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H.B. No. 855

A BILL TO BE ENTITLED

1 AN ACT
2 relating to the management and investment of the economic
3 stabilization fund, including the determination of a sufficient
4 balance within the economic stabilization fund.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

6 SECTION 1. Sections 316.093(a), (b), and (f), Government
7 Code, are amended to read as follows:

8 (a) Before the comptroller makes transfers for a state
9 fiscal year in accordance with Section 49-g(c), Article III, Texas
10 Constitution, the comptroller shall determine whether the sum of
11 the balance of the fund on the preceding August 31, any projected
12 transfer to the fund under Section 49-g(b) of that article, and any
13 projected transfer to the fund under Section 49-g(c) of that
14 article in accordance with the allocations for the transfer as
15 provided by Section 49-g(c-1) of that article is less than the
16 sufficient balance adopted under Section 404.074 [~~316.092~~].

17 (b) If the sum described by Subsection (a) is less than the
18 sufficient balance adopted under Section 404.074 [~~316.092~~], the
19 comptroller shall reduce the allocation to the state highway fund
20 provided by Section 49-g(c), Article III, Texas Constitution, and
21 increase the allocation to the economic stabilization fund, in an
22 equal amount, until the sufficient balance adopted under Section
23 404.074 [~~316.092~~] is achieved.

24 (f) Subsections (a) and[~~7~~] (b)[~~7~~—~~and~~—(c)] and this

1 subsection expire December 31, 2024.

2 SECTION 2. The heading to Section 404.0241, Government
3 Code, is amended to read as follows:

4 Sec. 404.0241. COMPUTATION [~~INVESTMENT~~] OF [~~CERTAIN~~]
5 ECONOMIC STABILIZATION FUND BALANCE [~~BALANCES~~].

6 SECTION 3. Subchapter C, Chapter 404, Government Code, is
7 amended by adding Sections 404.0242 and 404.0243 to read as
8 follows:

9 Sec. 404.0242. MANAGEMENT AND INVESTMENT OF ECONOMIC
10 STABILIZATION FUND ACCOUNTS. (a) To manage economic stabilization
11 fund investments, the comptroller shall establish the following
12 accounts in the economic stabilization fund:

13 (1) the Texas stabilization account; and

14 (2) the Texas legacy account.

15 (b) In managing the assets of an account established under
16 this section, the comptroller, through procedures and subject to
17 restrictions the comptroller establishes for each account and in
18 amounts the comptroller considers appropriate for each account, may
19 acquire, exchange, sell, supervise, manage, or retain any kind of
20 investment that a prudent investor exercising reasonable care,
21 skill, and caution would acquire, exchange, sell, supervise,
22 manage, or retain in light of the purposes, terms, distribution
23 requirements, and other circumstances then prevailing for the
24 account, taking into consideration the investment of all the assets
25 of the account rather than a single investment.

26 (c) Section 404.024 does not apply to the investment of the
27 assets of an account established under this section.

1 Sec. 404.0243. INVESTMENT OBJECTIVES AND PURPOSES OF
2 ECONOMIC STABILIZATION FUND ACCOUNTS. (a) The investment
3 objectives and purposes of the Texas stabilization account in the
4 economic stabilization fund are to preserve:

5 (1) the account's principal;

6 (2) the purchasing power of the account's principal;

7 and

8 (3) the liquidity of the account.

9 (b) The investment objectives and purposes of the Texas
10 legacy account in the economic stabilization fund are to generate
11 earnings on the account's principal to:

12 (1) maintain the purchasing power of that principal
13 and if possible, increase that purchasing power; and

14 (2) provide for predictable and stable annual
15 earnings.

16 SECTION 4. Subchapter E, Chapter 404, Government Code, is
17 amended by adding Section 404.074 to read as follows:

18 Sec. 404.074. SUFFICIENT BALANCE OF TEXAS STABILIZATION
19 ACCOUNT. (a) For the purpose of making the transfers of money
20 required by Section 49-g, Article III, Texas Constitution, the
21 amount of the sufficient balance of the economic stabilization fund
22 is equal to seven percent of the certified general revenue-related
23 appropriations for the state fiscal biennium during which the
24 transfers are to be made.

25 (b) Except as provided by Subsection (c), the comptroller
26 shall allocate and, at the time and in the manner that minimizes
27 losses and penalties, adjust the allocation of the economic

1 stabilization fund between the Texas stabilization account and the
2 Texas legacy account to:

3 (1) maintain a balance in the Texas stabilization
4 account equal to the sufficient balance of the economic
5 stabilization fund; and

6 (2) allocate the remainder of the economic
7 stabilization fund balance to the Texas legacy account.

8 (c) If the legislature appropriates money from the Texas
9 stabilization account and, as a result of that appropriation, the
10 account balance is less than the sufficient balance of the economic
11 stabilization fund, the comptroller may not adjust the allocation
12 of the economic stabilization fund balance to allocate an amount to
13 the Texas stabilization account to achieve a balance in that
14 account equal to the sufficient balance.

15 SECTION 5. The following provisions of the Government Code
16 are repealed:

- 17 (1) Section 316.091;
- 18 (2) Section 316.092;
- 19 (3) Section 316.093(c); and
- 20 (4) Sections 404.0241(a), (b), and (d).

21 SECTION 6. This Act takes effect September 1, 2017.