

BILL ANALYSIS

C.S.H.B. 903
By: Capriglione
Appropriations
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Noting the recent rate of returns on economic stabilization fund investments and the expected balance of the fund in the near future, interested parties contend that there is ample money in short-term assets to meet emergency needs and suggest changing the investment strategy for the fund to increase the fund's earnings potential. C.S.H.B. 903 seeks to address this issue.

CRIMINAL JUSTICE IMPACT

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

ANALYSIS

C.S.H.B. 903 amends the Government Code to require the comptroller of public accounts to invest a percentage of the economic stabilization fund balance in a state fiscal biennium that exceeds the amount of the sufficient balance of the fund adopted for that biennium in accordance with the statutorily prescribed standard that, in the absence of a conflicting standard established by law, requires an investment to be made under the restrictions and procedures for making the investments that persons of ordinary prudence, discretion, and intelligence, exercising the judgment and care under the prevailing circumstances, would follow in the management of their own affairs, not in regard to speculation but in regard to the permanent disposition of their funds, considering the probable income as well as the probable safety of their capital. The bill establishes that the comptroller's investment of that percentage of the excess balance is not subject to any other limitation or other requirement provided by statutory provisions governing authorized investments of state funds.

C.S.H.B. 903 requires the comptroller to periodically adjust the investment portfolio of economic stabilization fund money to ensure that the balance of the fund is sufficient to meet the cash flow requirements of the fund and to include the fair market value of the investment portfolio of the fund in calculating the amount in the fund for purposes of constitutional provisions relating to the maximum authorized balance of the fund and statutory provisions relating to the adjustment of constitutional allocations to the economic stabilization fund and the state highway fund. The bill's provisions expire on the expiration date of statutory provisions relating to the determination of a sufficient balance of the economic stabilization fund.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2015.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 903 may differ from the original in minor or nonsubstantive ways, the following comparison is organized and formatted in a manner that indicates the substantial differences between the introduced and committee substitute versions of the bill.

INTRODUCED

SECTION 1. Subchapter C, Chapter 404, Government Code, is amended by adding Section 404.0241 to read as follows:

Sec. 404.0241. INVESTMENT OF CERTAIN ECONOMIC STABILIZATION FUND BALANCES. (a) The comptroller shall invest the balance of the economic stabilization fund that exceeds an amount equal to 30 percent of the maximum authorized balance of the fund for the applicable state fiscal biennium as prescribed by Section 49-g(g), Article III, Texas Constitution, in accordance with the investment standard described by Section 404.024(j). The comptroller's investment of that excess balance is not subject to any other limitation or other requirement provided by Section 404.024.

(b) The comptroller shall adjust the investment portfolio of economic stabilization fund money periodically to ensure that, as appropriated money is withdrawn or money is otherwise transferred from the fund or as the maximum authorized balance of the fund as prescribed by Section 49-g(g), Article III, Texas Constitution, changes, only the balance of the fund that exceeds the amount specified by Subsection (a) is invested in a manner that does not comply with all limitations and other requirements of Section 404.024.

SECTION 2. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each

HOUSE COMMITTEE SUBSTITUTE

SECTION 1. Subchapter C, Chapter 404, Government Code, is amended by adding Section 404.0241 to read as follows:

Sec. 404.0241. INVESTMENT OF CERTAIN ECONOMIC STABILIZATION FUND BALANCES. (a) The comptroller shall invest a percentage of the economic stabilization fund balance in a state fiscal biennium that exceeds the amount of the sufficient balance of the fund adopted under Section 316.092 for that biennium in accordance with the investment standard described by Section 404.024(j). The comptroller's investment of that percentage of the excess balance is not subject to any other limitation or other requirement provided by Section 404.024.

(b) The comptroller shall adjust the investment portfolio of economic stabilization fund money periodically to ensure that the balance of the fund is sufficient to meet the cash flow requirements of the fund.

(c) The comptroller shall include the fair market value of the investment portfolio of the economic stabilization fund in calculating the amount in the fund for purposes of Section 49-g(g), Article III, Texas Constitution, and Section 316.093 of this code.

(d) This section expires on the date Section 316.092 expires.

SECTION 2. Same as introduced version.

house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2015.