

LEGISLATIVE BUDGET BOARD  
Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

April 16, 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.), **Committee Report 1st House, Substituted**

**Estimated Two-year Net Impact to General Revenue Related Funds** for SJR56, Committee Report 1st House, Substituted : 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	(\$3,096,379,000)

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	(\$3,096,379,000)	\$4,550,853,000	\$0

Fiscal Analysis

The joint resolution would amend Sections 49-g (g) 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 deposited in general revenue during the preceding biennium --excluding investment income, interest income, and amounts borrowed from special funds-- to 15 percent of that amount.

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

Methodology

The increase in the ESF cap as proposed would result in increased transfers of 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. Investment income, as distinct from interest, would continue to be credited to the fund and not be allocable to general revenue when the fund balance exceeds 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