

By: Capriglione

H.B. No. 20

A BILL TO BE ENTITLED

1 AN ACT
2 relating to the allocation of certain constitutional transfers of
3 money to the economic stabilization fund, the Texas legacy fund,
4 and the state highway fund and to the management and investment of
5 the economic stabilization fund, the Texas legacy fund, and the
6 Texas legacy distribution fund.

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

8 SECTION 1. The heading to Subchapter H, Chapter 316,
9 Government Code, is amended to read as follows:

10 SUBCHAPTER H. ALLOCATIONS OF CERTAIN CONSTITUTIONAL TRANSFERS OF
11 MONEY [~~PRESERVATION OF SUFFICIENT BALANCE IN ECONOMIC~~
12 ~~STABILIZATION FUND~~]

13 SECTION 2. Section 316.093, Government Code, is amended by
14 amending Subsections (a), (b), (e), and (f) and adding Subsections
15 (e-1) and (e-2) to read as follows:

16 (a) Before the comptroller makes transfers for a state
17 fiscal year in accordance with Section 49-g(c), Article III, Texas
18 Constitution, the comptroller shall determine whether the sum of
19 the unappropriated balance of the fund on the preceding August 31
20 and[~~7~~] any projected transfer to the fund under Section 49-g(b) of
21 that article[~~7, and any projected transfer to the fund under Section~~
22 ~~49-g(c) of that article~~] in accordance with the allocations for the
23 transfer as provided by Section 49-g(b-2) [~~49-g(c-1)~~] of that
24 article is less than the sufficient balance determined as provided

1 by ~~[adopted under]~~ Section 404.074 ~~[316.092]~~.

2 (b) If the sum described by Subsection (a) is less than the
3 sufficient balance determined as provided by ~~[adopted under]~~
4 Section 404.074 ~~[316.092]~~, the comptroller shall reduce in equal
5 amounts the allocations ~~[allocation]~~ to the Texas legacy fund and
6 the state highway fund provided by Section 49-g(c), Article III,
7 Texas Constitution, and increase the allocation to the economic
8 stabilization fund, in an ~~[equal]~~ amount equal to the reduction in
9 the allocations, until the sufficient balance determined as
10 provided by ~~[adopted under]~~ Section 404.074 ~~[316.092]~~ is achieved.

11 (e) For the purposes of Section 49-g(c-2), Article III,
12 Texas Constitution, the comptroller shall adjust the allocation
13 provided by Section 49-g(c-1) of that article of amounts to be
14 transferred to the fund, the Texas legacy fund, and ~~[to]~~ the state
15 highway fund under Section 49-g(c) of that article in a state fiscal
16 year beginning on or after September 1, 2025, as provided by
17 Subsections (e-1) and (e-2) of this section ~~[so that the total of~~
18 ~~those amounts is transferred to the economic stabilization fund]~~,
19 except that the comptroller shall reduce a transfer made under
20 Subsection (e-2) of this section to the economic stabilization fund
21 ~~[this subsection]~~ as necessary to prevent the amount in the fund
22 from exceeding the limit in effect for that biennium under Section
23 49-g(g), Article III, Texas Constitution ~~[of that article]~~.

24 (e-1) If at the time the comptroller makes the transfer
25 under Section 49-g(c), Article III, Texas Constitution, the sum
26 described by Subsection (a) of this section is equal to or greater
27 than the sufficient balance determined as provided by Section

1 404.074, the comptroller shall allocate to the Texas legacy fund
2 the total of the amounts required to be transferred as provided by
3 Section 49-g(c), Article III, Texas Constitution.

4 (e-2) If at the time the comptroller makes the transfer
5 under Section 49-g(c), Article III, Texas Constitution, the sum
6 described by Subsection (a) of this section is less than the
7 sufficient balance determined as provided by Section 404.074, the
8 comptroller shall allocate:

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

10 (A) the amount that, when added to the sum
11 described by Subsection (a), is necessary to make the
12 unappropriated balance of the fund equal to the sufficient balance;
13 and

14 (B) the total of the amounts required to be
15 transferred as provided by Section 49-g(c), Article III, Texas
16 Constitution; and

17 (2) to the Texas legacy fund an amount equal to the
18 remainder, if any, of the total of the amounts required to be
19 transferred as provided by Section 49-g(c), Article III, Texas
20 Constitution.

21 (f) Subsection [Subsections (a), (b) and (c)] and this
22 subsection expire December 31, 2024.

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

25 Sec. 404.0241. COMPUTATION [~~INVESTMENT~~] OF [~~CERTAIN~~]
26 ECONOMIC STABILIZATION FUND BALANCE [~~BALANCES~~].

27 SECTION 4. Subchapter C, Chapter 404, Government Code, is

1 amended by adding Sections 404.02411, 404.02412, 404.02413, and
2 404.02414 to read as follows:

3 Sec. 404.02411. MANAGEMENT AND INVESTMENT OF ECONOMIC
4 STABILIZATION FUND, TEXAS LEGACY FUND, AND TEXAS LEGACY
5 DISTRIBUTION FUND. (a) This section applies only to the following
6 funds:

- 7 (1) the economic stabilization fund;
8 (2) the Texas legacy fund; and
9 (3) the Texas legacy distribution fund.

10 (b) Notwithstanding Section 404.024, in managing the assets
11 of a fund to which this section applies, the comptroller, through
12 procedures and subject to restrictions the comptroller establishes
13 for each fund and in amounts the comptroller considers appropriate
14 for each fund, may acquire, exchange, sell, supervise, manage, or
15 retain any kind of investment that a prudent investor exercising
16 reasonable care, skill, and caution would acquire, exchange, sell,
17 supervise, manage, or retain in light of the purposes, terms,
18 distribution requirements, and other circumstances then prevailing
19 for the fund, taking into consideration the investment of all the
20 assets of the fund rather than a single investment.

21 (c) The comptroller may pool assets of a fund to which this
22 section applies with other state funds for purposes of investment
23 under Section 404.024(b).

24 Sec. 404.02412. INVESTMENT OBJECTIVES AND PURPOSES OF
25 ECONOMIC STABILIZATION FUND. The investment objectives and
26 purposes of the economic stabilization fund are to preserve:

- 27 (1) the fund's principal;

1 (2) the purchasing power of the fund's principal; and

2 (3) the liquidity of the fund.

3 Sec. 404.02413. INVESTMENT OBJECTIVES AND PURPOSES OF TEXAS
4 LEGACY FUND. The investment objectives and purposes of the Texas
5 legacy fund are to generate earnings on the fund's principal to:

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

8 (2) provide for predictable and stable annual earnings
9 transfers to the Texas legacy distribution fund.

10 Sec. 404.02414. INVESTMENT OBJECTIVE AND PURPOSE OF TEXAS
11 LEGACY DISTRIBUTION FUND. The investment objective and purpose of
12 the Texas legacy distribution fund is to maintain sufficient
13 liquidity to meet the needs of the fund.

14 SECTION 5. Subchapter E, Chapter 404, Government Code, is
15 amended by adding Section 404.074 to read as follows:

16 Sec. 404.074. SUFFICIENT BALANCE OF ECONOMIC STABILIZATION
17 FUND. For the purpose of making the transfers of money required by
18 Section 49-g, Article III, Texas Constitution, on or after the
19 first day but before the 90th day of a state fiscal year, the
20 comptroller shall determine for that fiscal year the amount of the
21 sufficient balance of the economic stabilization fund. The amount
22 of the sufficient balance is equal to seven percent of the certified
23 general revenue-related appropriations for the state fiscal
24 biennium during which the determination is made.

25 SECTION 6. The following provisions of the Government Code
26 are repealed:

27 (1) Section 316.092;

1 (2) Section 316.093(c); and

2 (3) Sections 404.0241(a), (b), and (d).

3 SECTION 7. This Act takes effect January 1, 2020, but only
4 if the constitutional amendment providing for the creation of the
5 Texas legacy fund and the Texas legacy distribution fund,
6 dedicating earnings on the Texas legacy distribution fund to
7 certain state infrastructure projects or the reduction of certain
8 long-term obligations, and providing for the transfer of certain
9 general revenues to the economic stabilization fund, the Texas
10 legacy fund, and the state highway fund, proposed by __.J.R. No.
11 __, 86th Legislature, Regular Session, 2019, is approved by the
12 voters. If that amendment is not approved by the voters, this Act
13 has no effect.