

CONFERENCE COMMITTEE REPORT FORM

Austin, Texas

5/26/2023

Date

Honorable Dan Patrick
President of the Senate

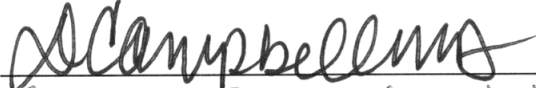
Honorable Dade Phelan
Speaker of the House of Representatives

Sirs:

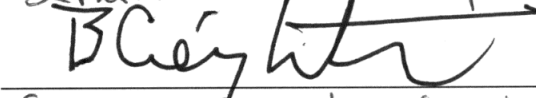
We, Your Conference Committee, appointed to adjust the differences between the Senate and the House of Representatives on HOUSE JOINT RESOLUTION 3 have had the same under consideration, and beg to report it back with the recommendation that it do pass in the form and text hereto attached.




Senator Joan Huffman



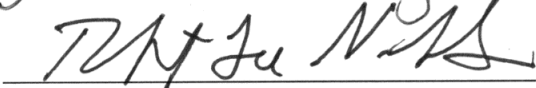
Senator Donna Campbell




Senator Brandon Creighton




Senator Juan "Chuy" Hinojosa



On the part of the Senate
Senator Robert Nichols



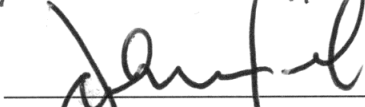
REPRESENTATIVE GREG BONNEN



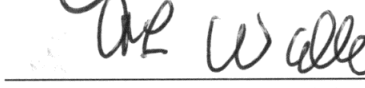
REPRESENTATIVE DUSTIN BURROWS



REPRESENTATIVE ANA HERNANDEZ



REPRESENTATIVE JOHN KUMPFEL



On the part of the House
REPRESENTATIVE ARMANDO VALLE

Note to Conference Committee Clerk:

Please type the names of the members of the Conference Committee under the lines provided for signature. Those members desiring to sign the report should sign each of the six copies. Attach a copy of the Conference Committee Report and a Section by Section side by side comparison to each of the six reporting forms. The original and two copies are filed in house of origin of the bill, and three copies in the other house.

CONFERENCE COMMITTEE REPORT

3rd Printing

H.J.R. No. 3

A JOINT RESOLUTION

1 proposing a constitutional amendment relating to the Texas
2 University Fund, which provides funding to certain institutions of
3 higher education to achieve national prominence as major research
4 universities and drive the state economy.

5 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF TEXAS:

6 SECTION 1. Section 49-g, Article III, Texas Constitution,
7 is amended by adding Subsections (p) and (q) to read as follows:

8 (p) On the first business day occurring on or after the 90th
9 day of each state fiscal year, an amount equal to the interest
10 income, dividends, and investment earnings attributable to the
11 economic stabilization fund for the preceding state fiscal year,
12 not to exceed the amount determined under Subsection (q) of this
13 section, is appropriated from the economic stabilization fund to
14 the comptroller of public accounts for the purpose of immediate
15 deposit to the credit of the Texas University Fund. For purposes of
16 this subsection, the amount of interest income, dividends, and
17 investment earnings attributable to the economic stabilization
18 fund for a state fiscal year is computed by:

19 (1) determining the amount of interest and dividends
20 due to the fund for that fiscal year, including any interest
21 credited to general revenue under Subsection (i) of this section;

22 (2) adding to the amount determined under Subdivision
23 (1) of this subsection an amount equal to the increase, if any, in
24 the fair market value of the fund between the last day of that

1 fiscal year and the last day of the preceding state fiscal year; and
2 (3) subtracting from the amount determined under
3 Subdivision (2) of this subsection the amount of any expenses of
4 managing the investments of money in the fund that are paid from the
5 fund during that fiscal year.

6 (g) The amount of the appropriation made under Subsection
7 (p) of this section may not exceed:

8 (1) for the state fiscal year beginning September 1,
9 2023, \$100 million; or

10 (2) for a state fiscal year beginning on or after
11 September 1, 2024, the amount determined under this subsection for
12 the preceding state fiscal year adjusted by the increase, if any, in
13 the general price level during the preceding state fiscal year, as
14 determined by the comptroller of public accounts on the basis of
15 changes in the consumer price index published by the Bureau of Labor
16 Statistics of the United States Department of Labor or a successor
17 agency and not to exceed two percent per state fiscal year.

18 SECTION 2. Section 20, Article VII, Texas Constitution, is
19 amended by amending Subsections (a) and (g) and adding Subsection
20 (i) to read as follows:

21 (a) There is established the Texas University Fund
22 [~~national research university fund~~] for the purpose of providing a
23 dedicated, independent, and equitable source of funding to enable
24 emerging research universities in this state to achieve national
25 prominence as major research universities.

26 (g) The legislature shall establish criteria by which a
27 state university may become eligible to receive a portion of the

1 distributions from the fund. A state university that is entitled to
2 participate in dedicated funding provided by Section 18 of this
3 article is [~~becomes eligible to receive a portion of the~~
4 ~~distributions from the fund in a state fiscal biennium remains~~
5 ~~eligible to receive additional distributions from the fund in any~~
6 ~~subsequent state fiscal biennium. The University of Texas at~~
7 ~~Austin and Texas A&M University are~~] not eligible to receive money
8 from the fund.

9 (i) For purposes of Section 22, Article VIII, of this
10 constitution:

11 (1) money in the fund is dedicated by this
12 constitution; and

13 (2) an appropriation of state tax revenues for the
14 purpose of depositing money to the credit of the fund is treated as
15 if it were an appropriation of revenues dedicated by this
16 constitution.

17 SECTION 3. This proposed constitutional amendment shall be
18 submitted to the voters at an election to be held November 7, 2023.
19 The ballot shall be printed to permit voting for or against the
20 proposition: "The constitutional amendment relating to the Texas
21 University Fund, which provides funding to certain institutions of
22 higher education to achieve national prominence as major research
23 universities and drive the state economy."

House Joint Resolution 3
Conference Committee Report
Section-by-Section Analysis

HOUSE VERSION

SENATE VERSION (IE)

CONFERENCE

SECTION 1. Section 49-g, Article III, Texas Constitution, is amended by adding Subsections (p) and (q) to read as follows:

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SECTION 1. Section 49-g, Article III, Texas Constitution, is amended by adding Subsections (p) and (q) to read as follows:

(p) On the first business day occurring on or after the 90th day of each state fiscal year, an amount equal to the interest **income, dividends, and investment** earnings attributable to the economic stabilization fund for the preceding state fiscal year, **not to exceed the amount determined under Subsection (q) of this section**, is appropriated from the economic stabilization fund to the comptroller of public accounts for the purpose of immediate deposit to the credit of the Texas University Fund. For purposes of this subsection, the amount of interest **income, dividends, and investment** earnings attributable to the economic stabilization fund for a state fiscal year is computed by:

(p) On the first business day occurring on or after the 90th day of each state fiscal year, an amount, **if the amount is greater than zero, equal to the lesser of \$100 million or the interest and other** earnings attributable to the **investment of money in the** economic stabilization fund for the preceding state fiscal year is appropriated from the economic stabilization fund to the comptroller of public accounts for the purpose of immediate deposit to the credit of the Texas University Fund. For purposes of this subsection, the amount of interest **and other** earnings attributable to **the investment of money in** the economic stabilization fund for a state fiscal year is computed by:

(p) Same as House version.

(1) determining the amount of interest **and dividends** due to the fund for that fiscal year, including any interest credited to general revenue under Subsection (i) of this section;

(1) determining the amount of interest due to the fund for that fiscal year, including any interest credited to general revenue under Subsection (i) of this section;

(2) adding to the amount determined under Subdivision (1) of this subsection an amount equal to the **increase, if any**, in the fair market value of the fund between the last day of that fiscal year and the last day of the preceding state fiscal year; and

(2) adding to the amount determined under Subdivision (1) of this subsection an amount equal to the **change** in the fair market value of the fund between the last day of that fiscal year and the last day of the preceding state fiscal year; and

(3) subtracting from the amount determined under Subdivision (2) of this subsection the amount of any expenses of managing the investments of money in the fund that are paid from the fund during that fiscal year.

(3) subtracting from the amount determined under Subdivision (2) of this subsection the amount of any expenses of managing the investments of money in the fund that are paid from the fund during that fiscal year.

No equivalent provision.

(q) The amount of the appropriation made under Subsection (p) of this section may not exceed:

(q) The amount of the appropriation made under Subsection (p) of this section may not exceed:

House Joint Resolution 3
Conference Committee Report
Section-by-Section Analysis

HOUSE VERSION

SENATE VERSION (IE)

CONFERENCE

(1) for the state fiscal year beginning September 1, 2023, \$100 million; or

(2) for a state fiscal year beginning on or after September 1, 2024, the amount determined under this subsection for the preceding state fiscal year adjusted by the increase, if any, in *inflation* during the preceding state fiscal year, as determined by the comptroller of public accounts on the basis of changes in the consumer price index published by the Bureau of Labor Statistics of the United States Department of Labor or a successor agency.

SECTION 2. Section 20, Article VII, Texas Constitution, is amended by amending Subsections (a) and (g) and adding Subsections (i) and (j) to read as follows:

(a) There is established the Texas University Fund [~~national research university fund~~] for the purpose of providing a dedicated, independent, and equitable source of funding to enable emerging research universities in this state to achieve national prominence as major research universities.

(g) The legislature shall establish criteria by which a state university may become eligible to receive a portion of the distributions from the fund. [~~A state university that becomes eligible to receive a portion of the distributions from the fund in a state fiscal biennium remains eligible to receive additional distributions from the fund in any subsequent state fiscal biennium.~~] *The University of Texas at Austin and Texas A&M University are* not eligible to receive money from the fund.

(i) For purposes of Section 22, Article VIII, of this constitution:

SECTION 2. Section 20, Article VII, Texas Constitution, is amended by amending Subsections (a) and (g) and adding Subsection (i) to read as follows:

(a) There is established the Texas University Fund [~~national research university fund~~] for the purpose of providing a dedicated, independent, and equitable source of funding to enable emerging research universities in this state to achieve national prominence as major research universities.

(g) The legislature shall establish criteria by which a state university may become eligible to receive a portion of the distributions from the fund. *A state university that is entitled to participate in dedicated funding provided by Section 18 of this article is* [~~becomes eligible to receive a portion of the distributions from the fund in a state fiscal biennium remains eligible to receive additional distributions from the fund in any subsequent state fiscal biennium.~~] ~~*The University of Texas at Austin and Texas A&M University are*~~ not eligible to receive money from the fund. [FA1]

(i) For purposes of Section 22, Article VIII, of this constitution:

(1) for the state fiscal year beginning September 1, 2023, \$100 million; or

(2) for a state fiscal year beginning on or after September 1, 2024, the amount determined under this subsection for the preceding state fiscal year adjusted by the increase, if any, in *the general price level* during the preceding state fiscal year, as determined by the comptroller of public accounts on the basis of changes in the consumer price index published by the Bureau of Labor Statistics of the United States Department of Labor or a successor agency ***and not to exceed two percent per state fiscal year.***

SECTION 2. Same as Senate version.

House Joint Resolution 3
Conference Committee Report
Section-by-Section Analysis

HOUSE VERSION

SENATE VERSION (IE)

CONFERENCE

(1) money in the fund is dedicated by this constitution; and
(2) an appropriation of state tax revenues for the purpose of
depositing money to the credit of the fund is treated as if it
were an appropriation of revenues dedicated by this
constitution.

(1) money in the fund is dedicated by this constitution; and
(2) an appropriation of state tax revenues for the purpose of
depositing money to the credit of the fund is treated as if it
were an appropriation of revenues dedicated by this
constitution.

(j) On January 1, 2024, the amount of \$3.5 billion is
appropriated from the general revenue fund to the
comptroller of public accounts for the purpose of
immediately depositing that amount to the credit of the
Texas University Fund. This subsection expires February
1, 2024.

SECTION 3. The following temporary provision is added to the Texas Constitution:

TEMPORARY PROVISION. (a) This temporary provision
applies to the constitutional amendment proposed by the
88th Legislature, Regular Session, 2023, renaming the
national research university fund as the Texas University
Fund, providing for the appropriation of certain investment
income from the economic stabilization fund to the Texas
University Fund, excepting appropriations to and from the
Texas University Fund from the constitutional limit on the
rate of growth of appropriations, and appropriating money
from the general revenue fund to the Texas University Fund
for purposes of providing funding to certain public
institutions of higher education to achieve national
prominence as major research universities and drive the state
economy.

(b) Notwithstanding Section 49-g(p), Article III, of this
constitution, as added by the amendment, for the state fiscal
year beginning September 1, 2023, the amount described by
that subsection is appropriated from the economic

No equivalent provision.

Same as Senate version.

House Joint Resolution 3
Conference Committee Report
Section-by-Section Analysis

HOUSE VERSION

SENATE VERSION (IE)

CONFERENCE

stabilization fund to the comptroller of public accounts for the purpose of immediate deposit to the credit of the Texas University Fund on January 1, 2024.

(c) This temporary provision expires February 1, 2024.

SECTION 4. This proposed constitutional amendment shall be submitted to the voters at an election to be held November 7, 2023. The ballot shall be printed to permit voting for or against the proposition: "The constitutional amendment *renaming the national research university fund as the Texas University Fund, providing for the appropriation of certain investment income from the economic stabilization fund to the Texas University Fund, excepting appropriations to and from the Texas University Fund from the constitutional limit on the rate of growth of appropriations, and appropriating money from the general revenue fund to the Texas University Fund for purposes of providing* funding to certain *public* institutions of higher education to achieve national prominence as major research universities and drive the state economy."

SECTION 3. This proposed constitutional amendment shall be submitted to the voters at an election to be held November 7, 2023. The ballot shall be printed to permit voting for or against the proposition: "The constitutional amendment *relating to* the Texas University Fund, *which provides* funding to certain institutions of higher education to achieve national prominence as major research universities and drive the state economy."

SECTION 3. Same as Senate version.

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

May 27, 2023

TO: Honorable Dan Patrick, Lieutenant Governor, Senate
 Honorable Dade Phelan, Speaker of the House, House of Representatives

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HJR3 by Bonnen (Proposing a constitutional amendment relating to the Texas University Fund, which provides funding to certain institutions of higher education to achieve national prominence as major research universities and drive the state economy.), **Conference Committee Report**

Estimated Two-year Net Impact to General Revenue Related Funds for HJR3, Conference Committee Report : a negative impact of (\$208,430,406) through the biennium ending August 31, 2025.

The above cost includes the \$204,406 cost to the state for publication of the resolution.

General Revenue-Related Funds, Five- Year Impact:

<i>Fiscal Year</i>	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2024	(\$204,406)
2025	(\$208,226,000)
2026	\$0
2027	\$0
2028	\$0

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	Probable Savings/(Cost) from General Revenue Fund 1	Probable Revenue Gain/(Loss) from Texas University Fund 214	Probable (Cost) from Economic Stabilization Fund 599
2024	(\$204,406)	\$100,000,000	(\$101,704,000)
2025	(\$208,226,000)	\$102,000,000	(\$106,500,000)
2026	\$0	\$104,040,000	\$101,112,000
2027	\$0	\$106,121,000	(\$113,864,000)
2028	\$0	\$108,243,000	(\$120,214,000)

Fiscal Analysis

The resolution would propose an amendment to Article III (Legislative Department) and Article VII (Education) of the Texas Constitution.

The proposed amendment would redesignate the National Research University Fund as the Texas University Fund.

The amendment states that, for purposes of the calculation of the constitutional tax spending limit in Article

VIII, money in the fund would be dedicated by the constitution and an appropriation of money to the fund would be an appropriation of state tax revenues dedicated by the constitution.

The proposed amendment would appropriate from the Economic Stabilization Fund to the Comptroller, for deposit to the credit of the Texas University Fund, equal to the interest, dividends, and investment earnings attributable to the Economic Stabilization Fund for the preceding fiscal year. This amount could not exceed \$100.0 million in fiscal 2024, or an amount adjusted for the increase in the general price level, not to exceed two percent, thereafter.

The proposed amendment would be submitted to voters at an election to be held November 7, 2023.

Methodology

The resolution, contingent on enactment and voter approval, would provide for the appropriation from the Economic Stabilization Fund (ESF) to the TUF each fiscal year of up to \$100.0 million, or an amount adjusted for the increase in the general price index, not to exceed two percent, thereafter.

The fiscal impacts in the tables above are based on the 2024-25 Biennial Revenue Estimate (BRE) and the fiscal implications of Senate Bill 30, as engrossed, as the supplemental appropriations will materially affect the ESF balance, related reserves and transfers of severance tax revenue, and interest and investment earnings.

General Revenue Fund implications in fiscal 2025 represent an increase in the amount of reserves for severance taxes for transfer to the ESF as a result of the appropriation from the ESF for deposit to the TUF. This appropriation would decrease the ESF balance and result in a larger transfer to the ESF in fiscal 2026 than assumed in the BRE as adjusted for the effects of SB 30 on the ESF balance.

Implications to the ESF represent the net difference between appropriations from the ESF and increased severance taxes transferred to the fund in and consequent changes to ESF interest and investment earnings. In fiscal 2026, there is expected to be a net positive impact to the ESF due to the increased severance tax transfer, less the appropriation to TUF and associated loss of investment earnings.

This analysis only addresses implications for the TUF represented by appropriated amounts into the TUF, either from General Revenue or ESF; any interest or investment earnings on the TUF balance are not considered. The fiscal impacts associated with any uses of the fund are shown in the fiscal note for the enabling legislation (HB 1595).

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 fund, account, or revenue dedication included in this bill 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, 781 Higher Education Coordinating Board

LBB Staff: JMc, CMA, JSM, CFI, KK, MOc, NV, BRI

**Certification of Compliance with
Rule 13, Section 6(b), House Rules of Procedure**

Rule 13, Section 6(b), House Rules of Procedure, requires that a copy of a conference committee report signed by a majority of each committee of the conference be furnished to each member of the committee in person or, if unable to deliver in person, by placing a copy in the member's newspaper mailbox at least one hour before the report is furnished to each member of the house under Rule 13, Section 10(a). The paper copies of the report submitted to the chief clerk under Rule 13, Section 10(b), must contain a certificate that the requirement of Rule 13, Section 6(b), has been satisfied, and that certificate must be attached to the copy of the report furnished to each member under Rule 13, Section 10(d). Failure to comply with this requirement is not a sustainable point of order.

I certify that a copy of the conference committee report on HJR 3 was furnished to each member of the conference committee in compliance with Rule 13, Section 6(b), House Rules of Procedure, before paper copies of the report were submitted to the chief clerk under Rule 13, Section 10(b), House Rules of Procedure.


(Signature)

5/26/2023
(Date)