

LEGISLATIVE BUDGET BOARD  
Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

April 11, 2023

TO: Honorable Joan Huffman, Chair, Senate Committee on Finance

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: **SJR56** by Schwertner (Proposing a constitutional amendment to raise the maximum allowable amount of money in the economic stabilization fund and provide that certain income from investments of that fund is to be retained in that fund.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for SJR56, As Introduced : a negative impact of (\$436,467,406) through the biennium ending August 31, 2025.

In addition, the joint resolution would result in a negative impact to General Revenue Related Funds of (\$8,417,984,000) through the biennium ending August 31, 2027.

General Revenue-Related Funds, Five- Year Impact:

<i>Fiscal Year</i>	Probable Net Positive/(Negative) Impact to <i>General Revenue Related Funds</i>
2024	(\$204,406)
2025	(\$436,263,000)
2026	(\$4,157,583,000)
2027	(\$4,260,401,000)
2028	(\$4,106,469,000)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	Probable Revenue (Loss) from <i>General Revenue Fund</i> 1	Probable Revenue Gain from <i>Economic Stabilization Fund</i> 599	Probable (Cost) from <i>General Revenue Fund</i> 1
2024	\$0	\$0	(\$204,406)
2025	(\$436,263,000)	\$0	\$0
2026	(\$4,157,583,000)	\$629,157,000	\$0
2027	(\$4,260,401,000)	\$4,288,132,000	\$0
2028	(\$4,106,469,000)	\$4,550,853,000	\$0

Fiscal Analysis

The joint resolution would amend Sections 49-g (g) and (i) of Article III, Texas Constitution to raise the maximum amount (cap) in the economic stabilization fund (ESF) from an amount equal to 10 percent of the total amount--excluding investment income, interest income, and amounts borrowed from special funds--deposited in general revenue during the preceding biennium to 15 percent of that amount. Investment income credited to the fund after the effective date of the amendment would be excluded from the amount subject to the cap.

The proposed amendment would be submitted to voters at an election to be held November 7, 2023.

### **Methodology**

The increase in ESF cap as proposed would result in increased transfers from oil and gas severance taxes and equivalent decreases in available general revenue. In addition, interest would be credited to the ESF cash balance that, pursuant to the current law cap, would be allocable to the general revenue fund. Under current law, investment income is credited to the fund and is not allocable to general revenue when the fund balance exceeds the cap, but it is not excluded from the measure of amount subject to the cap.

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

### **Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 304 Comptroller of Public Accounts

**LBB Staff:** JMc, KK, SD