

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

**FISCAL NOTE, 83rd LEGISLATURE 2nd CALLED SESSION - 2013**

**July 8, 2013**

**TO:** Honorable Jim Pitts, Chair, House Committee on Appropriations

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE: HJR1** by Phillips (Proposing a constitutional amendment to provide for the transfer of certain general revenue to the economic stabilization fund, to provide for the transfer of certain general revenue to the state highway fund and the dedication of that revenue, and to authorize the payment of the principal and interest on certain highway improvement bonds from certain general revenue transferred to the state highway fund.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HJR1, As Introduced: a negative impact of (\$108,921) through the biennium ending August 31, 2015.

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:**

<b>Fiscal Year</b>	<b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b>
2014	(\$108,921)
2015	\$0
2016	\$0
2017	\$0
2018	\$0

## All Funds, Five-Year Impact:

<b>Fiscal Year</b>	<b>Probable (Cost) from General Revenue Fund 1</b>	<b>Probable Revenue (Loss) from Economic Stabilization Fund 599</b>	<b>Probable Revenue Gain from State Highway Fund 6</b>
2014	(\$108,921)	\$0	\$0
2015	\$0	(\$888,580,000)	\$878,646,000
2016	\$0	(\$964,439,000)	\$932,424,000
2017	\$0	(\$1,051,706,000)	\$986,200,000
2018	\$0	(\$1,229,686,000)	\$1,115,974,000

## Fiscal Analysis

The proposed constitutional amendment would amend the method by which dollars are transferred from General Revenue (GR) to the Economic Stabilization Fund (ESF). The proposed amendment would only address the transfers based on oil and natural gas production taxes; other methods currently provided constitutionally to place funds into the ESF, which include one-half of the unencumbered GR balance and legislative appropriation, would not be affected.

Currently, at the end of each fiscal year, the Comptroller calculates the amount by which both oil and natural gas tax collections exceed the 1987 collection levels (\$532 million and \$600 million, respectively) and then transfers an amount of GR equal to 75% of this excess to the ESF. The proposed constitutional amendment would require the Comptroller to transfer half of the 75 percent over the 1987 threshold collection levels to the ESF and the other half to the State Highway Fund.

If the anticipated balance of the ESF, after the required transfers, is less than one-third of the maximum authorized balance of the ESF, the Comptroller would be required to reduce the amount of the transfer to the State Highway Fund by the lesser of 1) the total transfer to the State Highway Fund or 2) the amount necessary for the anticipated balance of the ESF, after the required transfers, to equal one-third of the maximum authorized balance of the ESF.

Revenue transferred to the State Highway Fund as a result of this constitutional amendment may only be used for constructing, maintaining, and acquiring rights-of-way for public roadways and to pay the principal and interest on bonds issued pursuant to the Texas Constitution, Article III, Section 49-p.

The amendment would take effect January 1, 2014 and apply to transfers on or after that date. As such, the first transfer affected by this proposed amendment would be the fall 2014 (fiscal year 2015) transfer, occurring after the close of fiscal year 2014.

## Methodology

The amounts transferred to the State Highway Fund under the provisions of SJR 2 are based upon oil and natural gas tax collections forecast in the Comptroller of Public Account's 2014-15 Biennial Revenue Estimate. The minimum balance of the Economic Stabilization Fund required for the transfer to the State Highway Fund to take effect is projected to be \$4.8 billion in the 2014-15 biennium and \$5.2 billion in the 2016-17 biennium.

Revenue loss estimates from the Economic Stabilization Fund include both the loss of the amount that would be transferred to the State Highway Fund and a corresponding loss of interest earnings on that amount. Although the resolution does not specify what the money transferred to the State Highway Fund would be used for, it is assumed that the revenue would be used for constructing and maintaining public roadways or to pay the principal and interest on bonds issued pursuant to the Texas Constitution, Article III, Section 49-p. Thus there would not be a corresponding gain of interest revenue to the State Highway Fund.

The cost to the state for publication of the resolution is \$108,921.

### **Local Government Impact**

No fiscal implication to units of local government is anticipated.

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

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