

BILL ANALYSIS

Senate Research Center
84R2166 KLA-D

S.J.R. 19
By: Perry
Finance
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The Texas Constitution currently provides that the legislature, by a two-thirds vote of the members present in each house, may appropriate amounts from the economic stabilization fund at any time, for any purpose. Currently a measure does not exist requiring a minimum balance for the fund. The economic stabilization fund was created as a cash reserve to be used by the state in the event that actual revenues received by the state for a biennium are less than the amount previously anticipated by the comptroller for that biennium. Since the legislature, with the appropriate vote, possesses the ability to freely appropriate funds from the economic stabilization fund, and since there is no minimum balance requirement for the fund, a problematic situation could arise in the event of a state revenue shortfall or natural disaster.

S.J.R. 19 requires that the economic stabilization fund hold a minimum balance equivalent to five percent of estimated General Revenue-related tax and fee collections as reported by the comptroller in the biennial revenue estimate submitted to the governor and legislature in advance of each regular legislative session. This requirement will ensure availability of funds in the event of a state revenue shortfall. To spend funds in excess of the minimum required balance, a vote of four-fifths of the legislature would be required.

S.J.R. 19 proposes a constitutional amendment limiting appropriations from the economic stabilization fund to a total amount that the comptroller of public accounts estimates will not result at any time in a fund balance of less than a prescribed minimum amount, other than in an emergency if certain requirements are met.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 49a, Article III, Texas Constitution, by amending Subsection (b) and adding Subsections (c), (d), and (e), as follows:

(b) Provides that, except in the case of emergency and imperative public necessity and with a four-fifths vote of the total membership of each House:

(1) an appropriation in excess of the cash and anticipated revenue of the funds from which the appropriation is to be made is not valid, rather than no appropriation in excess of the cash and anticipated revenue of the funds from which such appropriation is to be made shall be valid; and

(2) an appropriation from the economic stabilization fund is not valid unless the Comptroller of Public Accounts of the State of Texas (comptroller) determines the appropriation will not exceed the limitation on appropriations from that fund prescribed by Section 49-g(g-1) of this article.

(c) Creates this subsection from existing text. Provides that a bill containing an appropriation is not considered as passed and may not be sent to the Governor of the State of Texas (governor) for consideration until and unless the comptroller endorses the comptroller's certificate on the bill showing that, subject to the exception provided by

Subsection (b) of this section, rather than no bill containing an appropriation shall be considered as passed or be sent to the governor for consideration until and unless the comptroller endorses his certificate thereon showing that:

(1) the amount appropriated is within the amount estimated to be available in the affected funds; and

(2) if the bill appropriates an amount from the economic stabilization fund, the appropriated amount, when added to other amounts appropriated from the economic stabilization fund in bills certified under this subdivision, will not exceed the limitation on appropriations from that fund prescribed by Section 49-g(g-1) of this article.

(d) Provides that, in determining whether to certify a bill under Subsection (c)(2) of this section, the comptroller:

(1) is required to consider the comptroller's estimate of the unappropriated balance of the economic stabilization fund as of the first day of the period for which the appropriation is authorized, the estimated amount and timing of anticipated interest to be credited to the economic stabilization fund during the period for which the appropriation is authorized, and the estimated amounts and timing of anticipated transfers to the economic stabilization fund during that period that are required by Sections 49-g(b), (c), (d), and (e) of this article; and

(2) is prohibited from considering actual or anticipated transfers of money to or from the economic stabilization fund authorized by Section 49-g(j) of this article.

(e) Creates this subsection from existing text. Requires the comptroller to endorse the finding on the bill, when the comptroller finds that the comptroller cannot make the certification required by Subsection (c)(1) or (2) of this section and the exception provided by Subsection (b) of this section does not apply, and return the bill to the House in which the bill originated. Requires that the finding immediately be made known to both the House of Representatives and the Senate and the necessary steps, as applicable, be taken to bring the appropriation to within:

(1) the estimated revenue, either by providing additional revenue or reducing the appropriation; or

(2) an amount that, when added to other amounts appropriated from the economic stabilization fund in bills certified under Subsection (c)(2) of this section, will not exceed the limitation on appropriations from that fund prescribed by Section 49-g(g-1) of this article.

Makes nonsubstantive changes.

SECTION 2. Amends Section 49-g, Article III, Texas Constitution, by adding Subsections (g-1), (g-2), and (g-3), as follows:

(g-1) Prohibits the total amount of appropriations of money from the economic stabilization fund for all or any part of a state fiscal biennium from exceeding the estimated maximum amount the comptroller determines may be appropriated so that the unappropriated balance of the economic stabilization fund at all times during the biennium is an amount equal to at least five percent of the amount of the biennial state taxes and fees general revenue estimate provided in advance of the regular legislative session preceding that biennium. Provides that, for purposes of this subsection, "biennial state taxes and fees general revenue estimate" means the amount of revenue stated in the comptroller's estimate provided in advance of the regular legislative session as required by Section 49a(a) of this article that, based on the laws in effect at the time the estimate is made, is anticipated to be received by and for the state from collections of taxes and fees the revenue from which is anticipated to be deposited to the credit of the general revenue

fund and is not set aside by law for a particular purpose or entity. Provides that the term does not include probable changes to that anticipated revenue as shown in supplemental statements submitted in accordance with Section 49a(a) of this article.

(g-2) Provides that the limitation on appropriations prescribed by Subsection (g-1) of this section does not apply in a case of emergency and imperative public necessity and with a four-fifths vote of the total membership of each house of the legislature.

(g-3) Provides that the authority to make an appropriation from the economic stabilization fund under Subsection (k), (l), or (m) of this section is subject to the endorsement of the comptroller's certificate under Section 49a(c)(2) of this article.

SECTION 3. Adds the following temporary provision to the Texas Constitution:

TEMPORARY PROVISION. (a) Provides that this temporary provision applies to the constitutional amendment proposed by the 84th Legislature, Regular Session, 2015, limiting appropriations from the economic stabilization fund to a total amount that the comptroller estimates will not result at any time in a fund balance of less than a prescribed minimum amount, other than in an emergency if certain requirements are met.

(b) Provides that the amendments made to Sections 49a and 49-g, Article III, of this constitution take effect January 1, 2017, and apply only to an appropriation made for all or part of a state fiscal year beginning on or after September 1, 2017.

(c) Provides that this temporary provision expires January 1, 2018.

SECTION 4. Requires this proposed constitutional amendment to be submitted to the voters at an election to be held November 3, 2015. Sets forth the required language of the ballot.