

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

**FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION**

**May 23, 2025**

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

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

**IN RE: HB104** by Bonnen (relating to the creation of the Texas future fund and the Texas future fund investment review board and to the permissible uses of money in the Texas future fund.), **Committee Report 2nd House, Substituted**

**The fiscal implications of the bill cannot be determined due to unknown future investment returns of the fund.**

This bill would establish the Texas Future Fund as an account within the Economic Stabilization Fund 0599 (ESF). The account would be created to invest in frontier technology infrastructure, industries critical to national defense, and other innovative technologies.

The account would be administered by the Comptroller and investments would be managed based on prudent investor principles.

The bill would allow the Texas Treasury Safekeeping Trust Company (TTSTC) to contract with third parties to manage the account, including legal review functions. TTSTC would be required to contract with a certified public accountant to perform an annual independent audit of the account and to evaluate and to report on compliance with Section 483.0105.

The bill would establish a nine-member board appointed by the Governor (including members from a list of candidates provided by the Speaker of the House), Lieutenant Governor, and Comptroller, with specific expertise requirements. The initial board member appointments would be required to be made by October 1, 2025. The board members would serve staggered six-year terms, with replacements appointed within 30 days of a vacancy. The bill would require a code of ethics and conflict-of-interest standards for board members.

The bill would describe investment oversight responsibilities, investment procedures, prioritization of Texas-based investments, and prohibited factors in investment decisions. The bill would specify which account-related information would be considered public and what would be confidential. The board members would not be compensated for their service, but they would be reimbursed for expenses. The bill would establish due diligence requirements, including written investment memoranda and risk assessments.

The bill would require the Comptroller to allocate \$500 million in the ESF to the account.

The bill would take effect immediately upon enactment, assuming it received the requisite two-thirds majority votes in both houses of the Legislature. Otherwise, it would take effect September 1, 2025.

The bill would require the allocation of \$500 million from the ESF into the newly established account within ESF. However, the future investment returns of the account are unknown, thus, the fiscal impact on the state cannot be estimated.

The bill could impact the state's ability to maintain sufficient liquidity. Specifically, Article III, Section 49-g(j) of the Texas Constitution authorizes the Comptroller to transfer money from the ESF to General Revenue Fund to prevent or eliminate a temporary cash deficiency in general revenue. The investments authorized under this

bill would be less liquid than current authorizations and could limit the funds available to manage the state's cash flow.

**Local Government Impact**

No fiscal implication to units of local government is anticipated.

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

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