

# SENATE AMENDMENTS

## 2<sup>nd</sup> Printing

By: Bonnen

H.J.R. No. 3

### A JOINT RESOLUTION

1 proposing a constitutional amendment renaming the national  
2 research university fund as the Texas University Fund, providing  
3 for the appropriation of certain investment income from the  
4 economic stabilization fund to the Texas University Fund, excepting  
5 appropriations to and from the Texas University Fund from the  
6 constitutional limit on the rate of growth of appropriations, and  
7 appropriating money from the general revenue fund to the Texas  
8 University Fund for purposes of providing funding to certain public  
9 institutions of higher education to achieve national prominence as  
10 major research universities and drive the state economy.

11 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF TEXAS:

12 SECTION 1. Section 49-g, Article III, Texas Constitution,  
13 is amended by adding Subsections (p) and (q) to read as follows:

14 (p) On the first business day occurring on or after the 90th  
15 day of each state fiscal year, an amount equal to the interest  
16 income, dividends, and investment earnings attributable to the  
17 economic stabilization fund for the preceding state fiscal year,  
18 not to exceed the amount determined under Subsection (q) of this  
19 section, is appropriated from the economic stabilization fund to  
20 the comptroller of public accounts for the purpose of immediate  
21 deposit to the credit of the Texas University Fund. For purposes of  
22 this subsection, the amount of interest income, dividends, and  
23 investment earnings attributable to the economic stabilization  
24 fund for a state fiscal year is computed by:

1           (1) determining the amount of interest and dividends  
2 due to the fund for that fiscal year, including any interest  
3 credited to general revenue under Subsection (i) of this section;

4           (2) adding to the amount determined under Subdivision  
5 (1) of this subsection an amount equal to the increase, if any, in  
6 the fair market value of the fund between the last day of that  
7 fiscal year and the last day of the preceding state fiscal year; and

8           (3) subtracting from the amount determined under  
9 Subdivision (2) of this subsection the amount of any expenses of  
10 managing the investments of money in the fund that are paid from the  
11 fund during that fiscal year.

12           (q) The amount of the appropriation made under Subsection  
13 (p) of this section may not exceed:

14           (1) for the state fiscal year beginning September 1,  
15 2023, \$100 million; or

16           (2) for a state fiscal year beginning on or after  
17 September 1, 2024, the amount determined under this subsection for  
18 the preceding state fiscal year adjusted by the increase, if any, in  
19 inflation during the preceding state fiscal year, as determined by  
20 the comptroller of public accounts on the basis of changes in the  
21 consumer price index published by the Bureau of Labor Statistics of  
22 the United States Department of Labor or a successor agency.

23           SECTION 2. Section 20, Article VII, Texas Constitution, is  
24 amended by amending Subsections (a) and (g) and adding Subsections  
25 (i) and (j) to read as follows:

26           (a) There is established the Texas University Fund  
27 [~~national research university fund~~] for the purpose of providing a

1 dedicated, independent, and equitable source of funding to enable  
2 emerging research universities in this state to achieve national  
3 prominence as major research universities.

4 (g) The legislature shall establish criteria by which a  
5 state university may become eligible to receive a portion of the  
6 distributions from the fund. [~~A state university that becomes  
7 eligible to receive a portion of the distributions from the fund in  
8 a state fiscal biennium remains eligible to receive additional  
9 distributions from the fund in any subsequent state fiscal  
10 biennium.~~] The University of Texas at Austin and Texas A&M  
11 University are not eligible to receive money from the fund.

12 (i) For purposes of Section 22, Article VIII, of this  
13 constitution:

14 (1) money in the fund is dedicated by this  
15 constitution; and

16 (2) an appropriation of state tax revenues for the  
17 purpose of depositing money to the credit of the fund is treated as  
18 if it were an appropriation of revenues dedicated by this  
19 constitution.

20 (j) On January 1, 2024, the amount of \$3.5 billion is  
21 appropriated from the general revenue fund to the comptroller of  
22 public accounts for the purpose of immediately depositing that  
23 amount to the credit of the Texas University Fund. This subsection  
24 expires February 1, 2024.

25 SECTION 3. The following temporary provision is added to  
26 the Texas Constitution:

27 TEMPORARY PROVISION. (a) This temporary provision applies

1 to the constitutional amendment proposed by the 88th Legislature,  
2 Regular Session, 2023, renaming the national research university  
3 fund as the Texas University Fund, providing for the appropriation  
4 of certain investment income from the economic stabilization fund  
5 to the Texas University Fund, excepting appropriations to and from  
6 the Texas University Fund from the constitutional limit on the rate  
7 of growth of appropriations, and appropriating money from the  
8 general revenue fund to the Texas University Fund for purposes of  
9 providing funding to certain public institutions of higher  
10 education to achieve national prominence as major research  
11 universities and drive the state economy.

12 (b) Notwithstanding Section 49-g(p), Article III, of this  
13 constitution, as added by the amendment, for the state fiscal year  
14 beginning September 1, 2023, the amount described by that  
15 subsection is appropriated from the economic stabilization fund to  
16 the comptroller of public accounts for the purpose of immediate  
17 deposit to the credit of the Texas University Fund on January 1,  
18 2024.

19 (c) This temporary provision expires February 1, 2024.

20 SECTION 4. This proposed constitutional amendment shall be  
21 submitted to the voters at an election to be held November 7, 2023.  
22 The ballot shall be printed to permit voting for or against the  
23 proposition: "The constitutional amendment renaming the national  
24 research university fund as the Texas University Fund, providing  
25 for the appropriation of certain investment income from the  
26 economic stabilization fund to the Texas University Fund, excepting  
27 appropriations to and from the Texas University Fund from the

H.J.R. No. 3

1 constitutional limit on the rate of growth of appropriations, and  
2 appropriating money from the general revenue fund to the Texas  
3 University Fund for purposes of providing funding to certain public  
4 institutions of higher education to achieve national prominence as  
5 major research universities and drive the state economy."

**ADOPTED**

MAY 09 2023

*L. H. ...*  
Secretary of the Senate No. 3

By: Hoffman

Substitute the following for \_\_\_J.R. No. \_\_\_\_\_:

By: Hoffman

C.S. \_\_\_J.R. No. \_\_\_\_\_

A JOINT RESOLUTION

1 proposing a constitutional amendment relating to the Texas  
2 University Fund, which provides funding to certain institutions of  
3 higher education to achieve national prominence as major research  
4 universities and drive the state economy.

5 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF TEXAS:

6 SECTION 1. Section 49-g, Article III, Texas Constitution,  
7 is amended by adding Subsection (p) to read as follows:

8 (p) On the first business day occurring on or after the 90th  
9 day of each state fiscal year, an amount, if the amount is greater  
10 than zero, equal to the lesser of \$100 million or the interest and  
11 other earnings attributable to the investment of money in the  
12 economic stabilization fund for the preceding state fiscal year is  
13 appropriated from the economic stabilization fund to the  
14 comptroller of public accounts for the purpose of immediate deposit  
15 to the credit of the Texas University Fund. For purposes of this  
16 subsection, the amount of interest and other earnings attributable  
17 to the investment of money in the economic stabilization fund for a  
18 state fiscal year is computed by:

19 (1) determining the amount of interest due to the fund  
20 for that fiscal year, including any interest credited to general  
21 revenue under Subsection (i) of this section;

22 (2) adding to the amount determined under Subdivision  
23 (1) of this subsection an amount equal to the change in the fair  
24 market value of the fund between the last day of that fiscal year

1 and the last day of the preceding state fiscal year; and

2 (3) subtracting from the amount determined under  
3 Subdivision (2) of this subsection the amount of any expenses of  
4 managing the investments of money in the fund that are paid from the  
5 fund during that fiscal year.

6 SECTION 2. Section 20, Article VII, Texas Constitution, is  
7 amended by amending Subsections (a) and (g) and adding Subsection  
8 (i) to read as follows:

9 (a) There is established the Texas University Fund  
10 [~~national research university fund~~] for the purpose of providing a  
11 dedicated, independent, and equitable source of funding to enable  
12 emerging research universities in this state to achieve national  
13 prominence as major research universities.

14 (g) The legislature shall establish criteria by which a  
15 state university may become eligible to receive a portion of the  
16 distributions from the fund. [~~A state university that becomes~~  
17 ~~eligible to receive a portion of the distributions from the fund in~~  
18 ~~a state fiscal biennium remains eligible to receive additional~~  
19 ~~distributions from the fund in any subsequent state fiscal~~  
20 ~~biennium.~~] The University of Texas at Austin and Texas A&M  
21 University are not eligible to receive money from the fund.

22 (i) For purposes of Section 22, Article VIII, of this  
23 constitution:

24 (1) money in the fund is dedicated by this  
25 constitution; and

26 (2) an appropriation of state tax revenues for the  
27 purpose of depositing money to the credit of the fund is treated as

1 if it were an appropriation of revenues dedicated by this  
2 constitution.

3           SECTION 3. This proposed constitutional amendment shall be  
4 submitted to the voters at an election to be held November 7, 2023.  
5 The ballot shall be printed to permit voting for or against the  
6 proposition: "The constitutional amendment relating to the Texas  
7 University Fund, which provides funding to certain institutions of  
8 higher education to achieve national prominence as major research  
9 universities and drive the state economy."



**ADOPTED**  
MAY 09 2023

*Lacey Law*  
Secretary of the Senate

FLOOR AMENDMENT NO. 1

BY: *Joan Huffman*

1 Amend C.S.H.J.R. 3 (senate committee report) in SECTION 2 of  
2 the bill, amending Section 20, Article VII, Texas Constitution, by  
3 striking amended Subsection (g) (page 2, lines 5 through 12), and  
4 substituting the following:

5 (g) The legislature shall establish criteria by which a  
6 state university may become eligible to receive a portion of the  
7 distributions from the fund. A state university that is entitled to  
8 participate in dedicated funding provided by Section 18 of this  
9 article is [~~becomes eligible to receive a portion of the~~  
10 ~~distributions from the fund in a state fiscal biennium remains~~  
11 ~~eligible to receive additional distributions from the fund in any~~  
12 ~~subsequent state fiscal biennium. The University of Texas at~~  
13 ~~Austin and Texas A&M University are~~] not eligible to receive money  
14 from the fund.

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION**

**May 20, 2023**

**TO:** Honorable Dade Phelan, Speaker of the House, House of Representatives

**FROM:** Jerry McGinty, Director, Legislative Budget Board

**IN RE: HJR3** by Bonnen (Proposing a constitutional amendment relating to the Texas University Fund, which provides funding to certain institutions of higher education to achieve national prominence as major research universities and drive the state economy.), **As Passed 2nd House**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HJR3, As Passed 2nd House : a negative impact of (\$206,392,406) through the biennium ending August 31, 2025.

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

**General Revenue-Related Funds, Five- Year Impact:**

<i>Fiscal Year</i>	<b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b>
2024	(\$204,406)
2025	(\$206,188,000)
2026	\$0
2027	\$0
2028	\$0

**All Funds, Five-Year Impact:**

<i>Fiscal Year</i>	<b>Probable Savings/(Cost) from General Revenue Fund 1</b>	<b>Probable Revenue Gain/(Loss) from Texas University Fund 214</b>	<b>Probable (Cost) from Economic Stabilization Fund 599</b>
2024	(\$204,406)	\$100,000,000	(\$101,704,000)
2025	(\$206,188,000)	\$100,000,000	(\$104,463,000)
2026	\$0	\$100,000,000	\$103,234,000
2027	\$0	\$100,000,000	(\$107,376,000)
2028	\$0	\$100,000,000	(\$111,305,000)

**Fiscal Analysis**

The resolution would propose an amendment to Article III (Legislative Department) and Article VII (Education) of the Texas Constitution.

The proposed amendment would redesignate the National Research University Fund as the Texas University Fund.

The amendment states that, for purposes of the calculation of the constitutional tax spending limit in Article VIII, money in the fund would be dedicated by the constitution and an appropriation of money to the fund would

be an appropriation of state tax revenues dedicated by the constitution.

The proposed amendment would appropriate from the Economic Stabilization Fund to the Comptroller, for deposit to the credit of the Texas University Fund, an amount equal to the lesser of \$100.0 million or the interest and other earnings attributable to the investment of money in the Economic Stabilization Fund for the preceding fiscal year.

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

### **Methodology**

The resolution, contingent on enactment and voter approval, would provide for the appropriation of up to \$100.0 million from the Economic Stabilization Fund (ESF) to the TUF each fiscal year.

The fiscal impacts in the tables above are based on the 2024-25 Biennial Revenue Estimate (BRE) and the fiscal implications of Senate Bill 30, as engrossed, as the supplemental appropriations will materially affect the ESF balance, related reserves and transfers of severance tax revenue, and interest and investment earnings.

General Revenue Fund implications in fiscal 2025 represent an increase in the amount of reserves for severance taxes for transfer to the ESF as a result of the \$100.0 million appropriation from the ESF for deposit to the TUF. This appropriation would decrease the ESF balance and result in a larger transfer to the ESF in fiscal 2026 than assumed in the BRE as adjusted for the effects of SB 30 on the ESF balance.

Implications to the ESF represent the net difference between appropriations from the ESF and increased severance taxes transferred to the fund in and consequent changes to ESF interest and investment earnings. In fiscal 2026, there is expected to be a net positive impact to the ESF due to the increased severance tax transfer, less the appropriation to TUF and associated loss of investment earnings.

This analysis only addresses implications for the TUF represented by appropriated amounts into the TUF, either from General Revenue or ESF; any interest or investment earnings on the TUF balance are not considered. The fiscal impacts associated with any uses of the fund are shown in the fiscal note for the enabling legislation (HB 1595).

**Note:** This legislation would create or recreate a dedicated account in the General Revenue Fund, create or recreate a fund either in, with, or outside of the Treasury, or dedicate or rededicate a 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 fiscal implication to units of local government is anticipated.

**Source Agencies:** 304 Comptroller of Public Accounts, 781 Higher Education Coordinating Board

**LBB Staff:** JMc, CMA, CFI, KK, JSM, MOc, NV, BRI

**LEGISLATIVE BUDGET BOARD**

**Austin, Texas**

**FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION**

**May 4, 2023**

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

**FROM:** Jerry McGinty, Director, Legislative Budget Board

**IN RE: HJR3** by Bonnen (proposing a constitutional amendment relating to the Texas University Fund, which provides funding to certain institutions of higher education to achieve national prominence as major research universities and drive the state economy.), **Committee Report 2nd House, Substituted**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HJR3, Committee Report 2nd House, Substituted : a negative impact of (\$206,392,406) through the biennium ending August 31, 2025.

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

**General Revenue-Related Funds, Five- Year Impact:**

<i>Fiscal Year</i>	<i>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</i>
2024	(\$204,406)
2025	(\$206,188,000)
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 University Fund 214</i>	<i>Probable (Cost) from Economic Stabilization Fund 599</i>
2024	(\$204,406)	\$100,000,000	(\$101,704,000)
2025	(\$206,188,000)	\$100,000,000	(\$104,463,000)
2026	\$0	\$100,000,000	\$103,234,000
2027	\$0	\$100,000,000	(\$107,376,000)
2028	\$0	\$100,000,000	(\$111,305,000)

**Fiscal Analysis**

The resolution would propose an amendment to Article III (Legislative Department) and Article VII (Education) of the Texas Constitution.

The proposed amendment would redesignate the National Research University Fund as the Texas University Fund.

The amendment states that, for purposes of the calculation of the constitutional tax spending limit in Article VIII, money in the fund would be dedicated by the constitution and an appropriation of money to the fund would

be an appropriation of state tax revenues dedicated by the constitution.

The proposed amendment would appropriate from the Economic Stabilization Fund to the Comptroller, for deposit to the credit of the Texas University Fund, an amount equal to the lesser of \$100.0 million or the interest and other earnings attributable to the investment of money in the Economic Stabilization Fund for the preceding fiscal year.

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

### **Methodology**

The resolution, contingent on enactment and voter approval, would provide for the appropriation of up to \$100.0 million from the Economic Stabilization Fund (ESF) to the TUF each fiscal year.

The fiscal impacts in the tables above are based on the 2024-25 Biennial Revenue Estimate (BRE) and the fiscal implications of Senate Bill 30, as engrossed, as the supplemental appropriations will materially affect the ESF balance, related reserves and transfers of severance tax revenue, and interest and investment earnings.

General Revenue Fund implications in fiscal 2025 represent an increase in the amount of reserves for severance taxes for transfer to the ESF as a result of the \$100.0 million appropriation from the ESF for deposit to the TUF. This appropriation would decrease the ESF balance and result in a larger transfer to the ESF in fiscal 2026 than assumed in the BRE as adjusted for the effects of SB 30 on the ESF balance.

Implications to the ESF represent the net difference between appropriations from the ESF and increased severance taxes transferred to the fund in and consequent changes to ESF interest and investment earnings. In fiscal 2026, there is expected to be a net positive impact to the ESF due to the increased severance tax transfer, less the appropriation to TUF and associated loss of investment earnings.

This analysis only addresses implications for the TUF represented by appropriated amounts into the TUF, either from General Revenue or ESF; any interest or investment earnings on the TUF balance are not considered. The fiscal impacts associated with any uses of the fund are shown in the fiscal note for the enabling legislation (HB 1595).

**Note:** This legislation would create or recreate a dedicated account in the General Revenue Fund, create or recreate a fund either in, with, or outside of the Treasury, or dedicate or rededicate a 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 fiscal implication to units of local government is anticipated.

**Source Agencies:** 304 Comptroller of Public Accounts, 781 Higher Education Coordinating Board

**LBB Staff:** JMc, KK, CFI, JSM, MOc, NV, CMA, BRI

**LEGISLATIVE BUDGET BOARD**

**Austin, Texas**

**FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION**

**May 3, 2023**

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

**FROM:** Jerry McGinty, Director, Legislative Budget Board

**IN RE: HJR3** by Bonnen (Proposing a constitutional amendment renaming the national research university fund as the Texas University Fund, providing for the appropriation of certain investment income from the economic stabilization fund to the Texas University Fund, excepting appropriations to and from the Texas University Fund from the constitutional limit on the rate of growth of appropriations, and appropriating money from the general revenue fund to the Texas University Fund 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.), **As Engrossed**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HJR3, As Engrossed : a negative impact of (\$3,707,829,406) through the biennium ending August 31, 2025.

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

**Appropriations:**

<i>Fiscal Year</i>	<i>Appropriation out of General Revenue Fund</i>
	<b>1</b>
2024	\$3,500,000,000
2025	\$0

**General Revenue-Related Funds, Five- Year Impact:**

<i>Fiscal Year</i>	<i>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</i>
2024	(\$3,500,204,406)
2025	(\$315,636,000)
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 University Fund 214</i>	<i>Probable (Cost) from Economic Stabilization Fund 599</i>
2024	(\$3,500,204,406)	\$3,600,000,000	(\$102,691,000)
2025	(\$315,636,000)	\$102,191,000	(\$110,391,000)
2026	\$0	\$104,743,000	\$203,621,000
2027	\$0	\$107,222,000	(\$119,373,000)
2028	\$0	\$109,577,000	(\$126,177,000)

**Fiscal Analysis**

The resolution would propose an amendment to Article III (Legislative Department) and Article VII (Education) of the Texas Constitution.

The proposed amendment would redesignate the National Research University Fund as the Texas University Fund.

The proposed amendment would direct the Comptroller, on January 1, 2024, to transfer \$3.5 billion from the General Revenue Fund to the Texas University Fund.

The amendment states that, for purposes of the calculation of the constitutional tax spending limit in Article VIII, money in the fund would be dedicated by the constitution and an appropriation of state tax revenues to the fund would be an appropriation of revenues dedicated by the constitution.

The proposed amendment would appropriate from the Economic Stabilization Fund to the Comptroller, for deposit to the credit of the Texas University Fund, an amount equal to the interest, dividends, and investment earnings attributable to the Economic Stabilization Fund for the preceding fiscal year. This amount could not exceed \$100.0 million in fiscal 2024, or an amount adjusted for the increase in inflation, if any, thereafter.

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

**Methodology**

The resolution, contingent on enactment and voter approval, would authorize a \$3.5 billion transfer from the General Revenue Fund to the Texas University Fund (TUF) in fiscal 2024. The resolution also would provide for an appropriation from the Economic Stabilization Fund (ESF) to the TUF each fiscal year of up to \$100.0 million in fiscal 2024, or an amount adjusted for inflation thereafter.

The fiscal impacts in the tables above are based on the 2024-25 Biennial Revenue Estimate and the fiscal implications of Senate Bill 30, as engrossed, as the supplemental appropriations will materially affect the ESF balance, related reserves and transfers of severance tax revenue, and interest and investment earnings.

General Revenue Fund implications in fiscal 2025 represent an increase in the amount of reserves for severance taxes for transfer to the ESF as a result of the appropriation from the ESF for deposit to the TUF. This appropriation would decrease the ESF balance and result in a larger transfer to the ESF in fiscal year 2026 than assumed in the BRE as adjusted for the effects of SB 30 on the ESF balance.

Implications to the ESF represent the net difference between appropriations from the ESF and increased severance taxes transferred to the fund and consequent changes to ESF interest and investment earnings. In fiscal 2026, there is expected to be a net positive impact to the ESF due to the increased severance tax transfer, less the appropriation to the TUF and associated loss in investment earnings.

The maximum amount of appropriation from the ESF for deposit to the TUF after fiscal 2024 would be

calculated by increasing the appropriation from the preceding fiscal year according to the increase, if any, in inflation from the previous year. This analysis uses the increase in general price level as a stand-in for inflation to provide more significant adjustments to the maximum amount of appropriation from the ESF.

This analysis only addresses implications for the TUF represented by appropriated amounts into the TUF, either from General Revenue or ESF; any interest or investment earnings on the TUF fund balance are not considered. The fiscal impacts associated with any uses of the fund are shown in the fiscal note for the enabling legislation (HB 1595).

**Note:** This legislation would create or recreate a dedicated account in the General Revenue Fund, create or recreate a fund either in, with, or outside of the Treasury, or dedicate or rededicate a 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 fiscal implication to units of local government is anticipated.

**Source Agencies:** 304 Comptroller of Public Accounts, 781 Higher Education Coordinating Board

**LBB Staff:** JMc, KK, JSM, CFI, MOc, NV, CMA, BRI



**LEGISLATIVE BUDGET BOARD**

**Austin, Texas**

**FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION**

**April 5, 2023**

**TO:** Honorable John Kuempel, Chair, House Committee on Higher Education

**FROM:** Jerry McGinty, Director, Legislative Budget Board

**IN RE: HJR3** by Bonnen (proposing a constitutional amendment renaming the national research university fund as the Texas University Fund, providing for the appropriation of certain investment income from the economic stabilization fund to the Texas University Fund, excepting appropriations to and from the Texas University Fund from the constitutional limit on the rate of growth of appropriations, and appropriating money from the general revenue fund to the Texas University Fund 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.), **Committee Report 1st House, Substituted**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HJR3, Committee Report 1st House, Substituted : a negative impact of (\$3,707,829,406) through the biennium ending August 31, 2025.

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

**Appropriations:**

<i>Fiscal Year</i>	<i>Appropriation out of General Revenue Fund</i>
	<b>1</b>
2024	\$3,500,000,000
2025	\$0

**General Revenue-Related Funds, Five- Year Impact:**

<i>Fiscal Year</i>	<i>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</i>
2024	(\$3,500,204,406)
2025	(\$207,625,000)
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 University Fund 214</i>	<i>Probable (Cost) from Economic Stabilization Fund 599</i>
2024	(\$3,500,204,406)	\$3,600,000,000	(\$102,691,000)
2025	(\$207,625,000)	\$100,000,000	(\$104,913,000)
2026	\$0	\$100,307,000	\$104,355,000
2027	\$0	\$100,307,000	(\$104,407,000)
2028	\$0	\$100,307,000	(\$107,533,000)

**Fiscal Analysis**

The resolution would propose an amendment to Article III (Legislative Department) and Article VII (Education) of the Texas Constitution.

The proposed amendment would redesignate the National Research University Fund as the Texas University Fund.

The proposed amendment would direct the Comptroller, on January 1, 2024, to transfer \$3.5 billion from the General Revenue Fund to the Texas University Fund.

The amendment states that, for purposes of the calculation of the constitutional tax spending limit in Article VIII, money in the fund would be dedicated by the constitution and an appropriation of state tax revenues to the fund would be an appropriation of revenues dedicated by the constitution.

The proposed amendment would appropriate from the Economic Stabilization Fund to the Comptroller, for deposit to the credit of the Texas University Fund, an amount equal to the interest, dividends, and investment earnings attributable to the Economic Stabilization Fund for the preceding fiscal year. This amount could not exceed \$100.0 million in fiscal 2024, or an amount adjusted for the increase in the rate of inflation thereafter.

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

**Methodology**

The resolution, contingent on enactment and voter approval, would authorize a \$3.5 billion transfer from the General Revenue Fund to the Texas University Fund (TUF) in fiscal 2024. The resolution also would provide for an appropriation from the Economic Stabilization Fund (ESF) to the TUF each fiscal year of up to \$100.0 million in fiscal 2024, or an amount adjusted for inflation thereafter.

The fiscal impacts in the tables above are based on the 2024-25 Biennial Revenue Estimate and the fiscal implications of Senate Bill 30, as engrossed, as the supplemental appropriations will materially affect the ESF balance, related reserves and transfers of severance tax revenue, and interest and investment earnings.

General Revenue Fund implications in fiscal 2025 represent an increase in the amount of reserves for severance taxes for transfer to the ESF as a result of the appropriation from the ESF for deposit to the TUF. This appropriation would decrease the ESF balance and result in a larger transfer to the ESF in fiscal year 2026 than assumed in the BRE as adjusted for the effects of SB 30 on the ESF balance.

Implications to the ESF represent the net difference between appropriations from the ESF and increased severance taxes transferred to the fund and consequent changes to ESF interest and investment earnings. In fiscal 2026, there is expected to be a net positive impact to the ESF due to the increased severance tax transfer, less the appropriation to the TUF and associated loss in investment earnings.

The maximum amount of appropriation from the ESF for deposit to the TUF after fiscal 2024 would be

calculated by increasing the appropriation from the preceding fiscal year according to the increase, if any, in the rate of inflation from the preceding fiscal year. This analysis estimates an increase in the inflation rate in fiscal 2026.

This analysis only addresses implications for the TUF represented by appropriated amounts into the TUF, either from General Revenue or ESF; any interest or investment earnings on the TUF fund balance are not considered. The fiscal impacts associated with any uses of the fund are shown in the fiscal note for the enabling legislation (HB 1595).

**Note:** This legislation would create or recreate a dedicated account in the General Revenue Fund, create or recreate a fund either in, with, or outside of the Treasury, or dedicate or rededicate a 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 fiscal implication to units of local government is anticipated.

**Source Agencies:** 304 Comptroller of Public Accounts, 781 Higher Education Coordinating Board

**LBB Staff:** JMc, MOc, JSM, CFI, NV, CMA, BRI

**LEGISLATIVE BUDGET BOARD**

Austin, Texas

**FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION**

**March 26, 2023**

**TO:** Honorable John Kuempel, Chair, House Committee on Higher Education

**FROM:** Jerry McGinty, Director, Legislative Budget Board

**IN RE: HJR3** by Bonnen (Proposing a constitutional amendment renaming the national research university fund as the Texas University Fund, providing for the appropriation of certain investment income from the economic stabilization fund to the Texas University Fund, excepting appropriations to and from the Texas University Fund from the constitutional limit on the rate of growth of appropriations, and appropriating 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.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HJR3, As Introduced : a negative impact of (\$3,602,337,000) through the biennium ending August 31, 2025.

The above costs are in addition to the \$204,406 cost to the state for publication of the resolution.

**Appropriations:**

<i>Fiscal Year</i>	<i>Appropriation out of General Revenue Fund</i>
	<b>1</b>
2024	(\$3,500,000,000)
2025	\$0

**General Revenue-Related Funds, Five- Year Impact:**

<i>Fiscal Year</i>	<i>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</i>
2024	(\$3,500,204,406)
2025	(\$102,337,000)
2026	\$0
2027	\$0
2028	\$0

**All Funds, Five-Year Impact:**

<i>Fiscal Year</i>	<i>Probable Savings/(Cost) from General Revenue Fund</i>	<i>Probable Revenue Gain/(Loss) from Texas University Fund</i>	<i>Probable (Cost) from Economic Stabilization Fund</i>
	<b>1</b>	<b>214</b>	<b>599</b>
2024	(\$3,500,204,406)	\$3,500,000,000	\$0
2025	(\$102,337,000)	\$100,000,000	(\$102,316,000)
2026	\$0	\$100,000,000	(\$617,000)
2027	\$0	\$100,000,000	(\$107,042,000)
2028	\$0	\$100,000,000	(\$111,292,000)

## Fiscal Analysis

The resolution would propose an amendment to Article III (Legislative Department) and Article VII (Education) of the Texas Constitution.

The proposed amendment would redesignate the National Research University Fund as the Texas University Fund.

The proposed amendment would direct the Comptroller, on January 1, 2024, to transfer \$3.5 billion from the General Revenue Fund to the Texas University Fund. The Texas Higher Education Coordinating Board would be appropriated \$3.5 billion from the fund for distribution to eligible institutions for the 2024-25 biennium.

The amendment states that, for purposes of the calculation of the constitutional tax spending limit in Article VIII, money in the fund would be dedicated by the constitution and an appropriation of money to the fund would be an appropriation of state tax revenues dedicated by the constitution.

The proposed amendment would appropriate from the Economic Stabilization Fund to the Comptroller, for deposit to the credit of the Texas University Fund, an amount equal to the lesser of \$100.0 million or the interest and other earnings attributable to the investment of money in the Economic Stabilization Fund for the preceding fiscal year.

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

## Methodology

The resolution, contingent on enactment and voter approval, would authorize a \$3.5 billion transfer from the General Revenue Fund to the Texas University Fund (TUF) in fiscal year 2024. The resolution also would provide for the appropriation of up to \$100.0 million from the Economic Stabilization Fund (ESF) to the TUF each fiscal year.

The fiscal impacts in the tables above are based on the 2024-25 Biennial Revenue Estimate (BRE) and the fiscal implications of Senate Bill 30, as engrossed, as the supplemental appropriations will materially affect the ESF balance, related reserves and transfers of severance tax revenue, and interest and investment earnings.

General Revenue Fund implications in fiscal year 2025 represent an increase in the amount of reserves for severance taxes for transfer to the ESF as a result of the \$100.0 million appropriation from the ESF for deposit to the TUF. This appropriation would decrease the ESF balance and result in a larger transfer to the ESF in fiscal year 2026 than assumed in the BRE as adjusted for the effects of SB 30 on the ESF balance.

Implications to the ESF represent the net difference between appropriations from the ESF and increased severance taxes transferred to the fund in fiscal year 2026, and consequent changes to ESF interest and investment earnings.

This analysis only addresses implications for the TUF represented by appropriated amounts into the TUF, either from General Revenue or ESF; any interest or investment earnings on the TUF fund balance are not considered. The fiscal impacts association with any uses of the fund are shown in the fiscal note for the enabling legislation (HB 1595).

**Note:** This legislation would create or recreate a dedicated account in the General Revenue Fund, create or recreate a fund either in, with, or outside of the Treasury, or dedicate or rededicate a 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 fiscal implication to units of local government is anticipated.

**Source Agencies:** 304 Comptroller of Public Accounts, 781 Higher Education Coordinating Board

**LBB Staff:** JMc, MOc, JSM, CFI, NV, CMA, BRI