

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATURE 2nd CALLED SESSION 2025

August 18, 2025

TO: Honorable Ken King, Chair, House Committee on Disaster Preparedness & Flooding, Select

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB5 by Bonnen (Relating to making supplemental appropriations for disaster relief and giving direction and adjustment authority regarding those appropriations.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB5, As Introduced: an impact of \$0 through the biennium ending August 31, 2027, if the effective date of the bill is on or after September 1, 2025; or a negative impact of (\$306,555,000) through the biennium ending August 31, 2027, if the effective date of the bill is before September 1, 2025.

The following appropriations table assumes an effective date after September 1, 2025. If the bill takes effect before September 1, 2025, the appropriations would be for FY 2025.

Appropriations:

<i>Fiscal Year</i>	<i>Appropriation out of Economic Stabilization Fund 599</i>
2026	\$324,000,000
2027	\$0

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	<i>Probable (Cost) from Economic Stabilization Fund 599</i>
2026	(\$324,000,000)
2027	\$0
2028	\$0
2029	\$0
2030	\$0

The above fiscal impact table assumes an effective date on or after September 1, 2025. The table below assumes an effective date before September 1, 2025.

All Funds, Six-Year Impact:

<i>Fiscal Year</i>	Probable (Cost) from General Revenue Fund 1	Probable (Cost) from Economic Stabilization Fund 599
2025	(\$306,555,000)	(\$17,445,000)
2026	\$0	\$0
2027	\$0	\$0
2028	\$0	\$0
2029	\$0	\$0
2030	\$0	\$0

Fiscal Analysis

The bill would appropriate from the Economic Stabilization Fund 0599 (ESF) to Trusted Programs within the Office of the Governor for the two-year period beginning the effective date of this Act:

- (1) \$200,000,000 for federal disaster funding match and for disaster needs of the state;
- (2) \$50,000,000 for grants to local governments in certain counties to implement a system of flood warning sirens and rain gauges; and
- (3) \$24,000,000 for grants to improve meteorological forecasting, weather intelligence, and flood management.

Contingent on the enactment of H.B. 3 or similar legislation, the bill would appropriate \$50,000,000 from the ESF to the Texas Interoperability Council for the two-year period beginning the effective date of this Act to implement provisions of H.B. 3.

Contingent on the failure to enact H.B. 3 or similar legislation, the bill would transfer \$50,000,000 from the ESF to GR Account 5153 – Emergency Radio Infrastructure, and would appropriate \$50,000,000 from that GR Account to Trusted Programs within the Office of the Governor for the two-year period beginning the effective date of this Act for the Governor's interoperable radio communications program.

The bill would take effect immediately and only if it receives a vote of two-thirds of the members present in each house of the legislature, as provided by Section 49-g(m), Article III, Texas Constitution.

Methodology

The above tables reflect total appropriations made in the bill.

The *2026-27 Biennial Revenue Estimate* projected that, due to the constitutional limit on the ESF balance, the severance tax transfer to the ESF would be reduced \$307 million and that amount would be retained in the General Revenue Fund 0001 (GR). If the bill takes immediate effect before September 1, 2025, it would reduce the ESF balance by \$324 million in FY 2025, thus increasing the reserve of severance taxes that are subject to transfer to the ESF (reserved in fiscal 2025 and transferred in fiscal 2026). The result would be to transfer \$307 million of the cost of the appropriations from the ESF to GR, with the remaining \$17 million of appropriations being a cost to ESF. Any impact on interest or investment earnings within the ESF would be negligible.

If H.B. 3 does not pass, there would be a net zero impact to GR Account 5153 – Emergency Radio Infrastructure, as there would be a \$50 million transfer into, as well as \$50 million in increased appropriation authority from, the account.

Local Government Impact

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

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JMc, CMA, SD, KK