

Bill Summary
2nd Session of the 57th Legislature

Bill No.:	SJR 29
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Author:	Sen. Bullard
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Bill Analysis

SJR 29 proposes a constitutional amendment relating to the permanent school fund. The proposal directs all earnings including interest, dividends, and capital gains from investment of the fund to be considered principal of the fund. The proposal directs the amount of the annual distribution to be between 4.75% and 5.5% of the average year-end market value of the funds for the immediately preceding three years and removes language stating that lands or proceeds thereof in the fund can never be diminished.

Prepared by: Kalen Taylor

Fiscal Analysis

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SJR 29 will fundamentally change the way monies received and invested by the CLO are then distributed. At present, the CLO may only distribute certain monies, dividends, interest payments, rental income, and term easements.

This year, distribution for all Trust funds is estimated at \$127,000,000.

The total value of the Investment trust as of 12-31-19 was \$2,618,905,547.

Therefore, the amount of distributions, as a percentage of total assets, is 4.85%.

The SJR calls for the distribution of a 3-year average of the Trust Fund value of between 4.75% and 5.5% of the total value of the Trust Funds assets.

Therefore, on the low end of 4.75%, there is a neutral fiscal impact. On the high end, this could be an additional \$17,000,000 in income to the Trust. ($5.5\% \times \$2,618,905,547 = \$144,000,000 - \$127,000,000 = \$17,000,000$).

Prepared by: CLO