	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from <i>GENERAL REVENUE FUND</i> 1	Probable Revenue Gain/(Loss) from <i>Economic Stabilization Fund</i>
2004	(\$475,584)	\$0
2005	\$0	\$0
2006	(\$550,193,661)	\$564,635,000
2007	(\$550,193,661)	\$584,778,000
2008	\$0	\$40,548,639

Fiscal Analysis

The resolution proposes a constitutional amendment that, if adopted, would require that the Economic Stabilization Fund be repaid for appropriations made from the fund. The reimbursements would be made from the General Revenue Fund and would occur in the biennium following the appropriation from the Economic Stabilization Fund. When the Comptroller issues a revenue estimate pursuant to the "pay-as-you-go" limit (Article III, Section 49a, Texas Constitution) the Comptroller would be required to reduce the estimate of the amount available for certification from the general revenue fund by the amount of the required repayment to the Economic Stabilization Fund. The reductions would be made from the amount of general revenue available in the year in which the repayments will be made.

The amendment contains a temporary provision that would apply the repayment requirement to appropriations from the Economic Stabilization Fund made by the Seventy-eighth Legislature.

The constitutional amendment is to be submitted to the voters at an election held September 13, 2003.

Methodology

For the purpose of illustration, these estimates are based on the Senate Committee Substitute for House Bill 7. Senate Committee Substitute for House Bill 7, would appropriate a total of \$1,100,385,321 from the Economic Stabilization Fund. This appropriation amount may change as the bill moves through the legislative process.

The estimate assumes the repayments to the Economic Stabilization Fund would occur in equal amounts in fiscal year 2006 and 2007. The estimate includes interest gains to the Economic Stabilization Fund.

According to the Secretary of State, presenting one constitutional amendment on a ballot results in higher costs because economies of scales are lost. The estimated cost of \$475,584 would include \$314,062 for postage, \$50,872 for printing, \$110,500 for newspaper advertising, and \$150 for translation costs. According to the Secretary of State, these costs are similar to those experienced in November 2002 when one constitutional amendment was presented to voters.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JK, RR, JO, SD, WP, RS