

**SUBJECT:** Extending provisions relating to determining ESF sufficient balance

**COMMITTEE:** Appropriations — favorable, without amendment

**VOTE:** 15 ayes — Zerwas, C. Bell, Buckley, Capriglione, Cortez, Hefner, Miller, Rose, Schaefer, Sherman, Smith, Stucky, Toth, VanDeaver, Wilson

0 nays

12 absent — Longoria, G. Bonnen, S. Davis, M. González, Howard, Jarvis Johnson, Minjarez, Muñoz, Sheffield, J. Turner, Walle, Wu

**SENATE VOTE:** On final passage, April 11 — 31-0

**WITNESSES:** For — Holli Davies, North Texas Commission; Drew Campbell, Transportation Advocates of Texas; (*Registered, but did not testify*: Anne O’Ryan, AAA TX; Steven Albright, AGC of Texas-Highway Heavy Branch; Gary Bushell, Alliance for I-69 Texas, I-14, Gulf Coast Highway; Scott Stewart, American Council of Engineering Companies of Texas; Matthew Geske, Austin Chamber of Commerce; Karen Rove, Central Texas Regional Mobility Authority; Jon Weist, City of Irving; Christine Wright, City of San Antonio; Brandi Bird, Dallas Regional Mobility Coalition; Jesus Gonzalez, Pape-Dawson Engineers; Chelsy Hutchison, Real Estate Council of San Antonio; Victor Boyer, San Antonio Mobility Coalition, Inc.; J.D. Hale, Texas Association of Builders; Monty Wynn, Texas Municipal League; Jennifer McEwan, Texas Transportation Alliance; Mackenna Wehmeyer, Transportation Advocacy Group Houston; Tara Snowden, Zachry Corporation)

Against — None

On — (*Registered, but did not testify*: Phillip Ashley, Comptroller of Public Accounts)

**BACKGROUND:** In 2014, voters approved an amendment to the Texas Constitution that directed the comptroller to allocate to the State Highway Fund (SHF) one-

half of the general revenue derived from oil and gas production taxes that was being transferred to the Economic Stabilization Fund (ESF). The amendment required the Legislature, by statute, to create a procedure whereby the amount allocated to the ESF could be greater than one-half. Revenue transferred to the SHF under the proposition can only be used for constructing, maintaining, and acquiring rights of way for public roadways other than toll roads.

Government Code sec. 316.092 requires a select legislative committee to determine a sufficient balance for the ESF for each biennium and establishes procedures for the Legislature to approve or change the sufficient balance adopted by the committee. These provisions expire on December 31, 2024.

Sec. 316.093 establishes a procedure for adjusting the flow of money into the ESF and the SHF if the ESF is projected to be less than the sufficient balance. In such circumstances, the allocations of funds are adjusted so that less flows into the SHF and more into the ESF until the sufficient balance is met. The section also directs the comptroller to take certain actions to direct the flows to the ESF if a sufficient balance has not been adopted. These provisions also expire December 31, 2024.

Sec. 316.093(e) requires the comptroller to adjust the allocations to the ESF and the SHF to send all of the oil and gas production tax revenue to the ESF beginning September 1, 2025.

Some have noted that these provisions have worked well to implement the intent of voters to direct some of the ESF to transportation funding and that the original 10-year expiration date should be extended another 10 years.

**DIGEST:** SB 962 would extend until December 31, 2034, statutes establishing requirements for the comptroller to reduce allocations to the State Highway Fund (SHF) to maintain a sufficient balance in the Economic Stabilization Fund (ESF), requiring a select legislative committee to determine the sufficient balance, and establishing procedures for the

Legislature to approve or change the ESF sufficient balance.

The bill also would extend until December 31, 2034, provisions establishing a procedure for adjusting the flow of money to the ESF and SHF if the Economic Stabilization Fund was projected to be less than the sufficient balance and establishing requirements for how the comptroller must proceed if no sufficient balance has been adopted.

SB 692 would extend the requirement that the comptroller adjust the allocations to the ESF and the SHF to send all of the oil and gas production tax revenue to the ESF so that it would take effect September 1, 2035, rather than in 2025.

The bill would take effect September 1, 2019.

**NOTES:**

According to the Legislative Budget Board, relative to current law the bill would create a significant revenue gain to the State Highway Fund and a corresponding loss to the Economic Stabilization Fund from fiscal 2026 through fiscal 2035.