

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

**FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION**

**April 15, 2013**

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

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

**IN RE: HJR85** by Howard (Proposing a constitutional amendment regarding the consideration of appropriations from the constitutional economic stabilization fund to be appropriations of state tax revenues dedicated by the Texas Constitution.), **As Introduced**

**No fiscal implication to the State is anticipated in the upcoming biennium**, other than the cost of publication. However, there could be significant fiscal implications in future biennia.

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

The proposed amendment to Article III, Section 49-g, of the Texas Constitution would require that an appropriation from the Economic Stabilization Fund (ESF) under Subsection (k), (l), or (m) of this section is an appropriation of state tax revenues dedicated by this constitution for purposes of implementing the restriction on appropriations in Article VIII, Section 22 of the Constitution, commonly referred to as the spending limit.

The spending limit restricts the biennial growth of appropriations from state tax revenue not dedicated by the constitution to the estimated rate of growth of the state's economy. The current spending limit methodology does not classify revenues in the ESF as constitutionally dedicated because revenues in the fund can be appropriated at any time for any purpose with a two-thirds vote under Article III, 49-g subsection (m) of the Constitution.

Changing this interpretation would have significant fiscal implications to the State because appropriations from the ESF would no longer be restricted by the spending limit. Additionally, during biennia when there are appropriations from the ESF, exempting ESF appropriations from the spending limit calculation would result in freed up capacity under the spending limit for appropriations financed with state tax revenues not dedicated by the constitution.

The proposed amendment only would apply to appropriations authorized for or expenditures during the 2016-17 biennium and subsequent biennia.

The proposed constitutional amendment would be submitted to the voters at an election to be held November 5, 2013.

**Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:**

**LBB Staff:** UP, KK, SD, SJS