

By: Capriglione

H.J.R. No. 10

A JOINT RESOLUTION

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

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

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

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

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

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

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

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

27                 (1) to the economic stabilization fund an amount equal

1 to the lesser of:

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

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

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

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

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

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

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

27 SECTION 2. Article III, Texas Constitution, is amended by

1 adding Section 49-g-1 to read as follows:

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

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

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

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

17 (e) Each fiscal year, the comptroller of public accounts  
18 shall transfer a portion of the accumulated interest and other  
19 earnings credited to the Texas legacy fund from the Texas legacy  
20 fund to the Texas legacy distribution fund. In making a transfer,  
21 the comptroller shall determine the amount of the transfer in a  
22 manner to provide a stable and predictable stream of annual  
23 transfers while preserving over time the purchasing power of the  
24 principal amount of the Texas legacy fund. If the comptroller  
25 determines that the purchasing power of the principal amount of the  
26 Texas legacy fund has diminished when computed for any 10-year  
27 period, the comptroller may reduce the amount of the annual

1 transfers from the Texas legacy fund to the Texas legacy  
2 distribution fund and retain a greater portion of the interest and  
3 earnings on the principal in the Texas legacy fund so that the  
4 purchasing power of that fund's principal is restored.

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

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

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

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

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

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

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

26 (3) projects to repair, renovate, rehabilitate, or  
27 construct state infrastructure other than transportation

1 infrastructure and higher education facilities; or

2 (4) other obligations of this state that are:

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

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

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

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

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

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

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

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

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

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