

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

**FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION**

**May 5, 2003**

**TO:** Honorable Talmadge Heflin, Chair, House Committee on Appropriations

**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.), **Committee Report 1st House, Substituted**

**Estimated Two-year Net Impact to General Revenue Related Funds for HJR2, Committee Report 1st House, Substituted:**

The impact of the resolution would depend on the amount appropriated by the Seventy-eighth Legislature from the Economic Stabilization Fund. The cost to the State for publication of the resolution would be \$85,275. Depending on interpretation of the provisions governing deductions from the revenue estimate, the resolution would have a negative impact of (\$85,275) through the biennium ending August 31, 2005; or a negative impact of (\$795,085,275) through the biennium ending August 31, 2005.

The first scenario assumes that the Comptroller would deduct the required 2006-07 transfer to the Economic Stabilization Fund from the amount available for certification for the 2006-07 biennium.

**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	(\$85,275)	\$0
2005	\$0	\$0
2006	(\$397,500,000)	\$407,934,375
2007	(\$397,500,000)	\$422,212,078
2008	\$0	\$29,055,126

The second scenario assumes that the Comptroller would deduct the required 2006-07 transfer to the Economic Stabilization Fund from the amount available for certification for the 2004-05 biennium.

Fiscal Year	Probable Savings/(Cost) from <i>GENERAL REVENUE FUND</i> 1	Probable Revenue Gain/(Loss) from <i>Economic Stabilization Fund</i>
2004	(\$85,275)	\$0
2005	(\$795,000,000)	\$0
2006	\$0	\$407,934,375
2007	\$0	\$422,212,078
2008	\$0	\$29,055,126

## **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 in that fiscal year.

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.

## **Methodology**

For the purpose of illustration, these estimates are based on House Bill 7, as engrossed. House Bill 7, as engrossed, appropriates a total of \$795,000,000 from the Economic Stabilization Fund. This appropriation number may change as the bill moves through the legislative process.

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

The transfers from the General Revenue Fund to the Economic Stabilization Fund related to House Bill 7, as engrossed, would actually occur in the 2006-07 biennium. However, the provisions regarding the treatment of repayments to the Economic Stabilization Fund in the Comptroller's revenue estimate could be interpreted to require the Comptroller to deduct \$795 million from the amount available for general revenue appropriation in the 2004-05 biennium. This interpretation is similar to the treatment of other revenue estimate deductions related to the Economic Stabilization Fund.

## **Local Government Impact**

No fiscal implication to units of local government is anticipated.

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

**LBB Staff:**

JK, JO, SD, WP, RS