

RESOLUTION ANALYSIS

C.S.H.J.R. 125
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State Affairs
Committee Report (Substituted)

BACKGROUND AND PURPOSE

According to recent studies conducted by the state broadband development office, almost 2.8 million Texas households, or roughly seven million Texans, lack broadband Internet access. This means that nearly a quarter of Texans do not have the quality of Internet access necessary to attend online classes, see a healthcare provider from their living room, complete an online job application, start a business online, or access digital marketplaces from their kitchen table. These barriers negatively affect Texans' quality of life and limit economic opportunities for the people of Texas and the state overall. Given the ever-increasing demand for access to the internet, both in Texas and across the world, C.S.H.J.R. 125 proposes a constitutional amendment to create the broadband infrastructure fund to assist in the financing of broadband and telecommunications services projects.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this resolution does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this resolution does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.J.R. 125 proposes an amendment to the Texas Constitution to create the broadband infrastructure fund as a special fund in the state treasury outside the general revenue fund. The resolution establishes that the fund consists of the following:

- appropriations from the legislature for deposit to the credit of the fund;
- money transferred or deposited to the credit of the fund by the constitution or by general law;
- revenue that the legislature by general law dedicates for deposit to the credit of the fund;
- investment earnings and interest earned on money in the fund; and
- gifts, grants, and donations to the fund.

C.S.H.J.R. 125 requires the fund to be administered by the comptroller of public accounts and authorizes the fund to be used, without further appropriation, only for the expansion of access to and adoption of broadband and telecommunications services, including the following:

- the development, construction, reconstruction, and expansion of broadband and telecommunications infrastructure or services;
- the operation of broadband and telecommunications infrastructure;
- the provision of broadband and telecommunications services, including services authorized by general law to be funded by the Texas Universal Service Fund; and
- the reasonable expenses of administering and managing the investments of the fund.

The resolution requires the legislature by general law to provide for the manner in which the assets of the fund may be used, subject to the limitations of the resolution's provisions. The resolution authorizes the money in the fund to be used in conjunction with other funds or financial resources, including money from the federal government, in accordance with procedures, standards, and limitations established by federal law and general state law.

C.S.H.J.R. 125 requires the comptroller, not later than January 15, 2024, to transfer to the fund \$5 billion from the Economic Stabilization Fund (ESF), otherwise known as the Rainy Day Fund. For purposes of the constitutional limit on the rate of growth of appropriations, the resolution provides that the money in the fund is constitutionally dedicated and that an appropriation of state tax revenue to the fund from the ESF is treated as if it were an appropriation of revenues dedicated by the constitution.

C.S.H.J.R. 125 takes effect January 1, 2024, and the resolution's provisions expire on September 1, 2035, unless extended by adoption of a concurrent resolution approved by a record vote of two-thirds of the members of each house of the legislature. Such a resolution suspends that expiration date until September 1 of the 10th year following the adoption of the resolution. The resolution requires the comptroller, immediately before expiration, to transfer any unexpended and unobligated balance remaining in the fund to the ESF.

ELECTION DATE

The constitutional amendment proposed by this joint resolution will be submitted to the voters at an election to be held November 7, 2023.

COMPARISON OF INTRODUCED AND SUBSTITUTE

While C.S.H.J.R. 125 may differ from the introduced in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the resolution.

The substitute includes a provision specifying the components of the broadband infrastructure fund, whereas the introduced did not.

The substitute includes a provision not in the introduced specifying that money in the fund may be used without further appropriation. The substitute revises the specific purposes for which the money may be used, as set out in the introduced, by doing the following:

- removing language limiting the broadband and telecommunications services that may be provided for with the money to only services that are determined to be for that purpose by the comptroller and the Public Utility Commission of Texas;
- specifying that the money may be used to provide services authorized by general law to be funded by the Texas Universal Service Fund; and
- authorizes the money to be used for reasonable expenses of administering and managing the investments of the fund.

The substitute omits the provision from the introduced capping at \$5 billion the total amount that may be appropriated to the fund by the legislature. The substitute includes a provision that requires the comptroller, not later than January 15, 2024, instead to transfer \$5 billion to the fund from the ESF.

The substitute includes a requirement for the comptroller, immediately before the expiration of the resolution's provisions, to transfer any unexpended and unobligated balance remaining in the fund to the ESF, which did not appear in the introduced.