

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

April 15, 2021

TO: Honorable Chris Paddie, Chair, House Committee on State Affairs

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HJR2 by Huberty (proposing a constitutional amendment creating the State Utilities Reliability Fund and the State Utilities Reliability Revenue Fund to provide financial support for projects that enhance the reliability and resiliency of water, electric, and natural gas utilities, broadband providers, and power generation resources in this state.), **Committee Report 1st House, Substituted**

No significant fiscal implication to the State is anticipated, other than the cost of publication.

The cost to the state for publication of the resolution is \$178,333.

The joint resolution proposes a constitutional amendment to Article III of the Texas Constitution to add Section 49-d-15, which would create the State Utilities Reliability Fund (SURF), and Section 49-d-16, which would create the State Utilities Reliability Revenue Fund (SURRF). The funds would be held in the state treasury outside of the General Revenue Fund and would be administered by the Texas Water Development Board (TWDB), or its successor in function.

Regarding the SURF, Section 49-d-15 would authorize TWDB to use the fund to finance projects that enhance the reliability and resiliency of water, electric, and natural gas utilities; broadband providers; and power generation resources, including projects to weatherize facilities. TWDB would be required to provide written notice to the Legislative Budget Board (LBB), subject to approval, prior to the execution of each loan agreement. The proposed agreement would be considered approved unless the LBB issued a written disapproval not later than the 21st day after the date on which the LBB staff received the submission.

Regarding the SURRF, Section 49-d-16 would authorize TWDB to issue bonds, make loans, and enter into related credit agreements that would be payable from revenues available to the SURRF. Such obligations would not be considered constitutional state debt payable from the general revenues of the state. TWDB would be required to provide written notice to the LBB, subject to approval, prior to issuing a bond or entering into a credit agreement. The proposed bond or credit agreement would be considered approved unless the LBB issued a written disapproval not later than the 21st day after the date on which the LBB staff received the submission. In each fiscal year in which amounts become due under bonds or agreements authorized by this section, TWDB would be required to transfer from revenue deposited to the fund an amount sufficient to pay the principal and interest on the bonds that become due and any costs related to the bonds.

Money in both the SURF and the SURRF would be considered dedicated by the Constitution for the purposes of Section 22, Article VIII, Texas Constitution. Both funds would consist of legislative appropriations, any revenue source dedicated by the Legislature, and investment earnings. The SURF would also consist of money transferred to the fund from another fund or account to which money from the fund was transferred. The SURRF would also consist of proceeds from the sale of revenue bonds issued for the fund, repayments of loans made from the fund, and money disbursed to the fund from the SURF.

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.

The cost to the state for publication of the resolution is \$178,333 in fiscal year 2022.

The proposed amendment would be submitted to voters at an election to be held November 2, 2021.

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, 473 Public Utility Commission of Texas, 475 Office of Public Utility Counsel, 580 Water Development Board

LBB Staff: JMc, SMAT, MW, PBO