

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: HB690 by Metcalf (Relating to dedicating certain state revenue to the purpose of retiring state debt.), **As Introduced**

No significant fiscal implication to the State is anticipated in the current biennium.

The bill would amend Subchapter F (management of funds in treasury) of Chapter 403 (Comptroller of Public Accounts) of the Government Code.

The bill would add new Section 403.098, regarding allocations for state debt retirement. The bill would create the State Debt Retirement Account (SDRA) as an account in the General Revenue Fund, to be administered by the Comptroller.

The bill would direct the Comptroller, when required by Section 49-g(b) or (c) of Article III of the Texas Constitution, to reduce the amount of General Revenue (GR) which would otherwise be transferred to the Economic Stabilization Fund (ESF), to transfer an equivalent amount of money from GR to the SDRA to pay principal or interest on state bonds, notes, or other obligations. The Comptroller would follow this procedure when GR interest earnings would otherwise be due to the ESF.

At any time there is not an outstanding amount of principal or interest owed under a state bond, note, or other obligation, the Comptroller would (1) transfer to GR any remaining balance of money transferred to the SDRA under this section; and (2) may not make a transfer otherwise required by this section.

Assuming no related legislative action, the ESF balance is expected to be \$15.4 billion at the end of the 2020-21 biennium, below the ESF constitutional limit of an estimated \$18.6 billion. It is unknown whether the maximum would be reached in future biennia, as this would depend on factors such as spending from the ESF, appropriation levels, and the strength of the economy. There could be an impact to the ending General Revenue Fund balance; however, the fiscal impact, if it were to occur, cannot be estimated at this time.

This legislation would do one or more of the following: create or recreate a dedicated account in the General Revenue Fund, create or recreate a special or trust fund either with or outside of the Treasury, or create a dedicated revenue source. The fund, account, or revenue dedication included in this bill would be subject to funds consolidation review by the current Legislature. Although this bill would not make an appropriation, it would establish the basis for an appropriation.

The bill would take effect September 1, 2019.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

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