

RESOLUTION ANALYSIS

C.S.H.J.R. 82
By: Craddick
Appropriations
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Due to extraordinary growth in oil and gas tax collections since 2006, the economic stabilization fund is projected to reach a record high balance of approximately \$15 billion at the end of the 2020-21 biennium. However, it has been noted that in recent years the regions of Texas responsible for the growth in the state's oil and natural gas production have encountered significant challenges that have limited the potential growth of the energy sector and could pose a significant threat to the sustained future growth of oil and natural gas production in the state. C.S.H.J.R. 82 seeks to protect the future of the state's finances and ensure the state continues to lead the way in the production of oil and natural gas for generations to come by proposing a constitutional amendment to establish the GROW Texas fund.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this resolution does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this resolution does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.J.R. 82 proposes an amendment to the Texas Constitution to establish the generate recurring oil wealth for Texas (GROW Texas) fund as a fund in the state treasury. The resolution sets out the composition of the GROW Texas fund and limits the purposes for which the legislature may appropriate money from the fund to addressing infrastructure needs in the manner provided by general law in areas of the state determined by the legislature to be significantly affected by oil and gas production. Such general law may provide for the appropriation of money in the fund to make grants to state agencies and political subdivisions for such authorized purposes. The resolution requires the comptroller of public accounts, on the last day of each state fiscal biennium, to transfer any unobligated and unappropriated money that remains in the GROW Texas fund on that date to the economic stabilization fund (ESF).

C.S.H.J.R. 82 creates the GROW Texas fund commission to administer money appropriated from the fund and to advise the legislature on making appropriations from the fund. The resolution provides for the composition of the commission and provides for its administration and operation.

C.S.H.J.R. 82 revises the requirement for the comptroller to transfer from the general revenue fund to the ESF and the state highway fund each state fiscal year the sum of certain net amounts of oil and gas production taxes received by the state in the preceding year by including the GROW Texas fund as a recipient of that fund transfer. The resolution changes the required

allocation by requiring the comptroller, each time the comptroller determines the amount of general revenue to be allocated for transfer to the ESF, to reduce that amount by 12 percent and to transfer that amount instead to the credit of the GROW Texas fund, subject to a cap on the total amount transferred in a state fiscal biennium of \$250 million. The resolution prohibits the comptroller, for purposes of determining the amount to transfer to the GROW Texas fund, from considering certain increases in the amount transferred to the ESF. The resolution's provisions take effect September 1, 2021.

ELECTION DATE

The constitutional amendment proposed by this joint resolution will be submitted to the voters at an election to be held November 5, 2019.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.J.R. 82 may differ from the original in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the resolution.

The substitute caps at \$250 million the amount of general revenue transferred to the GROW Texas fund in a state fiscal biennium and includes a requirement for the comptroller, on the last day of each state fiscal biennium, to transfer any unobligated and unappropriated money that remains in the GROW Texas fund on that date to the ESF.

The substitute changes the purposes for which the legislature may appropriate money from the GROW Texas fund.

The substitute includes provisions creating the GROW Texas fund commission.

The substitute changes the date on which the resolution's provisions take effect from January 1, 2020, to September 1, 2021.