

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

April 21, 2015

TO: Honorable Jane Nelson, Chair, Senate Committee on Finance

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: SJR37 by Taylor, Van (Proposing a constitutional amendment providing for certain excess revenue to be dedicated toward contributions to state retirement systems, the health benefit plan for retired education employees and their dependents, the Texas tomorrow fund, the permanent school fund, and the permanent university fund.), **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 \$118,681.

The resolution would propose an amendment to Section 49-g (Economic Stabilization Fund), Article III, of the Texas Constitution, providing for certain excess revenue to be dedicated toward contributions to state retirement systems, the health benefit plan for retired education employees and their dependents, the Texas Tomorrow Fund, the Permanent School Fund, and the Permanent University Fund.

The Comptroller would be directed-when required by the constitution to reduce the amount of General Revenue (GR) funds otherwise transferred to the Economic Stabilization Fund (ESF) to prevent the ESF balance from exceeding its constitutional cap-to transfer the amount of money from GR that, but for the constitutional cap, would have gone to the ESF to a new GR Account created by this amendment. The Comptroller also would follow a like procedure with respect to interest earnings.

Money in the new GR Account could be appropriated only for additional contributions to the Employees Retirement System, the Teachers Retirement System, or the Texas Tomorrow Fund. Any money unappropriated and unobligated in the new GR Account at the end of a fiscal biennium would be transferred by the Comptroller to the credit of the Permanent School Fund and the Permanent University Fund in equal amounts.

The proposed amendment would be submitted to voters at an election to be held November 3, 2015.

With respect to unencumbered balances, no such amounts have been projected affecting the upcoming 2016-17 biennium. In future periods, the amendment could, if the constitutional cap on the balance in the ESF were reached, have a negative impact on the ending GR balance.

Assuming no further legislative actions regarding the ESF effective for the 2016-17 biennium, the ESF balance is expected to be \$11.1 billion at the end of the 2016-17 biennium, below the ESF

constitutional limit of an estimated \$16.1 billion. No transfers to the new account created by the resolution are expected during the next five fiscal years.

The amendment would do one or more of the following: 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.

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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