

June 27, 2023

The Honorable Greg Abbott, Governor  
The Honorable Dan Patrick, Lieutenant Governor  
The Honorable Dade Phelan, Speaker of the House  
Members of the 88<sup>th</sup> Legislature

Ladies and Gentlemen:

As required by Article III, Section 49a, Texas Constitution, I provide this estimate of revenue available for the 88th Legislature, Second Called Session.

Based on the anticipated costs of supplemental appropriations for fiscal 2023 and appropriations for the 2024-25 biennium provided by Senate Bill (SB) 30, House Bill (HB) 1, and HB 4041 as passed by the 88th Legislature, Regular Session and signed into law, as well as the estimated effects of other enacted legislation with fiscal implications, \$14.1 billion is projected to be available for general purpose spending through Aug. 31, 2025.

Additionally, appropriations and transfers provided by the spending measures affect the balance and earnings of the Economic Stabilization Fund (ESF). The fiscal 2025 ESF ending balance is projected to be \$21.7 billion.

Persistent inflation, though down from last year's highs, is still well above the Federal Reserve System's policy target and continues to spark concerns that further tightening of credit conditions sufficient to induce recession may be soon to come. Apart from recognition of the estimated effects of legislation and in view of substantial uncertainty regarding the economic outlook, I make no further adjustment at this time to the estimates of tax and fee revenues as provided in January in the *2024-25 Biennial Revenue Estimate*.

Sincerely,



Glenn Hegar

cc: Jerry McGinty, Legislative Budget Board

