

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION**

**April 2, 2019**

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

**FROM:** John McGeady, Assistant Director    Sarah Keyton, Assistant Director  
Legislative Budget Board

**IN RE:** **HB20** by Capriglione (Relating to the allocation of certain constitutional transfers of money to the economic stabilization fund, the Texas legacy fund, and the state highway fund and to the management and investment of the economic stabilization fund, the Texas legacy fund, and the Texas legacy distribution fund.), **As Introduced**

**The bill is the enabling legislation for House Joint Resolution 10 and would have no fiscal impact by itself. The fiscal impact of the bill combined with the proposed constitutional amendment is shown in the fiscal note of House Joint Resolution 10.**

The bill would amend Chapters 316 and 404 of the Government Code, relating to the allocation of certain constitutional transfers of money of the Economic Stabilization Fund (ESF), the Texas Legacy Fund (TLF), the State Highway Fund (SHF), and the Texas Legacy Distribution Fund (TLDF).

Under the provisions of the bill, if the ESF's unappropriated balance is equal to or greater than its sufficient balance, the Comptroller would transfer the ESF's current portion of oil and gas severance tax revenue to the TLF instead of to the ESF. If the ESF's unappropriated balance is less than its sufficient balance, the Comptroller would reduce oil and gas tax allocations to the TLF and SHF in equal shares until the ESF's sufficient balance would be reached, or would allocate the entire oil and gas transfer amount to the ESF if the transfer is too small to achieve the sufficient balance.

The bill would add four new sections to Subchapter C, Chapter 404 of the Government Code (state depositories and investment of state funds) to provide guidance for the management and investment of the ESF, TLF and TLDF. The bill would outline the investment objectives and purposes of these funds.

The bill would add Section 404.074 to Subchapter E to require the Comptroller to determine the sufficient balance of the ESF for the upcoming fiscal year, and for setting the sufficient balance of the ESF equal to 7 percent of the certified general revenue-related appropriations for the state fiscal biennium during which the determination is made. Assuming appropriation levels in the Committee Substitute for House Bill 1, the previously adopted 2020-21 sufficient balance of \$7.5 billion would increase to \$8.2 billion on the effective date of the bill.

The bill would repeal Government Code Sections 316.092 (determination of sufficient fund balance), 316.093 (adjustment of constitutional allocations to the ESF and SHF), and 404.0241 (investment of certain ESF balances).

This bill would take effect January 1, 2020, but only if the constitutional amendment proposed by the 86th Legislature, Regular Session, 2019, is approved by the voters. If that amendment is not approved by the voters, this bill would have no effect.

**Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 304 Comptroller of Public Accounts

**LBB Staff:** WP, KK, SD