

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

May 23, 2013

TO: Honorable David Dewhurst, Lieutenant Governor, Senate

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: SJR1 by Williams (Proposing a constitutional amendment providing for the creation of the State Water Implementation Fund for Texas and the State Water Implementation Revenue Fund for Texas to assist in the financing of priority projects in the state water plan.), **As Passed 2nd House**

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 \$108,921.

The resolution would propose an amendment to Article III of the Texas Constitution to add new Section 49-d-12 to create the State Water Implementation Fund as a special fund inside the state treasury and outside the General Revenue Fund. Money in the fund would be administered, without further appropriation, by the Texas Water Development Board (TWDB) and would be used to implement the state water plan, as adopted by general law, by TWDB. The fund would consist of money deposited or transferred to the credit of the fund as provided by law, the proceeds of any fee or tax dedicated for deposit to the credit of the fund, any other revenue that the Legislature dedicates to the the fund; interest and other investment earnings on amounts credited to the fund; and money transferred to the fund under a bond enhancement agreement from another fund or account as authorized by law.

Under the amendment's provisions (1) the Legislature by general law could authorize the TWDB to enter into bond enhancement agreements to provide additional security for general obligation bonds or revenue bonds of TWDB, the proceeds of which are used to finance state water plan projects, would prescribe the manner in which the assets of the fund may be used and provide for costs of investment of the State Water Implementation Fund be paid from that fund; (2) in each fiscal year TWDB would set aside from amounts on deposit in the fund an amount that is sufficient to make payments under bond enhancement agreements that become due that fiscal year; (3) any dedication or appropriation of amounts on deposit in the fund may not be modified to prevent impairment of any outstanding bonds; and (4) money in the fund would be considered dedicated by the Constitution for the purposes of Section 22, Article VIII, Texas Constitution.

This resolution would propose an amendment to Article III of the Texas Constitution to add new Section 49-d-13 to create the State Water Implementation Revenue Fund as a special fund inside the state treasury and outside the General Revenue Fund. Money in the fund would be administered, without further appropriation, by the Texas Water Development Board (TWDB) and would be used to implement the state water plan, as adopted by general law, by TWDB. The fund

would consist of money deposited or transferred to the credit of the fund as provided by law, the proceeds of any fee or tax dedicated to the credit of the fund, any other revenue that the Legislature dedicates and to the fund, interest and other investment earnings and on amounts credited to the fund, the proceeds from the sale of bonds, including revenue bonds authorized by TWDB, and money disbursed to the fund from the state water implementation fund.

Under the amendment's provisions (1) the Legislature by general law would prescribe the manner in which the assets of the fund may be used and could provide for costs of investment of the State Water Implementation Revenue Fund to be paid from that fund; (2) in each fiscal year in which amounts become due under the bonds, or agreements authorized by this section, the revenue deposited to the credit of this fund is sufficient to pay the principal of, the interest on, and any costs related to the bonds that mature or become due during the fiscal year; (3) any obligation authorized by general law to be issued by TWDB pursuant to this section would be special obligations solely from amounts in the fund and obligations issued by TWDB may not be a constitutional state debt payable from the general revenue of the state; (4) any dedication or appropriation of revenue credited to the fund may not be modified to prevent impairment of any outstanding bonds; (5) money in the fund would be considered dedicated by the Constitution for the purposes of Section 22, Article VIII, Texas Constitution.

This legislation would create or recreate a dedicated account in the General Revenue Fund, create or recreate a special or trust fund either with or outside of the Treasury, or create a dedicated revenue source. The fund, account, or revenue dedication included in this bill would be subject to funds consolidation review by the current Legislature.

The proposed amendments to the Texas Constitution in this resolution would be submitted to voters at an election to be held November 5, 2013.

Local Government Impact

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

Source Agencies: 304 Comptroller of Public Accounts

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