

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

April 10, 2019

TO: Honorable Jane Nelson, Chair, Senate Committee on Finance

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

IN RE: **SB214** by Seliger (Relating to funding for the economic stabilization fund, including the rates of severance taxes on oil and gas production.), **As Introduced**

The fiscal impacts of the bill are shown in the fiscal note for the corresponding proposed constitutional amendment, Senate Joint Resolution 21.

The bill would amend Chapters 201 and 202 of the Tax Code relating to funding for the Economic Stabilization Fund (ESF) and the rates of severance taxes on crude oil and natural gas production. The tax rates on crude oil and natural gas production would be reduced by certain percentages as prescribed by SJR 21, a proposed constitution amendment to Section 49-g, Article III, Texas Constitution.

The bill would repeal Sections 316.091, 316.092, 316.093 and 404.0241(a) and (d) of the Government Code regarding the determination of sufficient balance of the ESF in relation to the required transfers to the ESF and the State Highway Fund (SHF), and the investment requirement of a portion of the ESF.

The bill would take effect January 1, 2020, if voters approve a constitutional amendment providing for foregoing the transfer of oil and natural gas production tax revenue to the ESF if the ending fund balance for the preceding fiscal year is greater than \$5 billion and for reducing the severance taxes by the same foregone amount.

The bill, in and of itself, has no fiscal impact, as it has no effect unless the corresponding constitutional amendment (SJR 21) is adopted. Therefore the fiscal impacts of the bill are shown in the fiscal note for SJR 21.

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