

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

May 31, 2003

TO: Honorable David Dewhurst , Lieutenant Governor, Senate
Honorable Tom Craddick, Speaker of the House, House of Representatives

FROM: John Keel, Director, Legislative Budget Board

IN RE: HJR68 by Hupp (Proposing a constitutional amendment authorizing the Veterans' Land Board to make certain payments on revenue bonds and to use assets in certain funds to provide for veterans homes and a constitutional amendment relating to the use of income and appreciation of the permanent school fund.), **Conference Committee Report**

Estimated Two-year Net Impact to General Revenue Related Funds for HJR68, Conference Committee Report: a positive impact of \$278,358,659 through the biennium ending August 31, 2005.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2004	\$144,367,692
2005	\$133,990,967
2006	\$0
2007	\$0
2008	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain from FOUNDATION SCHOOL FUND 193	Probable (Cost) from GENERAL REVENUE FUND 1
2004	\$144,452,967	(\$85,275)
2005	\$133,990,967	\$0
2006	\$0	\$0
2007	\$0	\$0
2008	\$0	\$0

Fiscal Analysis

This resolution would allow the Texas Veterans' Homes Program to use receipts in excess of bonded debt service requirements. These receipts are currently only available for the Veterans' Land, Housing Assistance, and Housing Assistance II programs.

This resolution would also change the method for calculating the amount of Permanent School Fund (PSF) return that would be distributed for fiscal years 2004 and 2005. Currently, only dividends and interest received by the PSF are distributed to the Available School Fund (ASF). This resolution would require that the annual distribution be an amount equal to 4.5 percent, excluding real property

belonging to the PSF, on the last day of each of the 16 state fiscal quarters preceding the regular session of the 78th Legislature.

This bill would partially implement recommendation ED 9 from the Comptroller's e-Texas report, Limited Government, Unlimited Opportunity.

Methodology

The Veterans' Homes program would be funded by the issuance of bonds which are repaid by the veterans who participate in the program. This provision would have no fiscal impact to the State or units or local government.

It is assumed that the second provision amending PSF distributions would be effective beginning November 1, 2003. The estimated distributions are based on the average of the 16 state fiscal quarters beginning with the quarter ending February 29, 1999 to the quarter ending November 30, 2002. These amounts were compared to the distributions under the current income methodology estimated by the Comptrollers office in the 2004-05 Biennial Revenue Estimate.

The cost to the state for the publication of the resolution is \$85,275.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies:

LBB Staff: JK, WK, WP, DLBe