

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

May 12, 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: **SJR79** by Lucio (Proposing a constitutional amendment providing for the issuance of additional general obligation bonds by the Texas Water Development Board to provide financial assistance for the development of certain projects in economically distressed areas.), **As Engrossed**

Estimated Two-year Net Impact to General Revenue Related Funds for SJR79, As Engrossed: a negative impact of (\$3,552,289) through the biennium ending August 31, 2021.

The joint resolution would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2020	(\$177,289)
2021	(\$3,375,000)
2022	(\$4,012,500)
2023	(\$3,900,000)
2024	(\$3,787,500)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from General Revenue Fund
2020	(\$177,289)
2021	(\$3,375,000)
2022	(\$4,012,500)
2023	(\$3,900,000)
2024	(\$3,787,500)

Fiscal Analysis

The joint resolution proposes a constitutional amendment to Article III of the Texas Constitution that would allow the Texas Water Development Board (TWDB) to issue additional general obligation bonds for the Economically Distressed Areas Program (EDAP) account of the Texas Water Development Fund II in amounts such that the aggregate principal amount of the bonds issued that are outstanding at any time does not exceed \$50 million. The resolution would clarify the allowable uses of the bond proceeds.

The proposed amendment would be submitted to voters at an election to be held November 5, 2019. If the resolution passes, the constitutional amendment would take effect upon certification of the election by the Governor and the Secretary of State.

Methodology

Based on the analysis of TWDB, it is assumed that TWDB would issue bonds with \$50 million in par amount on December 1, 2020 and on December 1, 2022 at six percent interest. This analysis assumes that debt service payments would be made with General Revenue and that there would be no loan repayment revenue within the first five years.

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: 580 Water Development Board, 352 Bond Review Board, 302 Office of the Attorney General, 304 Comptroller of Public Accounts

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