

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 88TH LEGISLATURE 4th CALLED SESSION 2023
Revision 1

November 13, 2023

TO: Honorable Brad Buckley, Chair, House Committee on Educational Opportunity & Enrichment, Select

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HJR1 by King, Ken (Proposing a constitutional amendment creating the state school safety fund to provide ongoing financial support for projects that ensure the safety of public schools in this state and providing for the transfer of certain general revenues to that fund, the economic stabilization fund, and the state highway fund.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HJR1, As Introduced : a negative impact of (\$582,417,406) through the biennium ending August 31, 2025.

The cost to the state for publication of the resolution is \$204,406.

The bill 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:

<i>Fiscal Year</i>	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2024	(\$204,406)
2025	(\$582,213,000)
2026	(\$1,832,720,000)
2027	(\$1,100,000,000)
2028	(\$1,100,000,000)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	Probable Savings/(Cost) from General Revenue Fund 1	Probable Revenue Gain/(Loss) from General Revenue Fund 1	Probable Revenue Gain/(Loss) from Economic Stabilization Fund 599	Probable Revenue Gain/(Loss) from School Safety Fund
2024	(\$204,406)	\$0	\$0	\$0
2025	\$0	(\$582,213,000)	(\$1,143,314,000)	\$1,100,000,000
2026	\$0	(\$1,832,720,000)	(\$511,894,000)	\$1,100,000,000
2027	\$0	(\$1,100,000,000)	\$620,366,000	\$1,100,000,000
2028	\$0	(\$1,100,000,000)	(\$45,219,000)	\$1,100,000,000

Fiscal Analysis

The resolution would propose an amendment to Articles III and VII of the Texas Constitution to create the State School Safety Fund (SSSF) to provide financial support for projects that enhance the safety of schools in Texas.

The resolution would identify potential SSSF funding sources, which would include money appropriated to the fund, money transferred or deposited to the fund, revenue from any source as determined by the legislature, investment earnings and interest, and surplus funds from funds appropriated for the support and maintenance of public schools. The resolution would decrease the Economic Stabilization Fund's (ESF) 50 percent share of the severance tax allocation by up to \$1,100.0 million and instead allocate that amount to the SSSF.

Methodology

This analysis assumes that there would be no Foundation School Program (FSP) surplus and therefore no additional available revenue in the SSSF from this funding source. However, the Comptroller assumes that if there were an FSP surplus under Article VII, Section 7(c)(5), the resolution would allocate surplus funds from GR to the SSSF that would otherwise have been available for general purpose spending under current law.

The revenue loss to the ESF would include \$1,143.3 million in fiscal year 2025 and \$511.9 million in fiscal year 2026 due to reduced severance tax transfers that would instead be allocated to the SSSF. Revenue loss would also include loss of ESF interest and investment earnings. In fiscal year 2027, the Comptroller assumes there would be an increase in the severance tax transfer that would result in a revenue gain of \$620.4 million to the ESF.

The Comptroller assumes the resolution would result in revenue losses to the GR of \$582.2 million in fiscal year 2025 and \$1,832.7 million in 2026 due to a decrease in interest allocable to GR and an increase in the amount of set aside for transfer to the new funds. Costs in fiscal year 2026 to GR would also be due to the ESF falling below its constitutional cap, and the Comptroller assumes the ESF would return to its constitutional cap beginning in fiscal 2027. Costs would then include \$1,100.0 million each year in transfers to the SSSF in fiscal years 2027-28.

According to the Comptroller, added Article 49-g, Section (c-3) is ambiguous and could be construed to provide for a fiscal year 2025 allocation to the SSSF of \$2.2 billion, rather than \$1.1 billion, with a resulting increase in cost to the ESF in fiscal year 2025 in excess of \$1.1 billion over what is indicated in the table above, with subsequent increase in cost to the General Revenue Fund in fiscal year 2026 in excess of \$1.1 billion over what is indicated in the table above.

Local Government Impact

To the extent that funds were available for the SSSF and could be used by districts for qualifying expenses, local education agencies could see an increase in funding.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JMc, CMA, SD, ASA, KK, ANa