

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

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

**April 29, 2019**

**TO:** Honorable Lyle Larson, Chair, House Committee on Natural Resources

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

**IN RE: HJR114** by Coleman (Proposing a constitutional amendment providing for the issuance of general obligation bonds to be paid out of the economic stabilization fund by the Texas Water Development Board to provide financial assistance to political subdivisions for projects related to disaster recovery; disaster mitigation; disaster response; or construct, repair, rehabilitate, or reconstruct state or local infrastructure.), **As Introduced**

<b>Estimated Two-year Net Impact to General Revenue Related Funds</b> for HJR114, As Introduced: a negative impact of (\$177,289) through the biennium ending August 31, 2021.
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**Appropriations:**

Fiscal Year	Appropriation out of <i>Economic Stabilization Fund</i> 599
2020	\$0
2021	\$220,000,000

**General Revenue-Related Funds, Five-Year Impact:**

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2020	(\$177,289)
2021	\$0
2022	\$0
2023	\$0
2024	\$0

**All Funds, Five-Year Impact:**

<b>Fiscal Year</b>	<b>Probable (Cost) from General Revenue Fund 1</b>	<b>Probable (Cost) from Economic Stabilization Fund 599</b>
2020	(\$177,289)	\$0
2021	\$0	(\$220,000,000)
2022	\$0	(\$434,000,000)
2023	\$0	(\$642,000,000)
2024	\$0	(\$844,000,000)

**Fiscal Analysis**

The joint resolution proposes a constitutional amendment to Article XIV of the Texas Constitution that would allow the Texas Water Development Board (TWDB) to issue additional general obligation bonds in an amount not to exceed \$10 billion. It would appropriate an amount sufficient to pay the principal of and interest on the bonds from the first money coming into the Economic Stabilization Fund or treasury each fiscal year while any of the bonds or interest on the bonds is outstanding. The resolution would authorize the bonds to be used to provide loans and grants to fund disaster recovery, mitigation, and response projects and to fund the construction, repair, and rehabilitation of state or local infrastructure.

The proposed amendment would be submitted to voters at an election to be held November 5, 2019.

**Methodology**

Based on the analysis of TWDB, it is assumed that the bonds will be issued in the amount of \$2 billion each year for five years, beginning in fiscal 2020. Debt service would begin in fiscal year 2021, and would be paid with funds from the Economic Stabilization Fund. The bonds would be issued at 6 percent interest rates, with level principal payments, for 20-year terms.

The cost to the state for publication of the resolution is \$177,289.

**Local Government Impact**

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

**Source Agencies:** 304 Comptroller of Public Accounts, 352 Bond Review Board, 580 Water Development Board

**LBB Staff:** WP, SZ, MW, PBO