

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

March 18, 2025

TO: Honorable Cody Harris, Chair, House Committee on Natural Resources

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HJR7 by Harris (Proposing a constitutional amendment to dedicate a portion of the revenue derived from state sales and use taxes to the Texas water fund.), As Introduced

Estimated Two-year Net Impact to General Revenue Related Funds for HJR7, As Introduced: a negative impact of (\$1,000,191,689) through the biennium ending August 31, 2027.

General Revenue-Related Funds, Five- Year Impact:

<i>Fiscal Year</i>	Probable Net Positive/(Negative) Impact to <i>General Revenue Related Funds</i>
2026	(\$191,689)
2027	(\$1,000,000,000)
2028	(\$1,000,000,000)
2029	(\$1,000,000,000)
2030	(\$1,000,000,000)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	Probable Revenue (Loss) from <i>General Revenue Fund</i> 1	Probable Revenue Gain from <i>Texas Water Fund</i> 484	Probable (Cost) from <i>General Revenue Fund</i> 1
2026	\$0	\$0	(\$191,689)
2027	(\$1,000,000,000)	\$1,000,000,000	\$0
2028	(\$1,000,000,000)	\$1,000,000,000	\$0
2029	(\$1,000,000,000)	\$1,000,000,000	\$0
2030	(\$1,000,000,000)	\$1,000,000,000	\$0

Fiscal Analysis

The joint resolution would propose amendments to the Texas Constitution to dedicate a portion of state sales and use tax revenue to the Texas Water Fund (TWF).

The resolution would require the Comptroller of Public Accounts to annually deposit to TWF the amount of revenue derived from the sales and use tax that exceeds \$48 billion, provided the Comptroller not deposit more than \$1 billion of this revenue to the TWF each fiscal year.

The proposed amendment would allow the Legislature, by adoption of a resolution approved by a two-thirds majority, to direct the Comptroller to adjust the amount deposited to the TWF by an amount not to exceed 50 percent below or 100 percent above the amount that would otherwise be deposited. The Comptroller could only adjust the amount to be deposited in the state fiscal year in which the resolution is adopted or in the two following state fiscal years.

The Comptroller's duty to make the annual deposits described above would expire August 31, 2035, unless extended by the Legislature. Such an extension would be for a ten-year period.

The proposed constitutional amendment would be submitted to voters in a statewide election on November 4, 2025. If approved by voters, the resolution would take effect September 1, 2026.

Methodology

The proposed amendment would require the Comptroller to deposit the amount collected in sales and use tax in excess of \$48 billion to the TWF, up to \$1 billion per fiscal year. This analysis assumes, once the condition exists that sales and use tax revenue exceeds \$48 billion in a fiscal year, no more than \$1 billion would be deposited to the TWF during that fiscal year. The table above reflects the amount projected to be deposited to the TWF based on estimates from the *2026-27 Biennial Revenue Estimate*.

The cost to the state for publication of the resolution is \$191,689.

The proposed constitutional amendment would only require the deposit of revenue into the TWF but would not make any changes to the current administration of the fund. Consequently, any cost would be shown in the fiscal note for the associated enabling legislation (HB 16).

Local Government Impact

The resolution would result in additional funding available for existing financial assistance programs administered by the Texas Water Development Board.

Source Agencies: 304 Comptroller of Public Accounts, 580 Water Development Board
LBB Staff: JMc, TUf, SD, KK, AJL