



August 6, 2021

The Honorable Greg Abbott, Governor  
The Honorable Dan Patrick, Lieutenant Governor  
The Honorable Dade Phelan, Speaker of the House  
Members of the 87th Legislature

Ladies and Gentlemen:

In accordance with my responsibilities under Article III, Section 49a of the Texas Constitution, I am providing you with an estimate of revenue available for the 87th Legislature, Second Called Session. This estimate is unchanged from the forecast provided for the 87th Legislature, First Called Session, as detailed in my letter of July 7, 2021.

We continue to project a general revenue-related (GR-R) funds ending balance of \$5.01 billion in fiscal 2021. We anticipate \$123.02 billion available for general-purpose spending in the 2022-23 biennium. After adjusting for appropriations made by the 87th Legislature and gubernatorial vetoes, the projected fiscal 2023 ending balance is \$7.85 billion.

July revenue collections were again strong and if repeated in August, the fiscal 2021 ending GR-R balance could exceed the amount projected in this forecast. Some of any revenue gain in excess of our estimate, however, would accrue to the Economic Stabilization Fund and State Highway Fund and not GR-R via allocations from severance and motor vehicle sales and rental taxes. We also will make the final transfer in August of this year's sales tax allocation to the State Highway Fund, as anticipated in previous forecasts. While I remain optimistic about the trajectory of our economy, especially considering the unprecedented sales tax and motor vehicle sales and rental tax collections over the last four months, the continued uncertainty regarding labor constraints, supply chain disruptions, inflationary pressures and surging cases of the delta variant of the coronavirus weighs against an upward revision to our July estimate at this time.

As always, we will continue to monitor economic conditions and update you as conditions warrant.

Sincerely,

A handwritten signature in black ink that reads "Glenn Hegar".

Glenn Hegar

cc: Jerry McGinty, Legislative Budget Board

