

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

May 11, 2023

TO: Honorable Tracy O. King, Chair, House Committee on Natural Resources

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: SJR75 by Perry (proposing a constitutional amendment creating the Texas water fund to assist in financing water projects in this state.), **Committee Report 2nd House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for SJR75, Committee Report 2nd House, Substituted : a negative impact of (\$3,000,204,406) through the biennium ending August 31, 2025.

The resolution would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five- Year Impact:

<i>Fiscal Year</i>	<i>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</i>
2024	(\$3,000,204,406)
2025	\$0
2026	\$0
2027	\$0
2028	\$0

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	<i>Probable Savings/(Cost) from General Revenue Fund 1</i>	<i>Probable Revenue Gain/(Loss) from Texas Water Fund</i>
2024	(\$3,000,204,406)	\$3,000,000,000
2025	\$0	\$0
2026	\$0	\$0
2027	\$0	\$0
2028	\$0	\$0

Fiscal Analysis

The joint resolution would propose a constitutional amendment to Article III of the Texas Constitution to create the Texas Water Fund (TWF). The TWF would be held in the state treasury outside the General Revenue Fund and would be administered by the Texas Water Development Board (TWDB) to assist in financing water projects through the transfer of money to other accounts and funds administered by the TWDB. On January 1, 2024, the Comptroller of Public Accounts would be required to transfer \$3,000,000,000 of the unencumbered balance of the General Revenue Fund that exists on that date to the TWF.

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

Methodology

Costs resulting from the joint resolution would occur in fiscal year 2024. The cost to the General Revenue Fund includes the transfer of \$3,000,000,000 in unencumbered balances to the TWF on January 1, 2024, and the cost to the state for publication of the resolution, which is \$204,406.

According to the Comptroller of Public Accounts, in view of the vagaries of short-term cash flows and agency encumbrances, the existence of an unencumbered positive balance on the specific date January 1, 2024 sufficient to support all or any part of the \$3 billion transfer proposed for that date should not be assumed.

This legislation would do one or more of the following: create or recreate a dedicated account in the General Revenue Fund, create or recreate a special or trust fund either with or outside of the Treasury, or create a dedicated revenue source. The fund, account, or revenue dedication included in this bill would be subject to funds consolidation review by the current Legislature.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 580 Water Development Board

LBB Staff: JMc, KDw, MW, AJL, CMA, SZ