**BILL ANALYSIS**

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| Senate Research Center | H.J.R. 3 |
|  | By: Bonnen (Huffman) |
|  | Finance |
|  | 4/26/2023 |
|  | Engrossed |

**AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

The United States Census Bureau estimated in 2022 that the population of Texas surpassed 30 million people. This is an increase of roughly five million people since the 2010 census. This growth represents significant opportunity but, as the Federal Reserve Bank of Dallas notes, also will lead to a corresponding strain on the state's infrastructure and public resources. To ensure that the state has an educated workforce and research-driven solutions necessary to tackle these issues, H.J.R. 3 proposes a constitutional amendment to redesignate the National Research University Fund as the Texas University Fund, provide an ongoing revenue source for the fund, and make a multi-billion-dollar appropriation to increase the corpus of the fund.

H.J.R. 3 proposes a constitutional amendment renaming the national research university fund as the Texas University Fund, provides for the appropriation of certain investment income from the economic stabilization fund to the Texas University Fund, excepts appropriations to and from the Texas University Fund from the constitutional limit on the rate of growth of appropriations, and appropriates money from the general revenue fund to the Texas University Fund for purposes of providing funding to certain public institutions of higher education to achieve national prominence as major research universities and drive the state economy.

**RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

**SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 49-g, Article III, Texas Constitution, by adding Subsections (p) and (q), as follows:

(p) Provides that an amount equal to the interest income, dividends, and investment earnings attributable to the economic stabilization fund for the preceding state fiscal year, not to exceed the amount determined under Subsection (q) of this section, on the first business day occurring on or after the 90th day of each state fiscal year, is appropriated from the economic stabilization fund to the Comptroller of Public Accounts of the State of Texas (comptroller) for the purpose of immediate deposit to the credit of the Texas University Fund. Provides that the amount of interest income, dividends, and investment earnings attributable to the economic stabilization fund for a state fiscal year, for purposes of this subsection, is computed by:

(1) determining the amount of interest and dividends due to the fund for that fiscal year, including any interest credited to general revenue under Subsection (i) (relating to requiring the comptroller to credit to general revenue interest due to the economic stabilization fund that would result in an amount in the economic stabilization fund that exceeds the limit in effect) of this section;

(2) adding to the amount determined under Subdivision (1) of this subsection an amount equal to the increase, if any, in the fair market value of the fund between the last day of that fiscal year and the last day of the preceding state fiscal year; and

(3) subtracting from the amount determined under Subdivision (2) of this subsection the amount of any expenses of managing the investments of money in the fund that are paid from the fund during that fiscal year.

(q) Prohibits the amount of the appropriation made under Subsection (p) of this section from exceeding:

(1) for the state fiscal year beginning September 1, 2023, $100 million; or

(2) for a state fiscal year beginning on or after September 1, 2024, the amount determined under this subsection for the preceding state fiscal year adjusted by the increase, if any, in inflation during the preceding state fiscal year, as determined by the comptroller on the basis of changes in the consumer price index published by the Bureau of Labor Statistics of the United States Department of Labor or a successor agency.

SECTION 2. Amends Section 20, Article VII, Texas Constitution, by amending Subsections (a) and (g) and adding Subsections (i) and (j), as follows:

(a) Provides that there is established the Texas University Fund, rather than the national research university fund, for the purpose of providing a dedicated, independent, and equitable source of funding to enable emerging research universities in this state to achieve national prominence as major research universities.

(g) Deletes existing text providing that a state university that becomes eligible to receive a portion of the distributions from the fund in a state fiscal biennium remains eligible to receive additional distributions from the fund in any subsequent state fiscal biennium.

(i) Provides that, for purposes of Section 22 (Restriction on Rate of Growth of Appropriations), Article VIII (Taxation and Revenue), of this constitution:

(1) money in the fund is dedicated by this constitution; and

(2) an appropriation of state tax revenues for the purpose of depositing money to the credit of the fund is treated as if it were an appropriation of revenues dedicated by this constitution.

(j) Provides that the amount of $3.5 billion, on January 1, 2024, is appropriated from the general revenue fund to the comptroller for the purpose of immediately depositing that amount to the credit of the Texas University Fund. Provides that this subsection expires February 1, 2024.

SECTION 3. Provides that the following temporary provision is added to the Texas Constitution:

TEMPORARY PROVISION. (a) Provides that this temporary provision applies to the constitutional amendment proposed by the 88th Legislature, Regular Session, 2023, renaming the national research university fund as the Texas University Fund, providing for the appropriation of certain investment income from the economic stabilization fund to the Texas University Fund, excepting appropriations to and from the Texas University Fund from the constitutional limit on the rate of growth of appropriations, and appropriating money from the general revenue fund to the Texas University Fund for purposes of providing funding to certain public institutions of higher education to achieve national prominence as major research universities and drive the state economy.

(b) Provides that for the state fiscal year beginning September 1, 2023, the amount described by Section 49-g(p), Article III (Legislative Department), of this constitution, as added by the amendment, notwithstanding that subsection, is appropriated from the economic stabilization fund to the comptroller for the purpose of immediate deposit to the credit of the Texas University Fund on January 1, 2024.

(c) Provides that this temporary provision expires February 1, 2024.

SECTION 4. Requires that the proposed constitutional amendment be submitted to the voters at an election to be held November 7, 2023. Sets forth the required language of the ballot.