

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

April 11, 2011

TO: Honorable Allan Ritter, Chair, House Committee on Natural Resources

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

IN RE: HJR137 by Ritter (Proposing constitutional amendments relating to the funding of certain water projects.), **As Introduced**

No significant fiscal implication to the State is anticipated, other than the cost of publication.

The cost to the state for publication of the resolution is \$105,495.

The joint resolution proposes two constitutional amendments. The first constitutional amendment would require the Legislature to provide for the imposition by the state of one or more fees, the proceeds of which must be deposited to the credit of a special fund in the state treasury known as the State Water Implementation Fund for Texas. The money deposited to the credit of the State Water Implementation Fund for Texas and any interest earned in that fund, could only be appropriated to the Water Development Board (TWDB) to fund projects included in the State Water Plan.

The second constitutional amendment would authorize TWDB to issue additional general obligation bonds for one or more accounts of the Texas Water Development Fund II (DFund II) such that the aggregate principal amount of the bonds issued for the DFund II does not exceed \$6 billion outstanding at any one time. This constitutional amendment would only take effect if the constitutional amendment requiring the Legislature to provide for the imposition of one or more fees to fund projects included in the State Water Plan also takes effect.

The proposed constitutional amendments would be submitted to the voters at an election to be held November 8, 2011.

The joint resolution would require one or more fees to be collected and deposited to the State Water Implementation Fund for Texas. Based on information provided by the Comptroller of Public Accounts, the amount of revenue that would be generated by the joint resolution cannot be estimated.

This joint resolution includes bond authority that would comprise a mixture of self-supporting debt and non-self-supporting debt. Any non-self-supporting debt that receives a General Revenue appropriation for debt service would impact the state's constitutional debt limit (CDL). TWDB can only issue non-self-supporting debt with the authorization of the Legislature. For the purposes of calculating the CDL, this entire authorization would be considered self-supporting and would not have an impact on the CDL until the Legislature authorizes the issuance of non-self-supporting general obligation water bonds.

Article III, Section 49-j of the Texas Constitution limits the authorization of additional state debt if the percentage of debt service payable from the General Revenue Fund exceeds 5 percent of the average annual unrestricted General Revenue Fund revenues for the previous three fiscal years. As of the end of fiscal year 2010, the Bond Review Board estimates the constitutional debt limit for issued, and authorized but unissued debt, to be 4.10 percent.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 352 Bond Review Board, 580 Water Development Board, 304 Comptroller of Public Accounts

LBB Staff: JOB, SZ, ZS, AH, KK