LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

May 23, 2025

TO: Honorable Charles Schwertner, Chair, Senate Committee on Business & Commerce

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: **HB3689** by Hunter (relating to funding of excess losses and operating expenses of the Texas Windstorm Insurance Association; authorizing an assessment; authorizing a surcharge.), **Committee Report 2nd House, Substituted**

The fiscal impact to the state cannot be determined as the amount of Economic Stabilization Funds that would be used to repay excess losses of the Texas Windstorm Insurance Association would be dependent on the severity and timing of coastal area catastrophes and cannot be estimated.

The bill would amend the Insurance Code and Government Code to allow the Texas Windstorm Insurance Association (TWIA) to enter into a financial arrangement with the Comptroller of Public Accounts and authorize the use of up to $1.0 billion from the Economic Stabilization Fund to be used for the financing of excess losses of TWIA that would be repaid through the order of a catastrophe surcharge on all policy holders of property insurance policies. As the use of such funds would be dependent on the severity and timing of coastal area catastrophes and cannot be estimated.

It is assumed that any costs associated with the bill could be absorbed using existing resources.

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 Legislature consolidated funds into the General Revenue Fund as of August 31, 1993 and eliminated all applicable statutory revenue dedications as of August 31, 1995. Each subsequent Legislature has enacted a funds consolidation bill. The dedication included in this bill, unless created by a constitutional amendment, 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, 454 Department of Insurance

LBB Staff: JMc, RStu, BFa, AAL, GDZ