

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

April 28, 2025

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

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB265 by Craddick (Relating to the allocation of certain constitutional transfers of money to the economic stabilization fund, the state highway fund, and the Grow Texas fund and to the permissible uses of money deposited to the Grow Texas fund.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB265, As Introduced: a negative impact of (\$2,218,000) through the biennium ending August 31, 2027.

General Revenue-Related Funds, Five- Year Impact:

<i>Fiscal Year</i>	<i>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</i>
2026	(\$1,271,000)
2027	(\$947,000)
2028	(\$947,000)
2029	(\$947,000)
2030	(\$947,000)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	<i>Probable (Cost) from General Revenue Fund 1</i>	<i>Change in Number of State Employees from FY 2025</i>
2026	(\$1,271,000)	8.0
2027	(\$947,000)	8.0
2028	(\$947,000)	8.0
2029	(\$947,000)	8.0
2030	(\$947,000)	8.0

Fiscal Analysis

The bill would amend Sections 316.093(a), (b) and (d) of the Government Code, relating to the determination of the sufficient balance of the Economic Stabilization Fund (ESF) through fiscal 2042 and calculating allocations of oil and gas production tax revenue to the State Highway Fund (SHF) and new Grow Texas Fund (GTF) (referenced in this bill and proposed by HJR 35). Additionally, the bill would add Section 316.093(e) relating to the calculation of the ESF sufficient balance on and after fiscal 2043.

The bill would repeal Section 316.092(b) of the Government Code, relating to the expiration date for adjusting transfers to the SHF when calculating the sufficient balance of the ESF.

The bill would amend Chapter 403 of the Government Code (Comptroller of Public Accounts) to add Section 403.108 regarding the GTF and GTF Commission under Section 49-g-1, Article III, Texas Constitution (as

proposed by HJR 35). The bill would direct the Comptroller and the commission to jointly establish a grant program, with the commission selecting the applicants to receive the grants. The bill authorizes the Legislature to appropriate funds from GTF to the Comptroller for the purpose of funding the grants. The Comptroller would be required to adopt rules, application forms and procedures, and procedures for monitoring the use of grants.

The bill would take effect September 1, 2027, contingent on voter approval of an associated constitutional amendment (HJR 35).

Methodology

The bill, in and of itself, would have no revenue implications. Any revenue implications would be reflected in the fiscal note for HJR 35.

This analysis assumes the Comptroller would require eight additional full-time equivalent (8.0 FTEs) positions to implement the legislation. This would include 1.0 Attorney V to provide legal support by drafting rule documents, reviewing grant agreements and application forms, and preparing board meeting materials and agenda notices; 1.0 Director II to coordinate overall administration of the program; 4.0 Grant Specialists IV to issue grant opportunities, review applications, and monitor compliance with the program; 1.0 Staff Services Officer IV to plan and coordinate the internal requirements to support the additional staff; and 1.0 Programmer IV to create and provide ongoing support to the grant program database.

Technology

This analysis assumes the Comptroller would incur a one-time technology cost of \$324,000 in fiscal year 2026 for 2,160 contractor programming hours to develop the grant database.

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