

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

April 3, 2025

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

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: SJR4 by Schwertner (proposing a constitutional amendment providing for the maximum amount of money allowable in the economic stabilization fund.), Committee Report 1st House, Substituted

Estimated Two-year Net Impact to General Revenue Related Funds for SJR4, Committee Report 1st House, Substituted: a negative impact of (\$2,952,876,689) through the biennium ending August 31, 2027.

In addition, the joint resolution would result in a negative impact to General Revenue Related Funds of (\$6,812,555,000) through the biennium ending August 31, 2029.

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	(\$2,952,685,000)
2028	(\$3,288,772,000)
2029	(\$3,523,783,000)
2030	(\$3,724,443,000)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	Probable Revenue (Loss) from <i>General Revenue Fund - Reserve for ESF Transfer 1</i>	Probable Revenue (Loss) from <i>General Revenue Fund - Interest Income 1</i>	Probable Revenue Gain from <i>Economic Stabilization Fund - Transfer from GR 599</i>	Probable Revenue Gain from <i>Economic Stabilization Fund - Interest and Investment Income 599</i>
2026	\$0	\$0	\$0	\$0
2027	(\$2,952,685,000)	\$0	\$0	\$0
2028	(\$3,193,589,000)	(\$95,183,000)	\$2,952,685,000	\$209,815,000
2029	(\$3,422,994,000)	(\$100,789,000)	\$3,193,589,000	\$364,310,000
2030	(\$3,617,836,000)	(\$106,607,000)	\$3,422,994,000	\$537,748,000

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

Fiscal Analysis

The joint resolution would propose an amendment to the Texas Constitution to increase the maximum amount of money allowable in the Economic Stabilization Fund (ESF) from 10 percent of revenue deposited to the General Revenue Fund in the previous biennium to 15 percent of that amount.

The proposed amendment would be submitted to voters at an election to be held November 4, 2025; if adopted, it would take effect September 1, 2027.

Methodology

Under Section 49-g (g) currently, the maximum amount of money allowable (cap) in the ESF is set at 10 percent of revenue deposited, as defined by the section, to the General Revenue Fund (GR) in the previous biennium. Based on the 2026-27 Biennial Revenue Estimate, the ESF will reach its cap at the beginning of FY 2026. Once the cap is reached, severance tax transfers from GR to the ESF will cease and ESF interest is credited to GR.

Increasing the cap from the current 10 percent to the proposed 15 percent would allow the ESF to begin receiving severance tax transfers and interest earned on the cash balance of the fund, assuming an ESF balance and current 10 percent cap would continue to disallow allocations until the effective date of this resolution. Transfers to the ESF would resume in fiscal 2028 (reserved for transfer in fiscal 2027).

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

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JMc, KK, SD