

BILL ANALYSIS

Senate Research Center
88R15810 KJE-F

S.J.R. 5
By: Huffman
Finance
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As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

To meet the challenges of a rapidly growing population, Texas will require an educated workforce and research-driven solutions. S.B. 19 reforms the way Texas funds research at our institutions of higher education. This bill will accelerate state universities' progress toward achieving the goals of Building a Talent Strong Texas, as established by the Texas Higher Education Coordinating Board, and help address the rapidly evolving needs of the Texas economy.

S.J.R. 5, the accompanying proposed constitutional amendment for S.B. 19, amends the constitution to change the name of the National Research University Fund to the Texas University Fund. The bill constitutionally dedicates \$2.5 billion from state revenues to increase the corpus of the fund and defines an ongoing revenue source, consisting of interest accrued from the earning of the economic stabilization fund.

S.J.R. 5 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 to be spent 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 Subsection (p), as follows:

(p) Provides that an amount, if the amount is greater than zero, equal to the lesser of \$100 million or the interest and other earnings attributable to the investment of money in the economic stabilization fund for the preceding state fiscal year is appropriated from the economic stabilization fund, on the first day of each state fiscal year, to the Comptroller of Public Accounts of the State of Texas (comptroller) for the purpose of deposit to the credit of the Texas University Fund not later than the 90th day of the state fiscal year in which the appropriation is made. Provides that the amount of interest and other earnings attributable to the investment of money in the economic stabilization fund for a state fiscal year, for purposes of this subsection, is computed by:

(1) determining the amount of interest due to the economic stabilization 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 a certain amount in the economic stabilization fund) of Section 49-g (Economic Stabilization Fund; Allocation of Certain Oil and Gas Production Tax Revenue);

(2) adding to the amount determined under Subdivision (1) of this subsection an amount equal to the change in the fair market value of the economic stabilization 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 economic stabilization fund that are paid from the economic stabilization fund during that fiscal year.

SECTION 2. Amends Section 20, Article VII, Texas Constitution, by amending Subsection (a) 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.

(i) Provides that, for purposes of Section 22 (Restriction on Rate of Growth of Appropriations), Article VIII (Taxation and Revenue), of this constitution, money in the Texas University Fund is dedicated by this constitution and an appropriation of money to the Texas University Fund is an appropriation of state tax revenues dedicated by this constitution.

(j) Provides that the amount of \$2.5 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 the amount of \$2.5 billion is appropriated from the Texas University Fund to the Texas Higher Education Coordinating Board for the state fiscal biennium beginning September 1, 2023, for distribution to eligible institutions as provided by general law. Provides that this subsection expires January 1, 2026.

SECTION 3. 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.