



**LEGISLATIVE FISCAL OFFICE**  
Fiscal Note

Fiscal Note On: **HB 508** HLS 01- 1274  
 Bill Text Version: **ENROLLED**  
 Opp Chamb Action:  
 Sub Bill For:  
 Proposed Amd:

<b>Date:</b> June 26, 2001 11:39 AM	<b>Author:</b> DANIEL
<b>Dept/Agy:</b> Higher Education	<b>Analyst:</b> Charley Rome
<b>Subject:</b> Authorizes investment in stocks	

FUNDS/INVESTMENTS EN INCREASE SD RV See Note Page 1 of 1

Provides for investment of certain funds by higher education institutions.

Constitutional amendment that authorizes institutions of higher education or their management boards to invest in stocks funds received from gifts and grants, funds functioning as endowments, or other permanent funds. The proposed amendment limits stock investments to 50% of the aggregate of such funds available for investment.

<b>EXPENDITURES</b>	<b>2001-02</b>	<b>2002-03</b>	<b>2003-04</b>	<b>2004-05</b>	<b>2005-06</b>	<b>5 YEAR TOTAL</b>
State General Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Stat. Deds./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

  

<b>REVENUES</b>	<b>2001-02</b>	<b>2002-03</b>	<b>2003-04</b>	<b>2004-05</b>	<b>2005-06</b>	<b>5 YEAR TOTAL</b>
State General Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Stat. Deds./Other	\$0	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
<b>Annual Total</b>	<b>\$0</b>					

**EXPENDITURE EXPLANATION:**

There is no anticipated direct material effect on governmental expenditures as a result of this measure.

**REVENUE EXPLANATION:**

Stocks have historically had greater total returns than bonds or certificates. Revenues for affected funds will increase to the extent that such funds are invested in stocks and those stocks provide greater returns than bonds or certificates. There is also greater price volatility and risk associated with investment in stocks compared to bonds or certificates. In shorter time periods, returns on stocks can be negative, or dramatically less than returns on bonds or certificates.

Dual Referral Rules

Senate

- 13.5.1 >= \$500,000 Annual Fiscal Cost
- 13.5.2 >= \$500,000 Annual Tax or Fee Change

House

- 6.8(F) >= \$500,000 Annual Fiscal Cost
- 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease per year

*H. Gordon Monk*

**H. Gordon Monk**  
**STAFF DIRECTOR**