

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

May 3, 2009

TO: Honorable Rene Oliveira, Chair, House Committee on Ways & Means

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: HJR38 by King, Phil (Proposing a constitutional amendment regarding the rainy day fund and dedicating certain surplus revenues to property tax reduction.), **As Introduced**

Any fiscal impact would depend on future actions of the Legislature. Future biennial transfers, if any, would depend on appropriations and/or revenue flows that cannot be estimated at this time.

The cost to the state for publication of the resolution is \$90,882.

The resolution would propose an amendment to Section 49-g, Article III of the Texas Constitution to rename the Economic Stabilization Fund 0599 as the Budget Stabilization Fund (BSF) 0599 and to require the transfer of 25 percent of the previous biennium's unencumbered positive general revenue balance to the Property Tax Relief Fund 0304 (PTRF). The Comptroller could reclaim, because of misstated payables or binding encumbrances, amounts to pay legally binding claims.

The proposed amendment would define general revenue encumbrances and would allow the Legislature to transfer additional amounts to the PTRF and the BSF. These transfers would not be considered appropriations subject to the constitutional appropriation limit.

The proposed amendment would allow the Comptroller to adopt rules on the disbursement of supplemental PTRF funds to public school districts for the purpose of reducing school district property tax rates. The Comptroller would be required to disburse these supplemental funds in accordance with the rules and general law. Supplemental PTRF funds that are unencumbered would be transferred to the BSF. The Legislature could, by four-fifths vote, suspend these supplemental distributions to public school districts or allow these funds be spent or transferred for other purposes.

The proposed amendment would strike the 10 percent limit on funds in the BSF .

In the history of the Economic Stabilization Fund 0599, there have only been two unencumbered general revenue balance transfers. One transfer was made in fiscal 1992. The latest transfer, in fiscal 2008 based on the ending balances for the 2006-07 biennium, was \$1.8 billion. Under the provisions of this resolution, the Property Tax Relief Fund 0304 would have received 25 percent of the unencumbered balance, \$0.9 billion—an amount that remained in Fund 0001.

Based on the *2010-11 Biennial Revenue Estimate*, General Revenue Fund 0001 is not projected to have a positive unencumbered balance for the close of fiscal 2009. Any estimate of positive unencumbered balance at the close of fiscal 2011 would depend upon appropriations made in the 2010-11 General Appropriations Act and cannot be estimated at this time.

Future biennial transfers, if any, would depend on appropriations and/or revenue flows that cannot be estimated at this time.

This proposed amendment would be submitted to voters at an election to be held November 3, 2009, and if approved, would apply beginning at the end of fiscal 2011.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JOB, MN, SD