

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

May 12, 2025

TO: Honorable Greg Bonnen, Chair, House Committee on Appropriations

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB188 by Landgraf (relating to the allocation of certain constitutional transfers of money to certain funds and accounts, including the Texas severance tax revenue and oil and natural gas (Texas STRONG) defense fund, and to the permissible uses of money deposited to the Texas severance tax revenue and oil and natural gas (Texas STRONG) defense fund.), **Committee Report 1st House, Substituted**

No significant fiscal implication to the State is anticipated.

This bill would amend Subchapter H, Chapter 316, Government Code (Allocation of Transfers to Economic Stabilization Fund (ESF) and State Highway Fund (SHF)) relating to the allocation of certain constitutional transfers of money to certain funds and accounts, including the new Texas severance tax revenue and oil and natural gas (Texas STRONG) defense fund, and to the uses of money deposited to the defense fund.

The bill would amend Sections 316.092 and 316.093 to reduce the allocation of constitution transfers of money under certain criteria to the SHF, GR Account 5155 – Oil and Gas Regulation and Cleanup, Fund 1201 - Texas Emissions Reduction Plan Trust, and the new defense fund and increase the allocation to the ESF by the same amount until December 31, 2036. The bill would require the allocation reserved for the defense fund to end and be transferred to ESF and the same allocation reserved for SHF to stay in the SHF beginning September 1, 2037. This bill would add Government Code Section 403.108 to define a qualifying county as one in which the amount of oil and natural gas production taxes collected during the previous two fiscal years is at least 0.5 percent of the amount of the taxes collected in the state during the same period.

Money in the defense fund could be appropriated by the Legislature only to:

- 1) the Governor for the purpose of implementing, administering, and funding a grant program to provide financial assistance to nonprofit organizations, public institutions of higher education, school districts, municipal utility districts, and other political subdivisions with priority given to certain social services, water infrastructure projects, and to applicants located in certain qualifying counties;
- 2) the Texas Department of Transportation for the purposes of making grants to a qualifying county or a county in which a port authority or navigation district is engaged in oil and gas production, refinement, or export;
- 3) the trustee programs within the office of the Governor for the purpose of meeting the economic development needs in qualifying counties; and
- 4) the Department of Public Safety for the purposes of pay the salaries, benefit costs, and other costs associated with the department employees stationed in qualifying counties.

The bill would amend Section 386.250, Health and Safety Code (Texas Emissions Reduction Plan) to include the transfer of money to the Fund 1201 - Texas Emissions Reduction Plan Trust authorized under Section 49-g(c), Article III, Texas Constitution.

The bill would take effect September 1, 2027, provided voters approve the necessary constitutional amendment (HJR 47, or similar); if the constitutional amendment is not approved, this bill would have no effect.

HB 188, in and of itself, has no fiscal impact unless the corresponding constitutional amendment (HJR 47) is adopted.

Local Government Impact

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

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JMc, KK, SD