

## **BILL ANALYSIS**

Senate Research Center  
86R28283 CJC-D

H.J.R. 82  
By: Craddick et al. (Flores)  
Finance  
5/16/2019  
Engrossed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

Proposing a constitutional amendment providing for the creation of and use of money in the generate recurring oil wealth for Texas (GROW Texas) fund and allocating certain general revenues to that fund, the economic stabilization fund, and the state highway fund.

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### **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 49-g, Article III, Texas Constitution, by amending Subsections (c), (c-1), and (c-2) and adding Subsection (c-3), as follows:

(c) Requires the comptroller of public accounts of the State of Texas (comptroller), not later than the 90th day of each fiscal year, to transfer from the general revenue fund to the economic stabilization fund, the state highway fund, and the generate recurring oil wealth for Texas (GROW Texas) fund (GROW Texas fund) the sum of the amounts described by Subsections (d) (relating to requiring the comptroller to transfer and allocate a certain amount if the state, in the preceding year, received from oil production taxes a net amount greater than the net amount of oil production taxes received by the state in a certain fiscal year) and (e) (relating to requiring the comptroller to transfer and allocate a certain amount if the state, in the preceding year, received from gas production taxes a net amount greater than the net amount of gas production taxes received by the state in a certain fiscal year) of this section, to be allocated as provided by Subsections (c-1), (c-2), and (c-3) of this section, rather than transfer from the general revenue fund to the economic stabilization fund and the state highway fund the sum of the amounts described by Subsections (d) and (e) of this section, to be allocated as provided by Subsections (c-1) and (c-2) of this section. Requires the comptroller, if necessary and notwithstanding the allocations prescribed by Subsections (c-1), (c-2), and (c-3) of this section, rather than Subsections (c-1) and (c-2) of this section, to reduce proportionately the amounts described by Subsections (d) and (e) of this section to be transferred and allocated to the economic stabilization fund to prevent the amount in that fund from exceeding the limit in effect for that biennium under Subsection (g) (relating to prohibiting the amount in the economic stabilization fund, during each fiscal biennium, from exceeding a certain amount, excluding certain monies) of this section.

(c-1) Makes a conforming change to this subsection.

(c-2) Requires the legislature by general law to provide for a procedure by which the allocations prescribed by Subsections (c-1) and (c-3) of this section may be adjusted to provide for a transfer to the economic stabilization fund of an amount greater than the allocations provided for under those subsections, rather than provide for a procedure by

which the allocation of the sum of the amounts described by Subsections (d) and (e) of this section may be adjusted to provide for a transfer to the economic stabilization fund of an amount greater than the allocation provided for under Subsection (c-1) of this section with the remainder of that sum, if any, allocated for transfer to the state highway fund. Makes nonsubstantive changes to this subsection.

(c-3) Requires the comptroller, each time the comptroller determines the amount of general revenue to be allocated for transfer to the economic stabilization fund under Subsection (c-1) of this section, 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 amount of the transfer to the economic stabilization fund, provided that the total amount transferred to the GROW Texas fund under this subsection is prohibited from exceeding \$250 million in a state fiscal biennium. Prohibits the comptroller, for purposes of determining the GROW Texas fund under this subsection, from considering any amount by which the amount transferred to the economic stabilization fund is increased under Subsection (c-2) of this section.

SECTION 2. Amends Article III, Texas Constitution, by adding Section 49-g-3, as follows:

Sec. 49-g-3. (a) Provides that the GROW Texas fund is established as a fund in the state treasury.

(b) Provides that the GROW Texas fund consists of:

(1) money transferred to the fund under Section 49-g (Economic Stabilization Fund; Allocation of Certain Oil and Gas Production Tax Revenue) of this article;

(2) money appropriated to the fund by the legislature;

(3) money that the legislature by statute dedicates for deposit to the credit of the fund;

(4) gifts or grants contributed to the fund; and

(5) investment earnings and interest earned on amounts credited to the fund.

(c) Authorizes the legislature to appropriate money from the GROW Texas fund only for use in areas of the state from which oil and gas are produced and only to address 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. Authorizes general law enacted under this subsection to provide for the appropriation of money in the fund to make grants to state agencies and political subdivisions of the state for a purpose authorized by this subsection.

(d) Requires the comptroller, on the last day of each state fiscal biennium, to transfer any unobligated and unappropriated money that remains in the fund on that date to the economic stabilization fund.

(e) Provides that the GROW Texas fund commission (commission) is created to administer money appropriated from the fund and to advise the legislature on making appropriations from the fund. Provides that the commission consists of seven members who serve four-year terms beginning September 1 of each odd-numbered year. Requires the lieutenant governor to appoint two members of the senate to the commission. Requires the speaker of the house of representatives to appoint two members of the house of representatives to the commission. Requires the governor to appoint three members of the public to the commission and to designate the presiding officer of the commission. Requires a vacancy on

the commission to be filled in the same manner as the original appointment for the unexpired term. Provides that members of the commission are not entitled to compensation for service on the commission but are entitled to reimbursement of expenses incurred while performing duties as commission members.

SECTION 3. Provides that the following temporary provision is added to the Texas Constitution:

TEMPORARY PROVISION. (a) Provides that this temporary provision applies to the constitutional amendment proposed by the 86th Legislature, Regular Session, 2019, 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.

(b) Effective date, Section 49-g-3, Article III, of this constitution, as added by the amendment, and the amendment to Section 49-g, Article III, of this constitution: September 1, 2021.

(c) Provides that this temporary provision expires September 1, 2022.

SECTION 4. Requires that the proposed constitutional amendment be submitted to the voters at an election to be held on November 5, 2019. Sets forth the required language of the ballot.