86R3246 KJE-F

By:  Capriglione H.J.R. No. 10

A JOINT RESOLUTION

proposing a constitutional amendment providing for the creation of the Texas legacy fund and the Texas legacy distribution fund, dedicating earnings on the Texas legacy distribution fund to certain state infrastructure projects or the reduction of certain long-term obligations, and providing for the transfer of certain general revenues to the economic stabilization fund, the Texas legacy fund, and the state highway fund.

BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1.  Section 49-g, Article III, Texas Constitution, is amended by adding Subsections (a-1), (a-2), (b-1), and (b-2) and amending Subsections (b), (c), (c-1), (c-2), and (i) to read as follows:

(a-1)  The comptroller of public accounts shall invest the economic stabilization fund as provided by general law. The expenses of managing the investments of the fund are paid from the fund without appropriation. The comptroller shall credit to the fund the interest and other earnings attributable to the investment of money in the fund, subject to the limit in effect under Subsection (g) of this section.

(a-2)  For the purposes of allocating amounts to be transferred as provided by this section, the legislature by general law shall determine a sufficient balance of the economic stabilization fund or a method to determine that sufficient balance.

(b)  The comptroller of public accounts shall, not later than the 90th day of each biennium, transfer from the general revenue fund to the economic stabilization fund and the Texas legacy fund a total amount equal to one-half of any unencumbered positive balance of general revenues on the last day of the preceding biennium and allocate that amount as provided by Subsections (b-1) and (b-2) of this section. However, if [~~If~~] necessary and notwithstanding the allocations prescribed by Subsection (b-2) of this section, the comptroller shall reduce the amount to be transferred to the economic stabilization fund under that subsection in proportion to the other amounts prescribed by this section to prevent the amount in the fund from exceeding the limit in effect for that biennium under Subsection (g) of this section.

(b-1)  If at the time the comptroller of public accounts makes the transfer under Subsection (b) of this section the unappropriated balance of the economic stabilization fund is equal to or greater than the sufficient balance as determined in accordance with Subsection (a-2) of this section, the comptroller shall allocate to the Texas legacy fund the total amount required to be transferred as prescribed by Subsection (b) of this section.

(b-2)  If at the time the comptroller of public accounts makes the transfer under Subsection (b) of this section the unappropriated balance of the economic stabilization fund is less than the sufficient balance as determined in accordance with Subsection (a-2) of this section, in making the transfer, the comptroller shall allocate:

(1)  to the economic stabilization fund an amount equal to the lesser of:

(A)  the amount necessary to make the unappropriated balance of the economic stabilization fund equal to the sufficient balance; and

(B)  the total amount required to be transferred as prescribed by Subsection (b) of this section; and

(2)  to the Texas legacy fund an amount equal to the remainder, if any, of the total amount required to be transferred as prescribed by Subsection (b) of this section after making the allocation under Subdivision (1) of this subsection.

(c)  Not later than the 90th day of each fiscal year, the comptroller of public accounts shall transfer from the general revenue fund to the economic stabilization fund, the Texas legacy fund, and the state highway fund the sum of the amounts described by Subsections (d) and (e) of this section and allocate those amounts[~~, to be allocated~~] as provided by Subsections (c-1) and (c-2) of this section. However, if necessary and notwithstanding the allocations prescribed by Subsection [~~Subsections (c-1) and~~] (c-2) of this section, the comptroller shall reduce proportionately the amounts [~~described by Subsections (d) and (e) of this section~~] to be transferred and allocated to the economic stabilization fund under that subsection to prevent the amount in that fund from exceeding the limit in effect for that biennium under Subsection (g) of this section. Revenue transferred to the state highway fund under this subsection may be used only for constructing, maintaining, and acquiring rights-of-way for public roadways other than toll roads.

(c-1)  Of the sum of the amounts described by Subsections (d) and (e) of this section and required to be transferred from the general revenue fund under Subsection (c) of this section, the comptroller of public accounts shall allocate one-half to the Texas legacy [~~economic stabilization~~] fund and the remainder to the state highway fund, except as provided by Subsection (c-2) of this section.

(c-2)  The legislature by general law shall provide for a procedure by which, notwithstanding Subsection (c-1) of this section, the allocation of the total amount required to be transferred as prescribed by Subsection (c) [~~sum of the amounts described by Subsections (d) and (e)~~] of this section may be adjusted to provide for an allocation [~~a transfer~~] to the economic stabilization fund of an amount determined under general law, [~~greater than the allocation provided for under Subsection (c-1) of this section~~] with the remainder of that total amount [~~sum~~], if any, allocated for transfer to the Texas legacy fund and the state highway fund as provided by general law. The allocation made as provided by that general law is binding on the comptroller of public accounts for the purposes of the transfers required by Subsection (c) of this section.

(i)  The comptroller of public accounts shall credit to the Texas legacy fund any [~~general revenue~~] interest due to the economic stabilization fund that would result in an amount in the economic stabilization fund that exceeds the limit in effect under Subsection (g) of this section.

SECTION 2.  Article III, Texas Constitution, is amended by adding Section 49-g-1 to read as follows:

Sec. 49-g-1.  (a) The Texas legacy fund is established as a special fund in the state treasury.

(b)  The comptroller of public accounts shall invest the Texas legacy fund as provided by general law. The expenses of managing the investments of the fund are paid from the fund without appropriation. The comptroller shall credit to the fund the interest and other earnings attributable to the investment of money in the fund, subject to any transfer to the Texas legacy distribution fund made in accordance with Subsection (e) of this section.

(c)  The legislature may appropriate money to the Texas legacy fund in addition to money transferred to the fund under Section 49-g of this article.

(d)  The legislature may not appropriate money from the Texas legacy fund.

(e)  Each fiscal year, the comptroller of public accounts shall transfer a portion of the accumulated interest and other earnings credited to the Texas legacy fund from the Texas legacy fund to the Texas legacy distribution fund. In making a transfer, the comptroller shall determine the amount of the transfer in a manner to provide a stable and predictable stream of annual transfers while preserving over time the purchasing power of the principal amount of the Texas legacy fund. If the comptroller determines that the purchasing power of the principal amount of the Texas legacy fund has diminished when computed for any 10-year period, the comptroller may reduce the amount of the annual transfers from the Texas legacy fund to the Texas legacy distribution fund and retain a greater portion of the interest and earnings on the principal in the Texas legacy fund so that the purchasing power of that fund's principal is restored.

SECTION 3.  Article III, Texas Constitution, is amended by adding Section 49-g-2 to read as follows:

Sec. 49-g-2.  (a) The Texas legacy distribution fund is established as a special fund in the state treasury.

(b)  The comptroller of public accounts shall invest the Texas legacy distribution fund as provided by general law. The expenses of managing the investments of the fund are paid from the fund without appropriation. The comptroller shall credit to the fund the interest and other earnings attributable to the investment of money in the fund.

(c)  The legislature may appropriate money to the Texas legacy distribution fund in addition to money transferred to the fund under Section 49-g-1 of this article.

(d)  The legislature may appropriate money from the Texas legacy distribution fund only to pay for:

(1)  state debt service obligations that depend on general revenue for debt service;

(2)  unfunded actuarial liabilities of the Employees Retirement System of Texas or the Teacher Retirement System of Texas, notwithstanding the limitation on contributions otherwise provided by Section 67(b), Article XVI, of this constitution;

(3)  projects to repair, renovate, rehabilitate, or construct state infrastructure other than transportation infrastructure and higher education facilities; or

(4)  other obligations of this state that are:

(A)  recognized as long-term obligations according to generally accepted accounting principles; and

(B)  approved by the legislature by general law, by a vote of two-thirds of the members present in each house, to be paid for from appropriations made under this subsection.

(e)  In determining the rate of growth of appropriations from state tax revenues not dedicated by this constitution for purposes of Section 22, Article VIII, of this constitution, an appropriation of money from the Texas legacy distribution fund shall be excluded regardless of the source of the revenues appropriated.

SECTION 4.  The following temporary provision is added to the Texas Constitution:

TEMPORARY PROVISION. (a) This temporary provision applies to the constitutional amendment proposed by the 86th Legislature, Regular Session, 2019, providing for the creation of the Texas legacy fund and the Texas legacy distribution fund, dedicating earnings on the Texas legacy distribution fund to certain state infrastructure projects or the reduction of certain long-term obligations, and providing for the transfer of certain general revenues to the economic stabilization fund, the Texas legacy fund, and the state highway fund.

(b)  Sections 49-g-1 and 49-g-2, Article III, of this constitution, as added by the amendment, and the amendment to Section 49-g, Article III, of this constitution, take effect January 1, 2020.

(c)  As soon as practicable after the effective date of the amendment adding Sections 49-g-1 and 49-g-2 to Article III of this constitution, the comptroller of public accounts shall establish the Texas legacy fund and the Texas legacy distribution fund as provided by those sections. The comptroller shall transfer from the economic stabilization fund the amount of $3.5 billion as the principal balance of the Texas legacy fund.

(d)  As soon as practicable after the effective date of the amendment, the comptroller of public accounts shall invest the economic stabilization fund, the Texas legacy fund, and the Texas legacy distribution fund as provided by general law.

(e)  This temporary provision expires January 1, 2021.

SECTION 5.  This proposed constitutional amendment shall be submitted to the voters at an election to be held November 5, 2019. The ballot shall be printed to permit voting for or against the proposition: "The constitutional amendment providing for the creation of the Texas legacy fund and the Texas legacy distribution fund, dedicating earnings on the Texas legacy distribution fund to certain state infrastructure projects or the reduction of certain long-term obligations, and providing for the transfer of certain general revenues to the economic stabilization fund, the Texas legacy fund, and the state highway fund."