

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATURE 1st CALLED SESSION - 2017

August 6, 2017

TO: Honorable John Zerwas, Chair, House Committee on Appropriations

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HJR52 by Howard (Proposing a constitutional amendment to allocate certain surplus state revenue to the retired school employees group insurance fund.), **As Introduced**

The resolution would result in an indeterminate amount of revenue gain to the Retired School Employees Group Insurance Trust Fund and a corresponding loss to the Economic Stabilization Fund and the State Highway Fund.

The cost to the state for publication of the resolution is \$114,369.

The resolution would propose an amendment to Section 49-g, Article III, of the Texas Constitution, to allocate certain surplus state revenue to the Retired School Employees Group Insurance Trust Fund (RSEGITF).

The amendment provides that if the amount of revenue for a biennium that is designated for transfer to the ESF under Subsections (b), (d), and (e) of Section 49-g exceeds the estimate of the amount of the transfer to the ESF that was made for that biennium in the Comptroller's Biennial Revenue Estimate, or an estimate at the beginning of a special session of the Legislature, the Comptroller would transfer any amount of that revenue in excess of the estimated amount to the credit of the RSEGITF no later than 90 days after the end of that fiscal year.

The most recent Art. III, Section 49-g revenue estimate from the Comptroller of Public Accounts (July 2017) was made using actual collection data for 10 out of the 12 months in FY 2017, therefore final collections are not expected to significantly differ from that estimate and no significant transfer to the RSEGITF would be expected in FY 2018. Future transfers would depend on the difference between actual collections and amounts forecasted by the CPA, which are unknown. For historical context, the current law transfer to the Economic Stabilization Fund (ESF) has exceeded the most recent Art. III, Section 49-g forecast (at the time) in 5 of the last 10 fiscal years. In those 5 years, the average amount of excess collections, that would have transferred to the RSEGITF under this resolutions provisions, was \$947 million. In years that a transfer is made to the RSEGITF the transfer to the ESF and State Highway Fund (SHF) would be reduced by an equal amount.

The cost to the state for publication of the resolution is \$114,369.

This proposed constitutional amendment would be submitted to the voters at the election held November 7, 2017.

Local Government Impact

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

Source Agencies: 304 Comptroller of Public Accounts, 323 Teacher Retirement System

LBB Staff: UP, KK, SD