

SUBJECT: Creating the Grow Texas fund for infrastructure in certain communities

COMMITTEE: Appropriations — favorable, without amendment

VOTE: 24 ayes — Bonnen, M. González, Allison, 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

3 absent — Bell, Jarvis Johnson, Thimesch

WITNESSES: For — James Beauchamp, MOTRAN Alliance; Ben Shepperd, Permian Basin Petroleum Association; James LeBas, Texas Oil & Gas Association, and Texas Chemical Council (*Registered, but did not testify*: Gilbert Turrieta, ACEC Texas; Steven Albright, AGC of Texas- Highways, Heavy, Utilities, and Industrial Branch; Lauren Spreen, Apache Corporation; Julie Williams, Chevron; Kari Gibson, ConocoPhillips; Stan Casey, Diamondback Energy; Lauren Spreen, Enterprise Products; Keith Strama, ExxonMobil; Jimmy Carlile, Fasken Oil and Ranch; Kelly Mcbeth, Howard Energy Partners; Royce Poinsett, Kinder Morgan; Julie Moore, Occidental Petroleum; Anne Billingsley, ONEOK; Travis McCormick, Panhandle Producers & Royalty Owners Assoc; Mark Gipson, Pioneer Natural Resources; Beth Cubriel, PLAINS All American Pipeline; Lauren Spreen, Targa Resources; Caleb Troxclair, Texas Alliance of Energy Producers; Kyle Bush, Texas Association of Manufacturers; Ryan Paylor, Texas Independent Producers & Royalty Owners Association (TIPRO); Monty Wynn, Texas Municipal League; Thure Cannon, Texas Pipeline Association; Lauren Spreen, Williams Companies)

Against — None

On — Jay Crossley, Farm&City; Tetyana Melnyk, Texas Comptroller of Public Accounts (*Registered, but did not testify*: Cyrus Reed, Lone Star

Chapter Sierra Club)

DIGEST:

HJR 27 would amend the Texas Constitution to create the Grow Texas fund and redirect a portion of severance taxes that are currently allocated to the Economic Stabilization Fund (ESF) to the new fund. The fund could be used only to support infrastructure needs in areas affected by oil and gas production.

Grow Texas fund. The Grow Texas fund would be established in the State Treasury and would consist of transfers, legislative appropriations, deposits to the credit of the fund, gifts or grants, investment earnings and interest, and funds received from the federal government for fund-covered purposes that were transferred or deposited to the fund by the Legislature.

Each time the comptroller determined the amount of general revenue to be allocated for transfer to the ESF, the comptroller would be required to reduce by 12 percent the amount of that transfer and at the same time transfer to the credit of the Grow Texas fund an amount of general revenue equal to the amount by which the comptroller reduced the transfer to the ESF. This transfer to the Grow Texas fund could not exceed \$250 million per fiscal biennium. The comptroller would be prohibited from considering certain increases in the amount transferred to the ESF for purposes of determining the amount to transfer to the Grow Texas fund.

The resolution would require the Legislature to revise procedures used to make transfers to and from the ESF and the State Highway Fund to include transfers to the Grow Texas fund.

Fund appropriations. The Legislature could appropriate funds from the Grow Texas fund only to address infrastructure needs in areas of the state the Legislature determined were significantly impacted by oil and gas production. The Legislature would be required to provide the manner for identifying needs and allocating funds, and could appropriate grants from the fund to state agencies and political subdivisions for an authorized purpose.

The comptroller would be required to transfer from the Grow Fund back to the ESF, any unobligated and unappropriated funds remaining in the Grow Texas fund on the last day of each fiscal biennium.

Grow Texas fund commission. The Grow Texas fund commission would be established to administer money appropriated from the fund and advise the Legislature on appropriations from the fund. The commission would have seven members serving four-year terms beginning September 1 of each odd-numbered year. Two members of the Senate would be appointed by the lieutenant governor and two members of the House would be appointed by the speaker of the House. The governor would appoint three members of the public and designate the presiding officer. Commission members would not be entitled to compensation for service on the commission but are entitled to reimbursement of expenses incurred while performing duties as commission members.

A ballot proposal would be presented to voters at an election on November 7, 2023 and would read: "The constitutional amendment providing for the creation of the Grow Texas fund, dedicating the money in that fund to benefit areas of the state from which oil and gas are produced, and providing for the transfer of certain general revenues to that fund, the economic stabilization fund, and the state highway fund."

Provisions creating the new fund and directing certain allocations to the fund would take effect September 1, 2025.

**SUPPORTERS
SAY:**

HJR 27 and its enabling legislation, HB 1392, would help meet important infrastructure needs in communities impacted by oil and gas production. Communities in areas of oil and gas production are often smaller and have fewer resources available to support infrastructure improvements, which can lead to road safety issues, health care shortages, and crowded schools.

As a leader in energy production, Texas has experienced unprecedented growth over the last few years, but many communities struggle to keep up with the growth and increasing demands. The Grow Texas fund would provide more immediate and consistent support to these communities

affected by the oil and gas industry and help them to address urgent needs.

The energy producing regions of Texas continually generate funds that support all Texans. The Grow Texas fund would help to return a portion of these funds to where they originated to make improvements to expand roads and invest in infrastructure needed in these communities.

HJR 27 would allow voters to decide whether funding should be provided to those communities heavily impacted by the oil and gas industry. Establishing the fund would be an investment in Texas' future, and could help bridge the gap left by the unfunded county road grant program while still protecting the ESF. Smaller communities would benefit directly from improvements to schools, public safety services, and hospitals that these funds would bring.

**CRITICS
SAY:**

HJR 27 and HB 1392 should ensure these tax dollars are allocated through the Legislature's normal appropriations process, which could provide more transparency and ensure lawmakers have more revenue to dedicate to the priorities of their constituents. Appropriating general revenue funds for this purpose could be a more direct way to support these communities.

NOTES:

The enabling legislation for HJR 27 is HB 1392, which is also on the calendar for second reading consideration today.

According to the Legislative Budget Board, HJR 27 would have a negative general revenue impact of \$250,204,406 through the biennium ending August 31, 2025.