

SUBJECT: Altering certain allocations to the ESF and the state highway fund

COMMITTEE: Appropriations — favorable, without amendment

VOTE: 25 ayes — Bonnen, González, Allison, C. Bell, Bryant, DeAyala, Gates, Gervin-Hawkins, Howard, Isaac, Jetton, Martinez, Martinez Fischer, Morrison, Orr, Ortega, Rose, Spiller, Stucky, Tepper, E. Thompson, Toth, VanDeaver, Walle, Wu

0 nays

2 absent — Jarvis Johnson, Thimesch

WITNESSES: For — Drew Campbell, TAOT (*Registered, but did not testify*: Billy Phenix, AAA TX; Gilbert Turrieta, ACEC Texas; Karen Rove, Advanced Drainage Systems; Steven Albright, AGC of Texas- Highways, Heavy, Utilities, and Industrial Branch; Corbin Van Arsdale, AGC-Texas Building Branch; Don Rodman, Alliance for I-69 Texas; Ray Sullivan, HNTB; Daniel Hodge, Pape-Dawson Engineers; Karen Rove, Parsons; Cheri Huddleston, Ports to Plains Alliance; Jerry Haddican, S & B Infrastructure; Leticia Van de Putte, San Antonio Chamber of Commerce; Victor Boyer, San Antonio Mobility Coalition (SAMCo); Robert Braziel, Texas Automobile Dealers Association; Seth Juergens, Texas Realtors)

Against — None

On — (*Registered, but did not testify*: Tetyana Melnyk, Texas Comptroller of Public Accounts; Stephen Stewart, TxDOT)

BACKGROUND: Texas Constitution art. 3, sec. 49-g requires the comptroller to transfer a certain portion of revenue from oil and gas production taxes to the economic stabilization fund (ESF) and state highway fund (SHF) in each fiscal year.

Subsection (c-2) requires the Legislature to provide through general law for a procedure by which this allocation can be increased. For this

purpose, Government Code sec. 316.092 requires the comptroller to adopt an amount of seven percent of the general revenue appropriations for a state fiscal biennium. Subsection (b) sets this section to expire December 31, 2034.

Sec. 316.093(c) requires the comptroller, for any fiscal year beginning on or after September 1, 2035, to transfer the entire portion of oil and gas production tax revenue allocated under Texas Constitution Art. III, sec. 49-g to the ESF.

In 2014, voters approved a constitutional amendment establishing a temporary diversion of certain oil and gas production tax revenue from the ESF to the SHF. Some have suggested that the provision for the expiration of the diversion should be repealed to allow the state to continue to use this funding mechanism for transportation infrastructure investments in the future.

DIGEST: HB 2230 would repeal Government Code sections 316.092(b) and 316.093(c).

NOTES: According to the Legislative Budget Board, any significant fiscal implications of HB 2230 would begin in fiscal year 2036.