Second Supplement to the May 2026 Bond Appendix

This Second Supplement to the May 2026 Bond Appendix, dated August 3, 2026, replaces the First Supplement to the May 2026 Bond Appendix dated July 17, 2026 and updates "Section 1. STATE GOVERNMENT - THE EXECUTIVE DEPARTMENT" shown on page A-8 et seq., by replacing in its entirety the table and the asterisk footnote to the table that identifies certain elected state officials with the following table and asterisk footnotes:

Office	Office Holder	Years in Office	Current Term Expires
Governor	Honorable Greg Abbott	11	2027
Lieutenant Governor	Dan Patrick	11	2027
Comptroller of Public Accounts	Don Huffines	*	2027
Attorney General	Ken Paxton	11	2027
Secretary of State	Robert S. Howden	**	2027
Commissioner of the General Land Office	Dawn Buckingham, M.D.	3	2027

** On July 2, 2026, Governor Greg Abbott appointed Don Huffines as Comptroller of Public Accounts of Texas, effective August 1, 2026. Mr. Huffines took the oath of office on August 1, 2026. Pursuant to Article IV, Section 12 of the Texas Constitution, the vacancy in the office of Comptroller is filled by appointment of the Governor until the next general election.*

*** On July 17, 2026, Governor Greg Abbott appointed Robert S. Howden as Secretary of State of Texas, effective July 18, 2026.*

"Section 12. CONTINUITY OF OPERATIONS AND RECENT EVENTS" shown on page A-96 is updated by inserting language to read as follows:

Major Flooding Disaster - Heavy rainfall and flooding caused widespread and severe property damage and loss of life in at least 30 counties in July 2026. While damage to the property tax bases and infrastructure of the local governments in impacted areas is reported to be extensive, the ultimate amount is not expected to have a material impact to the state's economy or the revenues, expenses, cash flow, and properties of state government.

Bond Appendix

The State of Texas

May 2026

CONTENTS

About this Bond Appendix

This Bond Appendix provides a general description of the State of Texas (State) and certain information relevant to the financial condition of the State. Information is provided as of the date this Bond Appendix is issued, except as otherwise expressly noted herein.

This Bond Appendix is intended (a) to be attached to or incorporated by reference in offering documents (i.e. Official Statements) prepared by state agencies that publicly offer securities, when authorized by the Comptroller of Public Accounts (Comptroller), and (b) to be provided to the Municipal Securities Rulemaking Board (MSRB) in satisfaction of contractual annual continuing disclosure obligations of the Comptroller made in connection with prior state agency bond offerings.

State financial information is provided by state agencies and officials from official records. Other information has been derived from sources which the Comptroller deems reliable. The State makes no representation regarding the accuracy or completeness of any information in this Bond Appendix, or the absence of changes in such information or adverse events after the date of the information.

Historical information in this Bond Appendix is not intended to predict future events or continuing trends, and the State makes no representation that past experience will continue in the future. Statements in this Bond Appendix that do not describe past or present events, conditions, or other facts are forward-looking statements. Forward-looking statements include forecasts, projections, predictions, expectations, anticipation, intentions, and strategies for the future. All forward-looking statements in this Bond Appendix have been made and are based on available information, assumptions and estimates as of the date of the specified date of the forecast or other forward-looking statement and do not necessarily reflect current expectations. They are inherently subject to various known and unknown risks and uncertainties, and actual results could differ.

Bond Appendix references to website addresses are for informational purposes only. Unless otherwise stated, such websites and the related information or links are not incorporated into, and are not part of, this Bond Appendix, including for purposes of Rule 15c2-12 of the U.S. Securities and Exchange Commission.

Incorporation by Reference

To enable state agencies to issue bonds payable from general revenue of the State in public offerings, the Comptroller has contractually undertaken to provide financial statements, included in the State of Texas Annual Comprehensive Financial Report (ACFR), previously referred to as the Comprehensive Annual Financial Report, and certain other annual financial and operating data to the MSRB annually. The Comptroller's undertaking has been amended to include an obligation to provide to the MSRB timely notice of the incurrence or amendment of certain financial obligations of the State, if material, and of certain events under such financial obligations, if they reflect financial difficulties. The Comptroller may voluntarily file other notices with the MSRB from time to time to supplement or modify this Bond Appendix.

This Bond Appendix should be read in conjunction with the most recent ACFR and all required and voluntary notices, if any, that the Comptroller has provided to the MSRB since the end of the last fiscal year included in the ACFR, all of which are incorporated herein by reference. No representation is made that such documents contain all facts material to an evaluation of the ability of the State to make timely payment of debt service. Copies of the ACFR and any such required and voluntary notices may be viewed on the MSRB's Electronic Municipal Market Access (EMMA) system at http://www.emma.msrb.org using the EMMA Advanced Search function and entering the term "State of Texas Comptroller" in the Issuer Name field within the Security Information search filter.

The data represented in this report is available in accessible data form (Excel):

https://comptroller.texas.gov/programs/systems/treasury-ops/docs/bond-appendix.xlsx

1. STATE GOVERNMENT

ORGANIZATION

The State was admitted to the Union as the 28th State on December 29, 1845, approximately nine years after its secession from the Republic of Mexico in 1836. The Constitution of the State of Texas (the Constitution) was adopted in 1876, as amended from time to time by the voters of the State.

DIVISION OF POWERS

The Constitution divides the powers of the government of the State into three distinct departments: the legislative, the executive and the judicial. Under the terms of the Constitution, no person in any one department may exercise any power attached to another department unless specifically authorized to do so by the Constitution.

THE LEGISLATIVE DEPARTMENT

The legislative power of the State is vested in a House of Representatives and a Senate, which together constitute the Legislature of the State. The House of Representatives consists of 150 members who are elected for terms of two years. The Senate consists of 31 members who are elected to four-year terms unless, after redistricting, such Senators have been designated in a two-year term based on a drawing by lot. Proceedings in the House of Representatives are presided over by the Speaker of the House, who is selected by the members of the House of Representatives from among their ranks. Proceedings in the Senate are presided over by the Lieutenant Governor, who is elected by a statewide vote, as described under the caption "The Executive Department," below.

Regular sessions of the Legislature are held every two years in odd numbered years and may not exceed 140 days in duration. Special sessions of the Legislature may be convened by the Governor at any time. A special session of the Legislature may not exceed 30 days in duration and may address only those subjects designated by the Governor.

At the beginning of each regular session of the Texas Legislature, the Texas Constitution requires the Comptroller of Public Accounts to submit a statement, known as the Biennial Revenue Estimate (BRE), showing the state's financial condition and estimating the revenue it can expect to receive during the next two-year budget period. The BRE forms the basis of each successive state budget. Legislators must ensure that total appropriations do not exceed the amount predicted to be available in the BRE.

The 89th Regular Legislative Session convened on January 14, 2025. The House of Representatives elected Representative Dustin Burrows as Speaker of the House. The Texas Legislature is required to pass the General Appropriations Act, which provides appropriations for state agency operations. The 89th Regular Legislature passed Senate Bill 1, the General Appropriations Act for the fiscal year 2026-27 biennium and House Bill 500, a Supplemental Appropriations Act.

The 89th Regular Legislative Session concluded on June 2, 2025. On July 9, 2025, the Governor issued a proclamation to convene the 89th Legislature First Called Session. The 89th Legislature First Called Session convened on July 21, 2025, and adjourned sine die on August 15, 2025. No legislation was passed during the First Called Session. Governor Abbott issued a proclamation on August 15, 2025 convening the 89th Legislature Second Called Session. The Second Called Session passed several pieces of legislation related to the call and adjourned sine die on September 4, 2025. See Section 3. STATE REVENUES AND EXPENDITURES - STATE BUDGET INFORMATION for a description of appropriations made by the Second Called Session.

THE EXECUTIVE DEPARTMENT

The Executive Department of the State is composed of the Governor, the Lieutenant Governor, the Comptroller of Public Accounts, the Commissioner of the General Land Office, the Attorney General and the Secretary of State, all of whom are elected, with the exception of the Secretary of State, who is appointed by the Governor.

There are other elected state officials, including the Commissioner of the Department of Agriculture and the three Commissioners of the Railroad Commission, which has regulatory jurisdiction over certain public utilities, transportation and the oil and gas industry.

Office	Office Holder	Years in Office	Current Term Expires
Governor	Honorable Greg Abbott	11	2027
Lieutenant Governor	Dan Patrick	11	2027
Comptroller of Public Accounts	Kelly Hancock*	1	2027
Attorney General	Ken Paxton	11	2027
Secretary of State	Jane Nelson	3	2027
Commissioner of the General Land Office	Dawn Buckingham, M.D.	3	2027

** Comptroller Glenn Hegar resigned as Comptroller as of July 1, 2025, and Kelly Hancock became Acting Comptroller pursuant to Section 403.003, Texas Government Code, and will serve in that capacity until a Comptroller is appointed or elected and qualifies for office.*

The Governor is elected for a term of four years and is eligible to seek re-election for an unlimited number of terms. The Governor has the power to veto any bill or concurrent resolution passed by the Legislature and to veto specific items in appropriation bills, but the Legislature may override any veto, including a line-item veto of an appropriation, by a two-thirds vote within a certain time frame. If the Governor's office becomes vacant, he is succeeded in office by the Lieutenant Governor, who continues as Governor until the next general election.

The Lieutenant Governor is elected for a term of four years and is eligible to seek re-election for an unlimited number of terms. The Lieutenant Governor is elected separately from the Governor, and they may be members of different political parties. The Lieutenant Governor is the President of the Senate and is empowered to cast the deciding vote in the event the Senate is equally divided on any question.

The Comptroller of Public Accounts (Comptroller) is elected for a term of four years and is the chief financial officer of the State. The Comptroller is generally responsible for maintaining the accounting records of the State and collecting taxes and other revenues due to the State, although other state officials share responsibility for both of these functions. The Comptroller is required by statute to prepare an annual statement of the funds of the State and of the state's revenues and expenditures for the preceding fiscal year. In addition, the Constitution requires the Comptroller to submit to the Governor and the Legislature, at the commencement of each regular session of the Legislature, an itemized estimate of the anticipated revenues that will be received by the State during the succeeding biennium based upon existing laws and to submit supplemental statements at any special session of the Legislature and at such other times as may be necessary to show probable changes. The Constitution also requires the Comptroller to certify that any appropriations bill passed by the Legislature falls within available revenues before the bill goes to the Governor for his signature.

The Attorney General is elected for a term of four years and is the chief legal officer of the State. The Attorney General is required to prosecute and defend all actions in the Supreme Court or the Courts of Appeals in which the State may be interested. The Attorney General also is required, upon request, to advise the Governor, the head of any department of the state government and certain other state and county officials upon any question touching the public interest or concerning their official duties.

The Secretary of State is appointed by the Governor, with the advice and consent of the Senate, and serves during the term of service of the Governor by whom he or she is appointed. The Secretary of State is required to maintain official records of all laws and all official acts of the Governor and to perform such other duties as are required by law.

The Commissioner of the General Land Office is elected for a term of four years. The Commissioner of the General Land Office is generally responsible for administering the public lands owned by the State.

STATEWIDE BALLOT MEASURES AND ELECTION INFORMATION

Results from the November 7, 2025, general election can be found at:
https://www.sos.state.tx.us/elections/historical/index.shtml

Many local political subdivisions in Texas held elections on May 2, 2026. The next statewide uniform election date is November 3, 2026.
https://www.sos.state.tx.us/elections/voter/important-election-dates.shtml

THE JUDICIAL DEPARTMENT

The judicial power of the State is vested in a Supreme Court, a Court of Criminal Appeals, 15 courts of appeals, numerous district courts and various lower courts. The Supreme Court is the appellate court of last resort in all cases except criminal matters and, in addition, has original jurisdiction over actions for mandamus against state officials and certain other matters. The Court of Criminal Appeals has final appellate jurisdiction over all criminal matters. The courts of appeals are intermediate level appellate courts and have jurisdiction over both civil and criminal cases. The

Texas Business Court was created in 2024 to resolve certain complex business disputes. The justices and judges of all courts in the State are elected. Terms of office are six years in the case of the members of the Supreme Court, the Court of Criminal Appeals and the courts of appeals, and four years for judges of lower courts.

2. FISCAL MATTERS

ACCOUNTING SYSTEM

The State's fiscal year runs from September 1 to August 31. Appropriations are made on a biennial basis, with each appropriation period covering two fiscal years ending in an odd-numbered year. All state agencies follow uniform accounting and financial reporting procedures per generally accepted accounting principles (GAAP). Sections 2101.012 through 2101.014, Government Code, require the Comptroller, with the review of the State Auditor, to prescribe uniform accounting and financial reporting procedures. The State's central accounting system, USAS, records financial information both on a cash basis and under GAAP. USAS is the primary source of fiscal control and financial information for the State.

The Comptroller is also required by section 403.013, Government Code, to prepare a report to the Governor containing financial information of all state agencies prepared in accordance with GAAP. This report is due annually on the last day of February and is satisfied by the audited *State of Texas Annual Comprehensive Financial Report*. See "Audits" herein.

Section 403.013, Government Code also requires the Comptroller to prepare a statement of state funds and accounts, revenues and expenditures during the preceding fiscal year on a cash basis, which is due annually on the first Monday in November and is satisfied by the *State of Texas Annual Cash Report*. The State Auditor does not audit the constitutionally required "cash basis" report prepared by the Comptroller. The State of Texas Annual Cash Report, Fiscal 2025 report was issued on November 3, 2025. Copies of the cash report are available to the public by writing to the Fiscal Management Division, Comptroller of Public Accounts, P.O. Box 13528, Austin, TX 78711 or by visiting the State Comptroller's website at:

https://comptroller.texas.gov/transparency/reports/cash-report/

AUDITS

The State Auditor is appointed by the Legislative Audit Committee, composed of the Lieutenant Governor, the Speaker of the House of Representatives, the chairmen of the House Appropriations Committee and the House Ways and Means Committee, the chairman of the Senate Finance Committee and one member of the Senate appointed by the Lieutenant Governor. The State Auditor serves at the will of the Legislative Audit Committee. The State Auditor is charged with the responsibility of devising and recommending the audit plan for the State for each fiscal year to the Audit Committee for approval. The Auditor may conduct financial audits, compliance audits, economy and efficiency audits, effectiveness audits, special audits and investigations of state agencies and institutions of higher education. The State Auditor shall prepare a written report for each audit conducted and file a copy with the Governor, Lieutenant Governor, Speaker of the

House of Representatives, Secretary of State, Legislative Reference Library, each member of the governing body and administrative head of the audited entity and members of the Legislature on a committee with oversight responsibility for the entity or program that is the subject of the report. If improprieties are found, the State Auditor, after consulting with the agency head, shall immediately report to the Governor, the committee and the appropriate legal authority.

The State of Texas Annual Comprehensive Financial Report, previously referred to as the State of Texas Comprehensive Annual Financial Report, is required to be audited by the State Auditor. The audited version of the 2025 report was issued on February 27, 2026. Copies of the audited annual financial report are available to the public by writing to the Fiscal Management Division, Comptroller of Public Accounts, P.O. Box 13528, Austin, TX 78711 or by visiting the State Comptroller's website at: https://comptroller.texas.gov/transparency/reports/comprehensive-annual-financial/.

APPROPRIATIONS AND BUDGETING

The Constitution requires an appropriation for any funds to be drawn out of the treasury. Certain appropriations are made by the Constitution and do not require further legislative action, although the Legislature frequently makes a parallel appropriation. All other appropriations must be made through a bill passed by the Legislature and approved by the Governor or passed by the Legislature over the Governor's veto. Legislative appropriations are limited by the Constitution to a period of two years. Generally, appropriations are made by the Legislature separately for each fiscal year of the biennium, but an appropriation can be made for the biennium or for a part of the biennium other than a fiscal year. Claims must be filed against an appropriation within two years after the end of the fiscal year for which the appropriation is made, except for construction appropriations, against which claims may be made for up to four years.

Article III, section 49a of the Constitution, the so-called "pay-as-you-go" provision, provides that an appropriation is not valid if it exceeds the amount of cash and estimated revenues of the fund from which such appropriation is to be paid.

The Constitution requires the Comptroller to submit to the Governor and the Legislature, at the commencement of each regular session of the Legislature, a statement that contains, among other things, an itemized estimate of anticipated revenues, based on laws then in effect, that will be received by the State during the succeeding biennium. The Constitution also requires the Comptroller to submit supplementary statements at any special session of the Legislature and at such other times as may be necessary to show probable changes. No appropriations bill passed by the Legislature may be sent to the Governor for consideration until the Comptroller has certified that the amounts appropriated are within the amounts estimated to be available in the affected funds. See Section 3. STATE REVENUES AND EXPENDITURES – REVENUE FORECASTS for additional information on the certification.

Budgeting for the State is handled through the Governor's Office of Budget, Planning, and Policy (GOBPP) and the Legislative Budget Board (LBB). By statute, the Governor has been made the chief budget officer of the State, which is a function carried out by staff members who constitute the GOBPP. The Legislature has its own budget agency in the LBB. The GOBPP and the LBB generally cooperate with respect to matters pertaining to preparation of budgets and prepare uniform instructions and forms for budget requests. The Governor and the LBB each make separate submissions to the Legislature—the Governor's usually in the form of a budget proposal and the LBB's in the form of a draft appropriations bill to be submitted for consideration by the Legislature.

The State uses a performance-based budget preparation process that appropriates funds at a strategy level. Agency budgets are tied to goals and objectives that include strategies to meet these goals and objectives with performance measures to quantify outputs and efficiencies.

LEGISLATIVE BUDGET BOARD

The Legislative Budget Board is composed of the Lieutenant Governor, the Speaker of the House of Representatives, four members of the House of Representatives (including the chairs of the House Appropriations Committee and the House Ways and Means Committee) and four members of the Senate (including the chairs of the Senate Finance Committee and the Senate State Affairs Committee). The traditional role of the LBB has been to formulate a proposed budget for presentation to the Legislature as discussed under "Appropriations and Budgeting" above. In recent years, however, the role of the LBB has been expanded by statute and by practice. It now frequently carries out quasi-legislative functions relating to state finances when the Legislature is not in session.

NON-LEGISLATIVE POWERS WITH RESPECT TO APPROPRIATIONS

The Governor is authorized by statute to make findings of any fact specified by the Legislature in any appropriations bill as a contingency to the expenditure of funds. Accordingly, the Governor has some minimal discretion to prevent the expenditure of funds, exercisable in situations in which an appropriation made by the Legislature is conditioned upon the occurrence of a given event or the existence of a given fact.

The Legislature has empowered the Governor to authorize expenditures from a general appropriation made by the Legislature specifically for emergencies. The Legislature is not obligated to appropriate any amount for such purpose, but customarily does so. The Governor may not authorize the expenditure of the emergency funds unless a certification is made to the Comptroller that an emergency and imperative public necessity requiring the use of such funds exists and the Comptroller determines that no other funds are available for such purpose.

Through a budget execution statute, the Legislature has authorized the Governor, subject to the review of the LBB, to make changes in legislative appropriations during periods when the Legislature is not in session. Currently, both the Governor and the LBB have the authority to make proposals that require that a state agency be (i) prohibited from spending an appropriation, (ii) obligated to expend an appropriation, or direct the manner in which part or all of an appropriation may be distributed or redistributed. In addition, the Governor or LBB, upon making a determination that an emergency exists, may propose that an appropriation made to a state agency be transferred to another agency, that an appropriation be retained by the agency but used for a different purpose or that the time when an appropriation be made available to a state agency be changed. Funds that are dedicated by the Constitution may be withheld upon the Governor's or LBB's proposal but may not be transferred to other state agencies except an agency which is entitled to receive appropriations from those funds under the terms of the Constitution. Federal funds appropriated by the Legislature may be transferred only as permitted by federal law.

The Governor's or LBB's use of the budget execution provision is subject to publication and, in certain instances, public hearing requirements. In addition, before the Governor's proposal may be executed, it must be ratified by action of the LBB or if proposed by the LBB, by action of the Governor. During the LBB's ratification process, the proposal may be changed and ratified or rejected, or recommendations for changes in the proposal may be made. The affirmative vote of a majority of the members of the LBB from each house of the Legislature is necessary for the adoption of any budget execution order.

ECONOMIC STABILIZATION FUND

The Economic Stabilization Fund (ESF), also known as the state Rainy Day Fund, is authorized and governed by Article III, Section 49-g of the Texas Constitution as a special reserve fund in the state treasury. As of March 31, 2026, the ESF balance was $27.1 billion.

The constitutional provision directs the Comptroller to transfer certain revenues to the ESF after each fiscal year, establishes a fund cap, allows temporary transfers from the ESF to address any general revenue fund cash deficiency, and allows the Legislature to appropriate amounts from the ESF for any purpose at any time.

TRANSFERS TO THE ESF

The Comptroller's office is required to make transfers to the ESF within 90 days after the end of each fiscal year. The Comptroller is required to transfer the following amounts to the ESF after each fiscal year, up to the fund cap:

- 37.5* percent of the amount by which net oil and gas production (severance) tax collections in the fiscal year exceeded fiscal 1987 collections; and
- After the last fiscal year in a biennium, 50 percent of any unencumbered General Revenue surplus at the end of the biennium; and
- The Legislature may also appropriate additional funds to the ESF.

Under Government Code Section 316.092, prior to making these transfers, the Comptroller determines the sufficient balance of the ESF for the biennium. If at the time of the net transfer, the balance of the fund is below the established sufficient balance, the Comptroller is required to increase the net oil and gas production tax collections transferred to the ESF as necessary to produce a sufficient balance. Section 316.092 requires the sufficient balance to be equal to 7 percent of the certified General Revenue-related appropriations made for that fiscal biennium. The sufficient balance for the 2026-27 biennium is $12.4 billion.

*Prior to fiscal year 2015, 75 percent of net oil and gas production taxes in excess of fiscal 1987 collections were required to be transferred to the ESF after each fiscal year. Effective with fiscal year 2015, a constitutional amendment authorized one half of that amount (37.5 percent) to be transferred to the State Highway Fund unless otherwise limited by the Legislature. The requirement to transfer a portion of the net oil and gas production taxes to the State Highway Fund will expire December 31, 2034, unless the Legislature extends the requirement.

INVESTMENT OF THE ESF

A portion of the ESF is held in liquid investments to meet the state's liquidity needs. This portion is commonly referred to as "ESF - Cash in the State Treasury" ("CIST")." The remainder is held in longer-term investments to deliver returns in excess of short-term cash equivalents and maintain purchasing power. This portion is commonly referred to as the Texas Economic Stabilization Investment Fund ("TESTIF"). A full description of the Comptroller's authority to invest the ESF is provided in GENERAL INVESTMENT AUTHORITY – ECONOMIC STABILZATION FUND below.

FUND CAP

The ESF is capped each biennium at an amount equal to 10 percent of General Revenue (excluding interest, other investment income and borrowings from special funds) deposited into the General Revenue Fund during the previous biennium. The cap for the 2026-27 biennium is $26.9 billion. The fiscal 2026 ESF beginning balance was $24.8 billion and the estimated $2.5 billion severance tax transfer would have resulted in the ESF balance exceeding its $26.9 billion constitutional cap. As a result, the fiscal year 2026 severance tax transfer was reduced by $475.4 million. When the ESF balance is above the cap, interest earnings on the CIST portion of the fund are transferred to General Revenue; however, investment earnings on the TESTIF portion are retained in the fund. As a result, the balance of the fund may continue to grow beyond the cap. See Section 2 - GENERAL INVESTMENT AUTHORITY – ECONOMIC STABILZATION FUND herein.

TEMPORARY TRANSFERS TO THE GENERAL REVENUE FUND

The Comptroller is authorized to transfer funds from the ESF to the General Revenue Fund to prevent or eliminate a temporary cash deficiency, but must return the transferred amount as soon as practicable, and no later than the end of the biennium in which the transfer occurred. The ESF receives the investment earnings on the balance as if the funds were not transferred. See CASH MANAGEMENT below for information related to cash flow management and the use of intrafund and interfund transfers.

APPROPRIATION OF ESF

The Legislature may appropriate money from the ESF by a two-thirds vote of the members present in each house for any purpose at any time.

The Legislature may appropriate money from the fund by a three-fifths vote to (a) address a deficit that develops after the adoption of a budget, but only for purposes previously appropriated, or (b) to make appropriations for a biennium in which the Comptroller forecasts a decline in revenues from the prior biennium (but not more than the actual decline), determined without regard to enacted changes in any tax base or rate.

The Legislature has historically appropriated ESF funds for a variety of purposes, including health and human services, disaster assistance, healthcare for state retirees, economic development, the foundation school program, state parks, the state water plan, and transportation. The 2nd Called Session of the 89th Legislature appropriated $280.6 million from the ESF in response to the July 4, 2025 central Texas flooding disaster. As of March 31, 2026, $181.4 million remained in outstanding appropriation authority from prior and current bienna.

In addition, pursuant to Article III, Section 49(g)-p of the Constitution, a certain amount of investment earnings from the preceding fiscal year are appropriated to the Texas University Fund annually. See Section 12. EDUCATION - Higher Education – Constitutionally Dedicated Revenues. For fiscal year 2026, this appropriation is $104,040,000.

CASH MANAGEMENT

INTRAFUND AND INTERFUND BORROWING

The Comptroller has authority under Section 403.092, Government Code to transfer available cash, excluding constitutionally dedicated revenues, as needed through intrafund and interfund transfers. The balances available for intrafund and interfund transfers may be used to meet the required disbursements of the General Revenue Fund. These transfers effectively allow the Comptroller to borrow cash balances held in special accounts or funds to manage the cash flow requirements of the General Revenue Fund caused by timing differences between cash expenditures and cash receipts.

Intrafund transfers occur when the Comptroller makes available cash accessible from any account to any other account in the General Revenue Fund. Interfund transfers occur when the Comptroller transfers available cash, excluding constitutionally dedicated revenues, from any fund managed by or in the custody of the Comptroller. If the Comptroller transfers available cash, the Comptroller is required to return the available cash to the account or fund from which it was transferred as soon as practicable with interest earnings allocated as if the transfer had not occurred.

TAX AND REVENUE ANTICIPATION NOTES

The Comptroller is authorized to issue Tax and Revenue Anticipation Notes ("TRANs") on behalf of the State solely to coordinate the State's cash flow within a fiscal year; TRANs must mature and be paid in full during the biennium in which the notes are issued. Before issuing any notes, the Comptroller must prepare a forecast of the cash flow shortfall for the State's General Revenue Fund based on the most recent estimate of revenues prepared by the Comptroller and must submit the forecast to the State's Cash Management Committee for approval. The Cash Management Committee is composed of the Governor, Lieutenant Governor, and the Comptroller of Public Accounts as voting members, and the Speaker of the House of Representatives as a non-voting member.

Tax and Revenue Anticipation Notes that mature within the biennial budget period in which they were issued do not constitute "debt" within the meaning of the Constitution.

Prior to fiscal year 2021, the State typically issued Tax and Revenue Anticipation Notes or used interfund borrowing to manage cash flow each year, as set forth in the table below (formerly numbered Table A-15). Since fiscal year 2021, the state has only used interfund borrowing to manage cash flow.

Cash Management
(Formerly Table A-15)

Year	Series	Tax and Revenue Anticipation Notes Issued (in millions)	Commercial Paper Notes Issued (in millions)	Maximum Interfund Borrowing (in millions)	Total (in millions)
2017	n/a	-	-	6,200	6,200
2018	2017	5,400	-	3,100	8,500
2019	2018	7,200	-	-	7,200
2020	2019	8,000	-	-	8,000
2021	2020	7,200	-	-	7,200
2022-2026(1)	n/a	-	-	-	-

(1) Tax and Revenue Anticipation Notes are not expected to be issued for fiscal 2026. Intrafund borrowing may be used to address daily cash flow deficits during the fiscal year, as needed.

Source: Texas Comptroller of Public Accounts, Treasury Operations

GENERAL INVESTMENT AUTHORITY AND PORTFOLIO TEXAS TREASURY SAFEKEEPING TRUST COMPANY TREASURY POOL AND OTHER INVESTMENT PORTFOLIOS

The Comptroller is responsible for holding and investing state funds and other funds as required by law. The Texas Treasury Safekeeping Trust Company (the "Trust Company") is a special purpose corporation established by the Texas Legislature and the Comptroller under Subchapter G of Chapter 404 of the Texas Government Code ("Code"). The Comptroller is the sole officer, director, and shareholder of the Trust Company. The Trust Company provides the Comptroller with the means to obtain direct access to the Federal Reserve System and to manage, disburse, safekeep, and invest funds and securities more efficiently. The Comptroller has delegated investment authority to the Trust Company and utilizes the Trust Company to manage and invest funds held in and outside the treasury.

Section 404.028, Texas Government Code requires the Comptroller to establish an investment advisory board to advise the Comptroller and the Trust Company regarding investments that the Comptroller makes through the Trust Company. The Comptroller appoints members to the advisory board who possess the expertise appropriate for advising the comptroller and have knowledge or experience in finance, including management of funds or business operations. Members of the advisory board serve in an advisory capacity and are not fiduciaries with respect to the investments made by the Comptroller through the Trust Company under this subchapter or other law.

The Comptroller, acting by and through the Trust Company, currently manages numerous separate portfolios. The table below describes these portfolios as of August 31, 2025, to illustrate the size and scope of the Trust Company's role in carrying out these duties.

Trust Company Net Assets Under Management		
Fund	**Balance 08/31/2025**	**Description**
Treasury Pool	$ 79,598,524,829	State funds held and managed by the Comptroller
TexPool	32,939,665,485	Local government investment pool
TexPool Prime	15,715,067,335	Local government investment pool
Texas Economic Stabilization Investment Fund (TESTIF)	21,453,833,412	Long term investment portion of the ESF. Remaining ESF balance of $3.2b is held in Cash in the Treasury Pool. See Footnote (1).
Endowments	5,313,883,982	Includes $3.5b Tobacco Settlement Permanent Trust Account
Other Major Funds	7,250,082,321	Includes SWIFT, TUF. See Footnote (2)
Other Funds	5,733,915,704	Includes $5.5b Agency Custody & Deposit Accounts
TOTAL	**$ 168,004,973,068**	
(1) Economic Stablization Fund		
TESTIF	$ 21,453,833,412	
Cash in Treasury Pool	3,203,322,082	(1)
Total ESF Balance	$ 24,657,155,494	
(2) Other Major Funds		
State Water Implementation Fund of Texas	$ 1,933,582,002	
Texas University Fund	$ 5,316,500,319	
	$ 7,250,082,321	(2)

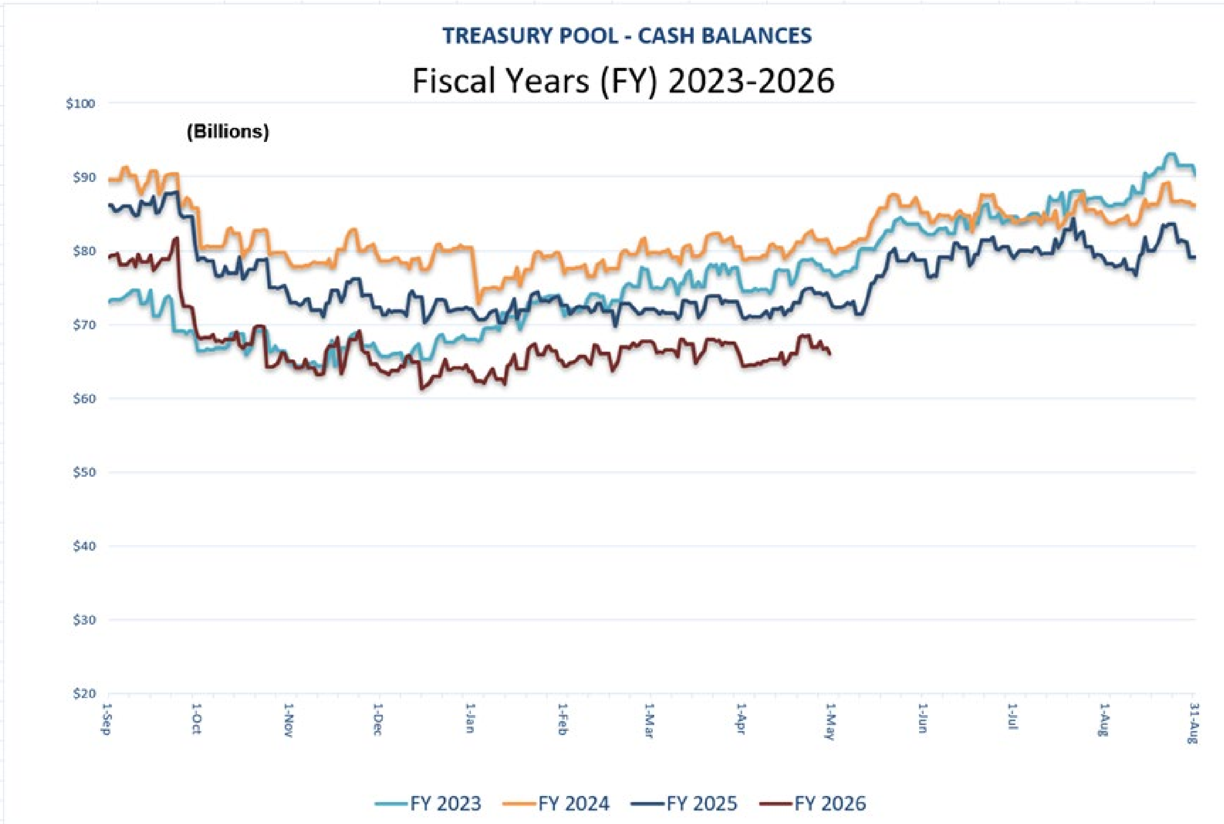
Source: Trust Company Net Assets Under Management 8/31/2025 Unaudited

More information on the Trust Company and its investment of state funds is available at https://www.ttstc.org/.

THE TREASURY POOL

Treasury funds and non-treasury funds pooled together for investment purposes are referred to as the Treasury Pool. The investment of the Treasury Pool is governed by statute and the Texas State Comptroller Investment Policy, as described below. The Treasury Pool is currently rated 'AAAf/S1' by S&P Global Ratings.

The size of the Treasury Pool varies daily, depending on seasonal variations in revenues and expenditures and the use of cash management tools such as interfund borrowing or the issuance of Tax and Revenue Anticipation Notes. The estimated daily yield and balance are posted at https://www.ttstc.org/. The graph below illustrates historical daily balances in the Treasury Pool as of April 30, 2026.



ECONOMIC STABILIZATION FUND

Under Texas Government Code Section 404.0241, the Comptroller invests the ESF in accordance with the prudent investment standard. Furthermore, the Comptroller reviews and adjusts ESF investments to ensure that at all times (i) at least 10 percent of the ESF is invested in a manner that ensures adequate liquidity and (ii) the balance of the ESF is sufficient to meet its cash flow requirements. The portion of the ESF that is held in liquid investments to meet the state's liquidity needs is commonly referred to as ESF - Cash in the State Treasury ("CIST")."

The Texas Economic Stabilization Investment Fund ("TESTIF") is the portion of the Economic Stabilization Fund (ESF) invested to realize a slightly higher return than the Treasury Pool. The TESTIF has two primary performance objectives: 1) maintain purchasing power; and 2) deliver returns in excess of short-term cash equivalents. Maintaining the TESTIF's purchasing power means achieving net returns that exceed inflation over a full market cycle. The TESTIF is managed as a separate portfolio. Investment earnings stay within the portfolio, even when the ESF is above the cap.

More information on the TESTIF portfolio and investment policy can be found at https://www.ttstc.org/.

TEXPOOL AND TEXPOOL PRIME

TexPool and TexPool Prime are local government investment pools created on behalf of Texas political subdivisions. Their investment objectives are preservation and safety of principal, liquidity, and yield, consistent with the Public Funds Investment Act. The day-to-day administration of TexPool and TexPool Prime are outsourced and are currently managed by Federated Hermes.

The types of authorized investments within TexPool are U.S. Government Securities, Agencies and Instrumentalities, Repurchase Agreements, Reverse Repurchase Agreements and Money Market Mutual Funds. The types of authorized investments within TexPool Prime are U.S. Government Securities, Agencies and Instrumentalities, Repurchase Agreements, Reverse Repurchase Agreements, Certificates of Deposit, Commercial Paper and Money Market Mutual Funds.

As of May 1, 2026	Tex Pool	Tex Pool Prime
Members	2,999	745
Fund Balance	$38.6 billion	$17.7 billion
Average Maturity	45 days	50 days
Standard and Poor's Rating	AAAm	AAAm

ENDOWMENTS AND OTHER MAJOR FUNDS

Endowments

The Trust Company manages twelve endowment funds, including the Tobacco Settlement Permanent Trust Account. The funds are invested in a diversified manner designed to preserve the purchasing power of the funds' assets and provide a stable and growing distribution to beneficiaries. The distributed funds are used by governmental entities to provide funding for health care, health education, higher education, and historic preservation. All funds are invested in accordance with the prudent person or investor standard.

State Water Implementation Fund for Texas

The State Water Implementation Fund for Texas ("SWIFT") was created in 2013 and funded through a constitutional amendment approving a $2 billion transfer from the Economic Stabilization Fund. The creation of the SWIFT and its requirements are set forth in Chapter 15 of the Texas Water Code. Funds in the SWIFT are used to subsidize financing costs for projects included in the State Water Plan developed and implemented by the Texas Water Development Board (TWDB). The balance of the SWIFT is expected to be drawn down over time; however, funds used for financing subsidies will ultimately be repaid to the SWIFT. The investment objective of the SWIFT is to preserve its purchasing power while maintaining sufficient liquidity to meet the needs of the TWDB.

The Texas University Fund

The Texas University Fund ("TUF" or "Fund") was created in 2023 through voter approval of constitutional amendments that establish the TUF and appropriate certain amounts of ESF interest income, dividends, and investment earnings annually to the TUF, to provide a dedicated and independent source of funds for qualifying general academic teaching institutions to achieve national prominence as major research universities. The creation of the TUF and its requirements are set forth in Section 20, Article VII, Texas Constitution and Sections 62.141-.150 of the Texas Education Code. The Fund's primary investment objective is to maximize long-term returns, with acceptable levels of risk, to provide a predictable, stable stream of distributions; maintain the inflation-adjusted value of distributions over the long-term; and maintain the inflation-adjusted value of the corpus. For more information on the TUF, see Section 12. EDUCATION - Higher Education – Constitutionally Dedicated Revenues.

The Permanent Technical Institution Infrastructure Fund

The Permanent Technical Institution Infrastructure Fund ("PTIIF") was established through a constitutional amendment approved by the voters in November 2025 as a special fund in the state Treasury outside the General Revenue Fund to provide a dedicated source of funding for capital projects and equipment purchases related to education programs offered by the Texas State Technical College System. The Comptroller of Public Accounts was appropriated $850.0 million in General Revenue in FY 2026 to deposit into the PTIIF. The creation of the PTIFF and its requirements are set forth in Section 21, Article VII, Texas Constitution. The Fund will be invested pursuant to the prudent investor standard to provide a predictable, stable stream of distributions; maintain the inflation-adjusted value of distributions over the long-term; and maintain the inflation-adjusted value of the corpus. For more information on the PTIIF, see Section 12. EDUCATION - Higher Education – Constitutionally Dedicated Revenues.

OTHER FUNDS

Trusts & Custody - The Trust Company separately manages assets for various state agencies including the Water Development Board, Texas Housing Authority, Department of Licensing and Regulation (Lottery), the cigarette stamp tax escrow account and other self-directed, semi-independent state agencies. These funds are managed to ensure safety of principal and to maintain sufficient liquidity to meet the agency's operating needs

INVESTMENT POLICIES

Section 404.024 of the Texas Government Code governs the investment of state funds held in the Treasury. Additionally, Section 404.106 of the Code governs investment of funds by the Trust Company. Section 404.106 provides that with respect to specific funds held by the Trust Company for a particular participant, the Trust Company has the same investment authority as the participant for those specific funds. Section 404.106 provides that funds held by the Trust Company must be invested in obligations authorized by law for the investment of funds held and managed by the Comptroller, which generally means Section 404.024(b). Furthermore Section 404.024(j) provides that if the Comptroller is required by law to invest funds other than as provided by Sec. 404.024(b), the Comptroller shall invest those funds under the prudent person investment standard.

The Trust Company manages the Treasury Pool in accordance with the Comptroller's Investment Policy, described below. The Trust Company also acts as the investment manager, depository, or both for the Comptroller and several state entities with respect to funds held outside the state treasury and the Treasury Pool. When managing such funds, the Trust Company invests in accordance with statutes, bond documents, funds management agreements, or other interagency agreements applicable to the particular funds. The Trust Company may also adopt separate investment policies for specific portfolios.

THE COMPTROLLER'S INVESTMENT POLICY

The Comptroller's Investment Policy (November 2023) applies to the management of treasury funds and non-treasury funds pooled together for investment purposes (the "Treasury Pool") and other funds not subject to a specific investment policy or a funds management or similar agreement.

Pursuant to this policy, the principal investment and management objectives are in descending order of priority, as follows: (1) preservation of capital and protection of principal, (2) maintenance of sufficient liquidity to meet operating needs; and (3) maximization of return. The Comptroller will preserve capital and protect principal by investing in a diversified pool of assets of high credit quality. Interest rate risk is managed by maintaining a weighted-average maturity of no more than two (2) years.

Liquidity is the ability to convert securities into cash in a timely manner at the prevailing market price. Liquidity is achieved by holding a sufficient portion of the Treasury Pool in short-term (less than 1 year) assets of large, liquid U.S government, agency, or instrumentality (such U.S. instrumentalities are hereinafter referred to as "government-sponsored entities" or "GSEs") issuers and money market funds or corporate commercial paper issuers with multiple broker programs.

After preservation of capital and protection of principal and liquidity requirements have been met, investments are made to enhance the return on the portfolio. This is achieved by utilizing the full range of permitted investment types and strategies. The investments are actively managed to take advantage of relative value opportunities. The Treasury Pool seeks to achieve a competitive yield consistent with the risk parameters set forth in the Policy.

Whenever practicable, the Comptroller and the Texas Treasury Safekeeping Trust Company will award investment transactions on a competitive basis by soliciting at least two bids and then placing purchase and sale orders with brokers to achieve best execution. All transactions are fully documented by the individual executing the trade and confirmed by a second investment staff member.

AUTHORIZED INVESTMENTS

Section 404.024 of the Code authorizes the Comptroller to invest treasury funds in the following investment vehicles:

A. Time Deposits
B. Repurchase Agreements and Reverse Repurchase Agreements

C. Government Securities - direct obligations of or obligations, the principal and interest of which are guaranteed by the U.S., U.S. agencies or GSEs. Mortgage-backed securities are eligible for purchase except those specifically prohibited by Section 404.024 (e) of the Code. The stated maturity of collateralized mortgage obligations may not exceed 10 years.
D. Commercial Paper
E. Asset-Backed Securities
F. Corporate Debt Securities
G. Bankers' Acceptances
H. "Supranational" Organization Obligations
I. Israel Bonds
J. Tax-Exempt Securities and Taxable Municipal Securities
K. Mutual Funds
L. Covered Call Options
M. Securities Lending

General Policy Guidelines

With the exception of fully collateralized bank deposits or repurchase agreements, the Comptroller will not invest more than 5% of the Treasury Pool in any single corporate issuer. This limitation does not apply to investment in securities of the U.S. government, its agencies, or GSEs. Unless otherwise noted, all policy limitations are applied at time of purchase.

Prohibited Investments

The Comptroller may not invest in the following:

A. Certain Mortgaged-Backed Securities (404.024(e) of the Code)

1. Obligations the payment of which represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral that pays no principal, *e.g.,* MBS Interest-Only Strips;
2. Obligations the payment of which represents the principal balance repayments from the underlying mortgage-backed security collateral that pays no interest, *e.g.*, MBS Principal-Only Strips;
3. CMOs that have a stated final maturity date of greater than 10 years; and
4. CMOs the interest rate of which is determined in a manner that adjusts in the opposite direction to the changes in a market index, *e.g.,* Inverse Floating Rate CMOs.

B. Naked Options - Section 404.024(b)(7) of the Code prohibits the use of naked option or uncovered call option trading.

C. Corporations Doing Business in Northern Ireland - Pursuant to Section 404.024(h) of the Code, the Comptroller may not invest in Northern Ireland unless those entities adhere to fair business practices and do not discriminate on the basis of race, color, religion, sex, national origin or disability.

D. Currency - The Comptroller may not invest in any asset that is not denominated in U.S. Dollars.

CURRENT TREASURY INVESTMENTS

As of May 1, 2026, the beginning balance in the Treasury was $66.9 billion. As of such date, the fair value of Treasury investments by category was as follows:

Table A-1
Current Treasury Investments

Investment Type	Fair Value (in millions)	Percent of Total
Bank Deposits	428	0.70%
Treasury Bills	18,005	24.52%
Treasury Notes	5,636	6.68%
Treasury TIPS	0	0.00%
Treasury FRNs	225	0.46%
Corporate Bonds	1,385	1.94%
Covered Bonds	0	0.00%
Asset Backed Securities	5,039	7.76%
Money Market Funds	1,478	2.73%
Agency Notes	780	2.06%
Agency Discount Notes	0	0.00%
Supranational	1,242	2.45%
Supranational Discount Notes	692	0.69%
Repurchase Agreements	10,351	13.35%
Lottery Award Annuities	163	0.26%
Mortgage Backed Securities	7,301	11.10%
SBA Securities	36	0.06%
Commercial Paper	13,852	25.03%
Israel Bond	260	0.21%
Cash	0	0.00%
Trust Stock	1	0.00%
Reverse Repurchase Agreements	-3	0.00%
Totals (1)	66,871	100.00

(1) Totals may not sum due to rounding
Source: Texas Treasury Safekeeping Trust Company

These securities do not include any prohibited securities. The average remaining term of these securities (excluding securities matched to state lottery prize liabilities) is 298 days. Information on the Trust Company Investment Policies and Investments may be found on the Trust Company's website at www.ttstc.com.

TREASURY POOL LIQUIDITY PROGRAMS

Under Texas Government Code Section 404.027, the Comptroller has entered into agreements to provide liquidity for certain state agency debt obligations issued for governmental purposes, so long as they do not conflict with the liquidity needs of the state treasury. The agreements commit the State of Texas to purchase commercial paper securities to refund maturing commercial paper securities, if they cannot be rolled, and demand securities tendered for purchase, if they cannot be remarketed. Such securities, if purchased, would be held as investments in the state treasury, as authorized under Government Code Section 404.024 until such time as they may be refinanced or remarketed. The liquidity agreements do not guarantee the payment of state agency debt obligation principal or interest.

As of April 30, 2026, the Comptroller provided liquidity for the obligations in the table below.

Obligations	Total Commitment (Principal and Interest)	Final Date
Texas Department of Housing and Community Affairs Single Family Variable Rate Mortgage Revenue Refunding Bonds, 2005 Series A (weekly demand)	$4,396,899	August 31, 2027
Texas Public Finance Authority State of Texas General Obligation Commercial Paper Notes (Cancer Prevention and Research Institute of Texas Project) Series A and Series B	$375,890,411	August 31, 2027
Texas Public Finance Authority Revenue Commercial Paper Note Program (Texas Facilities Commission Projects), Series 2016A (Taxable) and Series 2016B (Tax-Exempt)	$322,191,781	August 31, 2027
Texas Public Finance Authority Commercial Paper Revenue Notes, Series 2019A and Taxable Series 2019B	$322,191,781	August 31, 2027
Texas Transportation Commission State of Texas General Obligation Mobility Fund Bonds, Series 2006-B (Multi-Modal Bonds)	$151,726,027	August 31, 2027
Texas Veterans Land Board State of Texas Veterans Bonds, Taxable Series 2023A	$233,837,292	August 31, 2027
Texas Veterans Land Board State of Texas Veterans Land Bonds, Taxable Series 2025A	$101,397,260	August 31, 2027
Texas Veterans Land Board State of Texas Veterans Land Bonds, Taxable Refunding Series 2025C	$169,196,538	August 31, 2027
TOTAL PROGRAM COMMITMENT	$1,680,827,989	

3. STATE REVENUES AND EXPENDITURES

IDENTITY OF FUNDS

An understanding of the relative importance of each of the state's revenue sources requires a brief explanation of the state's use of fund accounting. There are several hundred different funds within the Treasury. The General Revenue Fund, due to its character and the large number of programs financed through it, provides an indication of the state's financial condition. On August 31, 1993, numerous state funds (excluding constitutionally dedicated, bond related, and trust funds), were consolidated into accounts within the General Revenue Fund. As a result, Consolidated General Revenue now contains activity and balances for the General Revenue Fund and dedicated general revenue accounts (See Table A-11). Consolidated General Revenue accounts for most of the state's total net revenue, as illustrated in Table A-4. From time to time the Texas Legislature has directed the Comptroller to abolish, merge, or take actions to consolidate various funds into the General Revenue Fund to provide greater efficiency in the management, accounting and investment of funds.

The two other categories of funds are trust funds and non-trust funds. Non-trust funds include, in addition to the Consolidated General Revenue Fund, other operating and disbursing funds, constitutionally created funds, federal funds, pledged and bond funds and other special funds.

Trust and suspense accounts are generally excluded from the discussion of revenues and expenditures. From time to time the Texas Legislature has directed the Comptroller to abolish, merge, or take actions to consolidate various funds as part of the General Revenue Fund to provide greater efficiency in the management, accounting and investment of funds.

REVENUE SOURCES

Tax collections totaling $84.2 billion provided the state's primary source of income in fiscal year 2025 (see Table A-5). The largest categories of tax collections include Sales Tax, Franchise, Motor Vehicle Sales/Rental, Oil Production, Insurance, Motor Fuel, and Natural Gas Production taxes. Federal receipts (which accounted for 32.3 percent of total revenue and totaled $59.1 billion in fiscal 2025) came in second, while State Health Service Fees and Rebates totaling $14.0 billion in fiscal 2025 provided a distant third largest revenue source to the State. The State has no personal or corporate income tax, although the State does impose a franchise tax based on taxable margin, defined as gross receipts less either cost of goods sold or compensation.

Table A-2 shows the rates and tax bases for major state taxes collected in the State of Texas for the fiscal year beginning September 1, 2025.

Table A-2

Major State Taxes

Tax	Rate and Base
Sales Taxes	**Limited Sales and Use:** 6.25 percent of the retail sale price of taxable tangible personal property and selected services. **Boat and Boat Motor:** 6.25 percent of the total consideration paid for a boat or boat motor; $15 tax for each boat or boat motor brought into the State by a new resident. **Texas Emissions Reduction Plan Surcharge:** 1.5 percent of the sale or lease price of all off-road, heavy-duty diesel equipment (other than some implements of husbandry).
Natural Gas Production Tax	7.5 percent of the market value of natural gas produced in the State. 4.6 percent of the market value of condensate produced in the State.
Oil Production Tax	4.6 percent of the market value of oil produced in the State.
Motor Fuel Taxes	**Motor Fuel:** 20¢ per gallon of gasoline or diesel fuel (eligible transit companies qualify for a refund of 1¢ per gallon on gasoline and 1/2¢ per gallon on diesel fuel). **Compressed Natural Gas and Liquefied Natural Gas:** 15¢ per gallon.
Motor Vehicle Sales and Use, Rental, and Manufactured Housing Sales Taxes	**Sales and Use:** 6.25 percent of vehicle sales price, less any trade-in; $90 tax for each motor vehicle brought into the State by a new resident; $5 tax paid by each party in an even exchange of two motor vehicles; 1.0 percent or 2.5 percent Texas Emissions Reduction Plan surcharge on certain diesel truck purchases. **Rental:** 10 percent of gross receipts on rentals of 30 days or less; 6.25 percent on rentals of 31 to 180 days. **Manufactured Housing Sales and Use:** 5.0 percent of 65.0 percent, or 3.25 percent, of the sales price to be paid on the initial sale or use in this state of a new manufactured home.
Cigarette, Cigar and Tobacco Products Taxes	**Cigarettes:** $70.50 per 1,000 cigarettes weighing 3 pounds or less per 1,000 ($1.41 per pack of 20) and $72.60 per 1,000 cigarettes weighing more than 3 pounds per 1,000 ($1.452 per pack of 20). **Cigars and Tobacco Products:** (1) Cigar rates vary with weight per 1,000 cigars, constituents, and price: From 1¢ per 10 cigars weighing 3 pounds or less per 1,000 to $15 per 1,000 cigars weighing over 3 pounds per 1,000. (2) Snuff, chewing tobacco, pipe tobacco, and roll-your-own tobacco: $1.22 per ounce based on the manufacturer's list weight.
Franchise Tax	Corporations and limited liability companies, partnerships, trusts and other business forms subject to the tax pay a rate of 0.75 percent of an entity's Texas-apportioned margin. The term "margin" is defined as total revenue less the greater of cost of goods sold, total compensation, 30 percent of total revenue or $1 million. A rate of 0.375 percent applies to businesses in retail and wholesale trade. A rate of 0.331 percent applies to entities with $20 million or less in total (unportioned) revenue and electing to use the EZ computation.

Tax	Rate and Base
Alcoholic Beverage Taxes	**Malt Beverage:** $6.00 per 31 gallon barrel. **Liquor:** $2.40 per gallon. **Wine:** Alcohol volume 14 percent or less – 20.4¢ per gallon. More than 14 percent – 40.8¢ per gallon. Sparkling wine – 51.6¢ per gallon. **Mixed Beverage:** 6.7 percent of the gross receipts from alcoholic beverage sales and 8.25 percent on the sale of alcoholic beverages.
Insurance Premium Taxes	**Life Insurance and Health Maintenance Organizations:** 0.875 percent of the first $450,000 in taxable gross life premiums or HMO taxable gross receipts, and 1.75 percent of taxable gross life premiums or HMO taxable gross receipts in excess of $450,000. **Property and Casualty Insurance:** 1.6 percent of gross premiums written in Texas. **Accident and Health Insurance:** 1.75 percent of gross premiums written in Texas. **Unauthorized, Independently Procured, and Surplus Lines Insurance:** 4.85 percent of gross premiums written for insurees whose home state is Texas. **Licensed Captive Insurance Companies:** 0.5 percent of gross premiums written to insure the operational risks of affiliates and controller unaffiliated businesses. The minimum amount due is $7,500 per tax report year. The maximum amount due is $200,000 per tax report year.
Title Insurance	1.35 percent of gross premiums written in Texas.
Inheritance Taxes	**None:** Federal Law incrementally phased out the State's share of the federal tax until it was fully eliminated for deaths occurring in calendar 2005 and beyond.
Utility Taxes	**Public Utility Gross Receipts Assessment:** One sixth of 1.0 percent of gross receipts **Gas, Electric and Water Utility:** (1) Incorporated cities and towns with 1,000 – 2,499 population – 0.581 percent of gross receipts; (2) Cities 2,500 – 9,999 population – 1.070 percent of gross receipts; (3) Cities 10,000 population or more – 1.997 percent of gross receipts. **Gas Utility Pipeline:** 0.5 percent of gross income (gross receipts less the cost of natural gas sold) of gas utilities.
Hotel Occupancy Tax	6 percent of room rate paid by occupant.

Source: Texas Comptroller of Public Accounts.

LIMITATIONS ON TAXING POWERS

The Constitution prohibits the State from levying ad valorem taxes on property.

The Constitution also limits the rate of growth of appropriations from tax revenues not dedicated by the Constitution during any biennium to the estimated rate of growth for the State's economy.

The Legislature may avoid the constitutional limitation if it finds, by a majority vote of both houses, an emergency exists.

The Constitution authorizes the Legislature to provide by law for the implementation of this restriction, and the Legislature, pursuant to such authorization, has defined the estimated rate of growth in the State's economy to mean the estimated increase in state personal income.

CONSTITUTIONAL AND LEGISLATIVE CHANGES

On November 5, 2019, voters approved a constitutional amendment which dedicates and appropriates state sales and use taxes on sporting goods to the Texas Parks and Wildlife Department (TPWD) and the Texas Historical Commission (THC). The 2026-27 Certification Revenue Estimate (CRE) projects $273.681 million in such state sales and use tax proceeds will be allocated to the TPWD and THC in fiscal year 2026.

On November 3, 2015, voters approved a constitutional amendment which, beginning in fiscal year 2018, directs the Comptroller to deposit to the credit of the State Highway Fund $2.5 billion of the net revenue derived from the state sales and use tax in excess of $28 billion. This amendment also directs the Comptroller, beginning in fiscal year 2020, to deposit to the credit of the State Highway Fund 35 percent of the revenues collected from the tax imposed on the sale, use or rental of a motor vehicle that exceeds $5 billion. Pursuant to Texas law, the state's sales and use tax transfers into the State Highway Fund extend through August 31, 2042, and the motor vehicle sales and rental tax portion extend through August 31, 2039. The 2026-27 CRE projects that in fiscal year 2026 the State Highway Fund will receive $2.5 billion from sales taxes and an additional $703.273 million from motor vehicle sales taxes.

In 2025, the 89th Regular Session of the Legislature authorized seventeen House and Senate Joint Resolutions, and all were approved by the voters in the November 4, 2025 election. Several of these measures will provide various ad valorem and personal property tax exemptions that will increase the State's expenditures for public education through the Foundation School Program. SJR 59 authorizes the creation of the Permanent Technical Institution Infrastructure Fund (PTIIF) and the Available Workforce Education Fund (AWEF) to support the capital needs of educational programs offered by the Texas State Technical College System and an $850 million appropriation from state general revenue to the PTIIF. HJR 7 dedicates $1 billion of the revenue derived from state sales and use taxes to the Texas Water Fund annually. SJR 3 establishes the Dementia Prevention and Research Institute of Texas, and the Dementia Prevention and Research Fund to provide money for research on and prevention and treatment of dementia, Alzheimer's disease, Parkinson's disease, and related disorders, and the transfer of $3 billion from state general revenue to that fund. The transfer from the state general revenue fund to the Dementia Prevention and Research Fund was originally scheduled to occur in January 2026, but has been delayed pending the outcome of a lawsuit challenging the election approving SJR 3.

HISTORICAL REVENUES, EXPENDITURES, AND CASH CONDITION

Table A-3 contains information concerning the cash position for the Consolidated General Revenue Fund as of the end of the State's five latest fiscal years.

Table A-3
Statement of Cash Position for the Consolidated General Revenue Fund [1]
Years Ended August 31

	2021 [2]	2022	2023	2024	2025
CASH BALANCE – September 1					
Cash in State Treasury	$ 7,119,744,141	$ 14,408,806,585	$ 33,733,947,588	$ 48,375,734,206	$ 37,344,962,026
Cash in Petty Cash Accounts	10,546,789	10,521,977	10,836,865	10,415,514	10,388,196
TOTAL CASH BALANCE	7,130,290,930	14,419,328,562	33,744,784,453	48,386,149,720	37,355,350,222
NET REVENUE					
Tax Collections	58,084,146,274	73,408,481,192	77,723,809,872	77,277,705,152	79,378,978,184
Federal Income	43,299,357,594	52,621,929,815	51,121,511,368	45,534,127,581	50,039,708,720
Licenses, Fees, Fines and Penalties	3,801,156,615	4,056,199,680	4,117,910,126	4,277,551,032	4,277,752,030
State Health Service Fees and Rebates	6,794,087,504	10,284,816,381	10,919,541,083	14,148,222,895	13,985,474,519
Net Lottery Proceeds	2,954,627,489	3,058,250,726	3,349,723,696	3,089,863,571	2,811,991,163
Land Income	43,172,265	18,714,037	16,595,619	17,958,236	13,739,825
Interest and Investment Income	14,009,890	120,365,061	1,549,732,304	1,927,593,241	1,781,507,648
Settlements of Claims	724,552,103	625,024,315	597,422,202	812,609,154	952,279,976
Escheated Estates	792,564,461	1,011,742,238	1,090,933,286	1,280,676,502	1,617,660,834
Sales of Goods and Services	204,347,155	219,628,973	213,096,493	213,214,660	236,834,175
Other Revenue	3,446,433,890	4,188,734,096	5,359,732,043	4,129,378,461	4,022,199,420
TOTAL NET REVENUE	120,158,455,240	149,613,886,513	156,060,008,091	152,708,900,487	159,118,126,494
OTHER SOURCES					
Bond and Note Proceeds	-	-	-	(540,916)	540,916
Sale/Redemption of Investments	53,021,227	-	-	-	-
Deposits to Trust and Suspense	12,696,542	3,485,873	20,867,929	(4,388,714)	11,549,162
Departmental Transfers	1,124,870,229	1,323,556,815	1,533,781,552	2,561,991,316	2,994,777,784
Operating Fund Transfers	39,790,358,097	45,374,160,838	48,520,757,586	57,471,133,538	58,507,144,289
Residual Equity Transfers	13,764	-	-	-	-
Other Sources	28,395	42,538	423,801	35,108	30,939
TOTAL OTHER SOURCES	40,980,988,254	46,701,246,064	50,075,830,868	60,028,230,333	61,514,043,089
TOTAL NET REVENUE AND OTHER SOURCES	$ 161,139,443,494	$ 196,315,132,577	$ 206,135,838,960	$ 212,737,130,820	$ 220,632,169,583

(1) Consolidated General Revenue contains activity and balances for the General Revenue Fund and dedicated accounts in General Revenue.
(2) Does not include payments made to retailers.

Totals may not sum due to rounding.
Source: Comptroller of Public Accounts Annual Cash Report, Table 1

Table A-3
Statement of Cash Position for the Consolidated General Revenue Fund [(1)] (concluded)
Years Ended August 31

	2021 [(2)]	2022	2023	2024	2025
NET EXPENDITURES					
General Government	$ 3,633,997,367	$ 3,968,474,285	$ 4,282,999,794	$ 4,958,045,214	$ 6,184,475,786
Education	35,867,657,205	38,712,617,041	38,377,514,493	52,151,678,120	48,296,398,908
Employee Benefits	3,810,115,143	4,550,624,400	6,026,152,412	5,912,485,545	5,242,814,004
Health and Human Services	55,304,844,221	66,987,772,247	68,589,568,922	65,281,792,330	72,312,209,201
Public Safety and Corrections	2,462,522,701	4,480,187,428	6,621,093,193	4,401,968,152	4,821,561,769
Transportation	17,588,417	21,740,952	26,455,749	53,847,516	537,196,269
Natural Resources/ Recreational Services	2,861,513,805	3,059,782,516	3,255,631,282	3,343,820,811	3,519,307,080
Regulatory Agencies	247,516,225	260,197,779	279,881,680	312,956,273	351,445,407
Lottery Winnings Paid [(3)]	766,764,047	751,829,532	952,584,533	831,234,412	725,714,700
Debt Service – Interest	164,338,259	158,969,206	136,375,595	160,602,362	196,979,175
Capital Outlay	383,929,324	638,387,249	839,728,100	1,654,202,490	2,587,477,513
TOTAL NET EXPENDITURES	105,520,786,713	123,590,582,635	129,387,985,752	139,062,633,224	144,775,579,811
OTHER USES					
Purchase of Investments	100,112	90,681	125,157,382	3,100,142,067	63,173,769
Trust and Suspense Payments	6,555	38,480	31,450	32,460	261,241
Teacher and Employee Retirement Payments	4,745,703	5,866,467	5,510,668	4,873,311	4,724,999
Departmental Transfers	831,519,515	1,147,340,686	1,250,771,876	2,278,706,903	2,680,176,920
Operating Fund Transfers	47,065,156,872	51,806,826,573	60,326,968,401	78,694,263,431	68,487,585,785
Other Uses	12,121,150	20,490,465	15,748,760	13,778,990	30,316,845
Debt Service – Principal	415,944,430	418,755,586	381,878,052	613,472,614	563,921,459
TOTAL OTHER USES	48,329,594,337	53,399,408,939	62,106,066,590	84,705,269,776	71,830,161,018
TOTAL NET EXPENDITURES AND OTHER USES	153,850,381,050	176,989,991,574	191,494,052,342	223,767,903,000	216,605,740,828
Net Increase/(Decrease) To Petty Cash Accounts	(24,812)	314,887	(421,351)	(27,318)	(11,244)
AUGUST 31	$ 14,419,328,562	$ 33,744,784,453	$ 48,386,149,720	$ 37,355,350,222	$ 41,381,767,732
CASH IN STATE TREASURY	14,408,806,585	33,733,947,588	48,375,734,206	37,344,962,026	41,371,390,780
CASH IN PETTY CASH ACCOUNTS	10,521,977	10,836,865	10,415,514	10,388,196	10,376,952

(1) Consolidated General Revenue contains activity and balances for the General Revenue Fund and dedicated accounts in General Revenue.
(2) Beginning cash balances have been restated due to reclassification of funds and accounts.
(3) Does not include payments made by retailers.
Totals may not sum due to rounding.
Source: Comptroller of Public Accounts Annual Cash Report, Table 1

Table A-4 provides information concerning the cash condition of the State's Consolidated General Revenue Fund, special revenue funds and trust and suspense funds as of the end of the State's latest fiscal year, ending August 31, 2025, and for the total of all of the State's funds and accounts as of such date. The information in the table does not include cash held in certain funds maintained by state-operated institutions of higher education (see "Education—Higher Education") or certain other funds that are not accounted for through the Comptroller of Public Accounts.

Table A-4
Statement of Cash Position
Years Ended August 31, 2025

	Total Consolidated General Revenue[1]	Special Revenue	All Other Funds	Total All Funds
CASH BALANCE – SEPTEMBER 1, 2024				
Cash in State Treasury	$ 37,344,962,026	$ 31,795,659,459	$ 17,505,227,186	$ 86,645,848,670
Cash in Petty Cash Accounts	10,388,196	1,207,300	56,000	11,651,496
	37,355,350,222	31,796,866,759	17,505,283,186	86,657,500,166
NET REVENUE				
Tax Collections	79,378,978,184	4,818,830,931	2,166,769,318	86,364,578,433
Federal Income	50,039,708,720	9,062,200,553	458,323,532	59,560,232,806
Licenses, Fees, Fines and Penalties	4,277,752,030	2,842,515,205	328,092,637	7,448,359,872
State Health Service Fees and Rebates	13,985,474,519	-	910,110,384	14,895,584,903
Net Lottery Proceeds	2,811,991,163	-	-	2,811,991,163
Land Income	13,739,825	3,312,197,661	5,653,312	3,331,590,798
Interest and Investment Income	1,781,507,648	2,987,691,061	715,879,905	5,485,078,613
Settlements of Claims	952,279,976	42,224,441	197,108,445	1,191,612,863
Escheated Estates	1,617,660,834	2,338,059	-	1,619,998,893
Sales of Goods and Services	236,834,175	145,450,970	130,256,759	512,541,904
Other Revenue	4,022,199,420	717,790,626	18,838,563,708	23,578,553,753
TOTAL NET REVENUE	159,118,126,494	23,931,239,506	23,750,758,001	206,800,124,001
OTHER SOURCES				
Bond and Note Proceeds	540,916	989,428,966	-	989,969,882
Sale/Redemption of Investments	-	2,371,264,201	7,425,600,000	9,796,864,201
Deposits to Trust and Suspense	11,549,162	1,484,821,010	15,926,256,355	17,422,626,527
Departmental Transfers	2,994,777,784	20,035,774	464,166	3,015,277,725
Operating Fund Transfers	58,507,144,289	43,906,558,478	17,663,421,328	120,077,124,095
Other Sources	30,939	-	-	30,939
TOTAL OTHER SOURCES	61,514,043,089	48,772,108,430	41,015,741,850	151,301,893,369
TOTAL NET REVENUE AND OTHER SOURCES	$ 220,632,169,583	$ 72,703,347,937	$ 64,766,499,851	$ 358,102,017,370

(1) Consolidated General Revenue contains activity and balances for the General Revenue Fund and dedicated accounts in General Revenue.

Totals may not sum due to rounding.

Source: Comptroller of Public Accounts Annual Cash Report, Table 1

Table A-4
Statement of Cash Position
Years Ended August 31, 2025
(concluded)

	Consolidated General Revenue[1]	Special Revenue	All Other Funds	Total All Funds
NET EXPENDITURES				
General Government	$ 6,184,475,786	$ 504,078,539	$ 5,428,705,499	$ 12,117,259,823
Education	48,296,398,908	6,188,049,835	128,524,792	54,612,973,536
Employee Benefits	5,242,814,004	1,245,019,348	5,654,249,969	12,142,083,321
Health and Human Services	72,312,209,201	1,084,904,817	3,210,386,470	76,607,500,488
Public Safety and Corrections	4,821,561,769	2,806,819,090	30,142	7,628,411,000
Transportation	537,196,269	20,602,639,727	363,853,144	21,503,689,140
Natural Resources/Recreational Services	3,519,307,080	935,041,660	180,171,368	4,634,520,109
Regulatory Services	351,445,407	2,130,526,234	25,207,512	2,507,179,153
Lottery Winnings Paid[2]	725,714,700	-	-	725,714,700
Debt Service – Interest	196,979,175	1,021,948,723	193,243	1,219,121,141
Capital Outlay	2,587,477,513	738,496,677	10,053,599	3,336,027,788
TOTAL NET EXPENDITURES	144,775,579,811	37,257,524,651	15,001,375,738	197,034,480,199
OTHER USES				
Purchase of Investments	63,173,769	5,948,040,026	7,091,005,337	13,102,219,132
Trust and Suspense Payments	261,241	-	14,682,045,914	14,682,307,155
Teacher and Employee Retirement Payments	4,724,999	-	17,390,618,862	17,395,343,861
Departmental Transfers	2,680,176,920	248,396,422	3,598,252	2,932,171,593
Operating Fund Transfers	68,487,585,785	35,766,834,600	13,741,437,805	117,995,858,189
Other Uses	30,316,845	3,000	-	30,319,845
Debt Service – Principal	563,921,459	1,965,136,075	3,480,000	2,532,537,534
TOTAL OTHER USES	71,830,161,018	43,928,410,122	52,912,186,170	168,670,757,309
TOTAL NET EXPENDITURES AND OTHER USES	216,605,740,828	81,185,934,772	67,913,561,907	365,705,237,508
Net Increase/(Decrease) To Petty Cash Accounts	(11,244)	3,000	-	(8,244)
CASH BALANCE – AUGUST 31, 2025	$ 41,381,767,732	$ 23,314,282,924	$ 14,358,221,129	$ 79,054,271,785
CASH IN STATE TREASURY	41,371,390,780	23,313,072,624	14,358,165,129	79,042,628,533
CASH IN PETTY CASH ACCOUNTS	10,376,952	1,210,300	56,000	11,643,252

(1) Consolidated General Revenue contains activity and balances for the General Revenue Fund and dedicated accounts in General Revenue.

(2) Does not include payments made by retailers.

Totals may not sum due to rounding.

Source: Comptroller of Public Accounts Annual Cash Report, Table 1

Table A-5 provides information concerning net revenues for state funds, other than trust or suspense funds, for each of the State's five latest fiscal years. The information in the table does not include certain revenues collected by state-operated institutions of higher education (see "Education - Higher Education") and certain other revenues that are not accounted for through the Comptroller.

Table A-5
NET REVENUE BY SOURCE
All Funds Excluding Trust
Years Ended August 31

	2021	% Change	2022	% Change	2023	% Change
TAX COLLECTIONS BY MAJOR TAX						
Sales Tax	$ 36,019,605,414	5.6%	$ 42,971,903,533	19.3%	$ 46,581,071,515	8.4%
Motor Vehicle Sales / Rental Taxes	5,730,933,538	19.0	6,449,088,180	12.5	6,821,746,791	5.8
Motor Fuel Taxes	3,596,891,570	2.0	3,783,903,672	5.2	3,832,081,402	1.3
Franchise Tax	4,529,829,616	2.5	5,672,908,453	25.2	6,820,183,255	20.2
Oil Production Tax	3,449,131,602	6.8	6,361,687,478	84.4	5,931,042,193	(6.8)
Insurance Taxes	2,699,643,241	(1.5)	3,121,923,353	15.6	4,064,627,400	30.2
Cigarette and Tobacco Taxes	1,397,304,315	7.6	1,210,716,010	(13.4)	1,218,337,223	0.6
Natural Gas Production Tax	1,568,541,762	69.5	4,469,945,456	185.0	3,350,372,977	(25.0)
Alcoholic Beverages Taxes	1,257,444,097	11.7	1,643,972,348	30.7	1,771,634,548	7.8
Hotel Occupancy Tax	487,815,057	3.6	699,939,242	43.5	777,851,281	11.1
Utility Taxes	538,814,591	12.7	556,661,720	3.3	625,196,081	12.3
Other Taxes	197,528,512	(21.8)	268,094,522	35.7	351,413,092	31.1
TOTAL TAX COLLECTIONS	$ 61,473,483,316	7.1%	$ 77,210,743,966	25.6%	$ 82,145,557,758	6.4%
REVENUE BY SOURCE						
Total Tax Collections	$ 61,473,483,316	7.1%	$ 77,210,743,966	25.6%	$ 82,145,557,758	6.4%
Federal Income	81,940,095,823	41.0	72,738,692,426	(11.2)	68,707,040,997	(5.5)
Licenses, Fees, Fines and Penalties	6,346,921,276	1.7	6,531,677,073	2.9	6,663,408,905	2.0
State Health Service Fees and Rebates	6,794,087,504	(9.4)	10,284,816,381	51.4	10,919,541,083	6.2
Net Lottery Proceeds	2,954,627,489	23.5	3,058,250,726	3.5	3,349,723,696	9.5
Land Income	2,147,842,115	18.7	4,311,839,588	100.8	3,797,417,639	(11.9)
Interest and Investment Income	1,975,495,905	(21.9)	2,438,012,637	23.4	4,200,937,390	72.3
Settlements of Claims	761,238,736	21.9	662,336,095	(13.0)	631,032,543	(4.7)
Escheated Estates	792,564,461	10.8	1,011,742,238	27.7	1,090,933,286	7.8
Sales of Goods and Services	321,237,003	26.1	314,128,504	(2.2)	307,928,230	(2.0)
Other Revenue	4,988,860,626	24.2	4,782,601,594	(4.1)	5,975,448,411	24.9
TOTAL NET REVENUE	$ 170,496,454,255	20.4%	$ 183,344,841,228	7.5%	$ 187,788,969,938	2.4%

Totals may not sum due to rounding.

Source: Comptroller of Public Accounts Annual Cash Report, Table 3

Table A-5
NET REVENUE BY SOURCE
All Funds Excluding Trust
Years Ended August 31
(concluded)

	2024	% Change	2025	% Change
TAX COLLECTIONS BY MAJOR TAX				
Sales Tax	$ 47,159,947,193	1.2%	$ 49,058,906,717	4.0%
Motor Vehicle Sales / Rental Taxes	6,835,103,072	0.2	7,084,998,027	3.7
Motor Fuel Taxes	3,846,520,202	0.4	3,918,009,302	1.9
Franchise Tax	6,861,291,437	0.6	7,080,303,603	3.2
Oil Production Tax	6,304,153,532	6.3	5,383,668,225	(14.6)
Insurance Taxes	4,157,636,347	2.3	4,508,604,938	8.4
Cigarette and Tobacco Taxes	1,069,813,600	(12.2)	1,111,056,045	3.9
Natural Gas Production Tax	2,133,639,866	(36.3)	2,479,282,624	16.2
Alcoholic Beverages Taxes	1,773,178,418	0.1	1,791,055,148	1.0
Hotel Occupany Tax	755,806,834	(2.8)	787,600,051	4.2
Utility Taxes	664,577,642	6.3	698,595,079	5.1
Other Taxes	312,561,337	(11.1)	295,729,356	(5.4)
TOTAL TAX COLLECTIONS	$ 81,874,229,481	-0.3%	$ 84,197,809,115	2.8%
REVENUE BY SOURCE				
Total Tax Collections	$ 81,874,229,481	-0.3%	$ 84,197,809,115	2.8%
Federal Income	58,866,331,106	(14.3)	59,101,909,274	0.4
Licenses, Fees, Fines and Penalties	6,937,494,250	4.1	7,120,267,235	2.6
State Health Service Fees and Rebates	14,148,222,895	29.6	13,985,474,519	(1.2)
Net Lottery Proceeds	3,089,863,571	(7.8)	2,811,991,163	(9.0)
Land Income	3,539,765,841	(6.8)	3,325,937,485	(6.0)
Interest and Investment Income	5,755,099,512	37.0	4,769,198,708	(17.1)
Settlements of Claims	848,335,921	34.4	994,504,417	17.2
Escheated Estates	1,280,676,502	17.4	1,619,998,893	26.5
Sales of Goods and Services	259,086,276	(15.9)	382,285,145	47.6
Other Revenue	4,518,739,244	(24.4)	4,739,990,045	4.9
TOTAL NET REVENUE	$ 181,117,844,599	-3.6%	$ 183,049,366,000	1.1%

Totals may not sum due to rounding.

Source: Comptroller of Public Accounts Annual Cash Report, Table 3

Table A-6 sets forth information concerning per capita tax collections from all sources for all funds, other than trust or suspense funds, the percentage change in tax collections from year to year, and the relationship between tax collections and personal income for the fiscal years indicated.

Table A-6
TEXAS PER CAPITA STATE TAX COLLECTIONS
All Funds Excluding Trust
Years Ended August 31

Fiscal Year	Total State Tax Collections	Average State Population	Per Capita State Tax Collections	Percent Change	Taxes as a Percent of Personal Income
2021	$ 61,473,483,316	$ 29,550,487	$ 2,080	5.7%	3.4%
2022	77,210,743,966	30,071,740	2,568	23.4%	4.1%
2023	82,145,557,758	30,571,174	2,687	4.7%	4.1%
2024	81,874,229,481	31,090,706	2,633	-2.0%	3.9%
2025	84,197,809,115	31,473,911	2,675	1.6%	3.8%

Sources: Tax collection data were compiled by the Texas Comptroller of Public Accounts from the Annual Cash Reports. Population estimates and personal income figures are from the Comptroller's 2025 Fall Economic Forecast.
Source: Comptroller of Public Accounts Annual Cash Report, Table 4

Table A-7 sets forth information concerning expenditures by the State, categorized by function, for each of the State's five latest fiscal years. The information in the table refers to state funds other than trust or suspense funds. It does not include certain expenditures of state-operated institutions of higher education (see "Education - Higher Education") or certain other expenditures that are not accounted for through the Comptroller.

Table A-7
NET EXPENDITURES BY FUNCTION
All Funds Excluding Trust
Years Ended August 31

		2021	% Change	2022	% Change	2023	% Change
General Government							
Executive	$	4,216,129,623	33.2% $	5,428,281,579	28.8% $	4,997,523,025	(7.9)%
Legislative		153,730,151	10.9	150,947,435	(1.8)	172,380,969	14.2
Judicial		371,518,193	(9.5)	375,558,186	1.1	443,944,060	18.2
Total	$	4,741,377,966	27.7% $	5,954,787,200	25.6% $	5,613,848,054	(5.7)%
Education		44,820,507,542	4.6	49,467,791,218	10.4	50,352,164,044	1.8
Employee Benefits		5,077,119,987	2.1	5,622,231,837	10.7	6,628,018,240	17.9
Health and Human Services		66,856,818,567	16.9	74,570,523,013	11.5	73,432,854,582	(1.5)
Public Safety and Corrections		4,782,106,747	(1.9)	5,997,822,439	25.4	6,639,441,701	10.7
Transportation		12,698,706,404	0.4	12,293,362,012	(3.2)	13,765,711,892	12.0
Natural Resources/Recreational Ser		3,764,188,806	20.8	4,130,964,470	9.7	4,583,758,623	11.0
Regulatory Services		329,978,588	(0.2)	344,801,551	4.5	353,174,068	2.4
Lottery Winnings Paid (1)		766,764,047	41.6	751,829,532	(1.9)	952,584,533	26.7
Debt Service – Interest		1,391,756,793	(16.2)	1,095,568,264	(21.3)	1,161,327,571	6.0
Capital Outlay		1,321,153,344	10.8	1,528,100,663	15.7	1,723,587,395	12.8
TOTAL NET EXPENDITURES	$	146,550,478,791	10.1% $	161,757,782,198	10.4% $	165,206,470,703	2.1%

(1) Does not include payments made by retailers.

Totals may not sum due to rounding.

Source: Comptroller of Public Accounts Annual Cash Report, Table 7

Table A-7
NET EXPENDITURES BY FUNCTION
All Funds Excluding Trust
Years Ended August 31
(concluded)

		2024	% Change	2025	% Change
General Government					
Executive	$	5,196,698,769	4.0% $	5,999,503,104	15.4%
Legislative		184,848,717	7.2	208,068,950	12.6
Judicial		423,787,886	(4.5)	480,982,271	13.5
Total	$	5,805,335,372	3.4% $	6,688,554,325	15.2
Education		61,062,218,004	21.3	54,484,448,743	(10.8)
Employee Benefits		7,023,751,835	6.0	6,487,833,352	(7.6)
Health and Human Services		67,715,092,690	(7.8)	73,397,114,018	8.4
Public Safety and Corrections		7,019,020,643	5.7	7,628,380,858	8.7
Transportation		18,132,962,395	31.7	21,139,835,996	16.6
Natural Resources/Recreational Ser		4,222,066,498	(7.9)	4,454,348,740	5.5
Regulatory Services		417,657,055	18.3	2,481,971,641	494.3
Lottery Winnings Paid (1)		831,234,412	(12.7)	725,714,700	(12.7)
Debt Service – Interest		1,203,193,734	3.6	1,218,927,898	1.3
Capital Outlay		2,379,346,967	38.0	3,325,974,190	39.8
TOTAL NET EXPENDITURES	$	175,811,879,604	6.4% $	182,033,104,461	3.5%

(1) Does not include payments made by retailers.

Totals may not sum due to rounding.

Source: Comptroller of Public Accounts Annual Cash Report, Table 7

Table A-8 sets forth information concerning state expenditures, for all funds, other than trust or suspense funds, categorized by category, for each of the State's five latest fiscal years. The information in the table does not include certain expenditures of state-operated institutions of higher education (see "Education - Higher Education") or certain other expenditures not accounted for through the Comptroller.

Table A-8
NET EXPENDITURES BY EXPENDITURE CATEGORY
All Funds Excluding Trust
Years Ended August 31

EXPENDITURE CATEGORY		2021	% Change		2022	% Change		2023	% Change
Public Assistance Payments	$	58,860,884,317	10.0%	$	69,794,497,032	18.6%	$	69,962,482,499	0.2%
Intergovernmental Payments									
Foundation School Program Grants		24,444,288,955	0.1		23,673,735,441	(3.2)		23,794,598,654	0.5
Other Public Education Grants		6,679,740,938	15.6		12,182,248,859	82.4		12,817,243,196	5.2
Grants to Higher Education		1,241,640,768	2.1		1,258,508,907	1.4		1,254,891,757	(0.3)
Other Grants		3,864,229,253	29.6		3,568,387,927	(7.7)		4,632,083,891	29.8
Highway Construction and Maintenance		8,406,422,212	(2.5)		7,921,956,697	(5.8)		8,871,484,682	12.0
Capital Outlay		1,321,153,344	10.8		1,528,100,663	15.7		1,723,587,395	12.8
Cost of Goods Sold		412,995,667	(32.7)		751,022,424	81.8		1,044,174,031	39.0
Salaries and Wages		13,066,293,342	1.4		13,957,111,316	6.8		14,888,744,095	6.7
Employee Benefits									
Employee Benefit Payments		3,730,718,860	(3.0)		5,685,271,488	52.4		5,363,350,071	(5.7)
Payroll Related Costs		4,060,851,298	2.1		4,046,391,688	(0.4)		4,135,288,471	2.2
Professional Service and Fees		4,483,123,910	10.1		4,776,918,817	6.6		6,115,324,468	28.0
Travel		113,222,567	(26.8)		236,664,418	109.0		297,771,893	25.8
Supplies and Materials		1,477,339,372	(22.7)		1,354,246,078	(8.3)		1,256,945,253	(7.2)
Communication and Utilities		567,644,984	3.7		572,461,057	0.8		615,810,794	7.6
Repairs and Maintenance		1,266,898,251	0.5		1,344,811,853	6.1		1,417,494,881	5.4
Rentals and Leases		443,710,674	20.9		419,553,646	(5.4)		481,219,643	14.7
Printing and Reproduction		78,297,901	21.4		90,764,912	15.9		98,025,337	8.0
Debt Service – Interest		1,391,756,793	(16.2)		1,095,568,264	(21.3)		1,161,327,571	6.0
Lottery Winnings Paid (1)		766,764,047	41.6		751,829,532	(1.9)		952,584,533	26.7
Claims and Judgments		94,985,242	(15.3)		134,139,620	41.2		92,539,251	(31.0)
Other Expenditures		9,777,516,096	190.2		6,613,591,557	(32.4)		4,229,498,337	(36.0)
TOTAL NET EXPENDITURES	$	146,550,478,791	10.1%	$	161,757,782,198	10.4%	$	165,206,470,703	2.1%

(1) Does not include payments made by retailers.

Totals may not sum due to rounding.

Source: Comptroller of Public Accounts Annual Cash Report, Table 8

Table A-8
NET EXPENDITURES BY EXPENDITURE CATEGORY
All Funds Excluding Trust
Years Ended August 31
(concluded)

EXPENDITURE CATEGORY		2024	% Change		2025	% Change
Public Assistance Payments	$	63,101,148,553	(9.8)%	$	68,699,003,911	8.9%
Intergovernmental Payments						
Foundation School Program Grants		29,106,910,817	22.3		30,090,849,881	3.4
Other Public Education Grants		12,301,018,415	(4.0)		8,944,689,092	(27.3)
Grants to Higher Education		1,642,659,279	30.9		1,720,637,205	4.7
Other Grants		4,725,071,520	2.0		4,740,669,340	0.3
Highway Construction and Maintenance		12,258,375,413	38.2		13,170,345,748	7.4
Capital Outlay		2,379,346,967	38.0		3,325,974,190	39.8
Cost of Goods Sold		592,878,326	(43.2)		617,795,932	4.2
Salaries and Wages		16,493,715,118	10.8		17,692,107,623	7.3
Employee Benefits						
Employee Benefit Payments		11,329,776,710	111.2		5,611,955,094	(50.5)
Payroll Related Costs		4,420,621,103	6.9		4,645,787,672	5.1
Professional Service and Fees		5,962,225,163	(2.5)		6,174,439,501	3.6
Travel		228,868,143	(23.1)		229,229,902	0.2
Supplies and Materials		1,243,058,608	(1.1)		1,301,440,117	4.7
Communication and Utilities		691,747,952	12.3		781,214,906	12.9
Repairs and Maintenance		1,583,944,881	11.7		1,766,456,738	11.5
Rentals and Leases		623,094,835	29.5		504,656,338	(19.0)
Printing and Reproduction		104,214,521	6.3		115,242,365	10.6
Debt Service – Interest		1,203,193,734	3.6		1,218,927,898	1.3
Lottery Winnings Paid (1)		831,234,412	(12.7)		725,714,700	(12.7)
Claims and Judgments		127,271,306	37.5		123,308,491	(3.1)
Other Expenditures		4,861,503,827	14.9		9,832,657,816	102.3
TOTAL NET EXPENDITURES	$	175,811,879,604	6.4%	$	182,033,104,461	3.5%

(1) Does not include payments made by retailers.
Totals may not sum due to rounding.
Source: Comptroller of Public Accounts Annual Cash Report, Table 8

STATE BUDGET INFORMATION

2026-27 BUDGET

During the Regular Session of the 89th Legislature, the Legislature adopted Senate Bill 1, the General Appropriations Act, and House Bill 500, a $12.4 billion supplemental appropriations act for fiscal year 2024-25 biennium, which resulted in a budget totaling $338.2 billion in all-funds appropriations for the 2026-27 biennium. In addition to these amounts, during the 2nd Called Special Session, the 89th Legislature adopted $283.1 million in all-funds appropriations for disaster relief and preparedness in Senate Bill 5, for a total all funds budget of $338.5 billion.

Table A-9 compares the budget for the 2026-27 biennium to the actual budgeted expenditures for the 2024-25 biennium. Please note that totals for both biennia include the net effect of House Bill 500, as well as Senate Bill 1 and Governor vetoes. Although supplemental appropriations have historically been made in the second year of the biennia for expenditures to be made in that fiscal year, many of the appropriations made in HB 500 were for one-time investments, such as capital expenditures, that could occur in subsequent biennia. When HB 500 appropriations are added to the fiscal year 2024-25 Expended/Budgeted totals, the fiscal year 2026-27 budget adopted by the 89th Legislature reflects a $8.95 billion, or 2.6 percent, overall budget decrease compared to adjusted fiscal year 2024-25 amounts.

Substantive items funded in Article IX for the 2026-27 biennium are allocated to the prospective articles and agencies. Additionally, Senate Bill 3070 abolished the Texas Lottery Commission (within Article VII - Business and Economic Development) and transferred its funding and responsibilities to the Texas Department of Licensing and Regulation (within Article VIII - Regulatory). For comparison purposes, the related Expended and Budgeted amounts for the 2024-25 biennium are included in Article VIII – Regulatory.

These estimates are preliminary and are subject to change based on future actions of the State Legislature and final reconciliations by the staff of the Legislative Budget Board.

Table A-9
The Budget for Texas State Government for the 2026-2027 Biennium
Compared to Expended / Budgeted Expenditures for the 2024-2025 Biennium
All Funds (In Millions)

All Functions	Expended/ Budgeted 2024-25	Appropriated 2026-27	Biennial Change	Percentage Change
Article I – General Government	$24,299.71	$12,512.29	($11,787.4)	-48.5%
Article II – Health and Human Services	$105,426.26	$107,607.85	$2,181.6	2.1%
Article III – Agencies of Education	$124,422.27	$133,068.78	$8,646.5	6.9%
Public Education	$90,256.99	$98,709.74	$8,452.8	9.4%
Higher Education	$34,165.28	$34,359.04	$193.8	0.6%
Article IV – The Judiciary	$1,265.07	$1,409.90	$144.8	11.4%
Article V – Public Safety and Criminal Justice	$21,306.48	$19,817.93	($1,488.6)	-7.0%
Article VI – Natural Resources	$13,731.09	$8,076.54	($5,654.5)	-41.2%
Article VII – Business and Economic Development	$49,901.51	$48,483.98	($1,417.5)	-2.8%
Article VIII – Regulatory	$6,582.24	$6,700.16	$117.9	1.8%
Article IX – General Provisions	$0.00	$0.00	$0.0	N/A
Article X – The Legislature	$520.81	$540.30	$19.5	3.7%
Total, Senate Bill 1, Eighty-ninth Legislature, Regular Session, 2025	$347,455.44	$338,217.74	($9,237.7)	-2.7%
Senate Bill 5, Eighty-ninth Legislature, Second Called Session, 2025		$283.1		
Grand Total	$347,455.4	$338,500.8	($8,954.6)	-2.6%

Notes:
(1) Totals include the net effect of Senate Bill 1 (General Appropriations Act), House Bill 500 (supplemental appropriations), and Governor vetoes. Substantive items funded in Article IX for the 2026–2027 biennium are allocated to the prospective articles and agencies. Additionally, Senate Bill 3070 abolished the Texas Lottery Commission (within Article VII - Business and Economic Development) and transferred its funding and responsibilities to the Texas Department of Licensing and Regulation (within Article VIII - Regulatory). For comparison purposes, the related Expended and Budgeted amounts for the 2024–2025 biennium are included in Article VIII – Regulatory. In addition to these amounts, the 89th Legislature adopted $283.1 million in all-funds appropriations for disaster relief and preparedness in Senate Bill 5 during the 2nd Called Special Session, which is reflected in the Grand Total. These estimates are preliminary and are subject to change based on future actions of the State Legislature and final reconciliations by the staff of the Legislative Budget Board.
(2) Article totals exclude Interagency Contracts.
(3) Biennial change and percentage change are calculated on actual amounts before rounding. Therefore, figure totals may not sum due to rounding.

Source: Legislative Budget Board, Comptroller of Public Accounts.

REVENUE FORECASTS: FISCAL YEARS 2022-2026

Table A-10 sets forth information concerning estimated revenues for fiscal year 2026 set in the 2026-27 Certification Revenue Estimate (CRE), along with actual collections for comparable revenues for the State's 2022-2025 fiscal years. The information is for all funds, excluding trust and local funds.

Table A-10
Actual and Forecasted Revenue, All Funds Excluding Trust and Local Funds (1)
Fiscal Year Ending August 31
(Amounts in Thousands)

Tax Collection by Major Tax	2022 Actual	2023 Actual	2024 Actual	2025 Actual (2)	2026 Estimated
Tax Collections					
Sales Taxes	42,971,904	46,581,072	47,159,947	49,058,907	51,090,782
Motor Vehicle Sales and Rental Taxes	6,449,088	6,821,747	6,835,103	7,084,998	7,054,160
Motor Fuel Taxes	3,783,904	3,832,081	3,846,520	3,918,009	3,958,090
Franchise Tax	5,672,908	6,820,183	6,861,291	7,080,304	7,280,303
Oil Production Tax	6,361,687	5,931,042	6,304,154	5,383,668	4,878,330
Insurance Taxes	3,121,923	4,064,627	4,157,636	4,508,605	4,851,081
Cigarette and Tobacco Taxes	1,210,716	1,218,337	1,069,814	1,111,056	988,902
Natural Gas Production Tax	4,469,945	3,350,373	2,133,640	2,479,283	2,802,911
Alcoholic Beverages Taxes	1,643,972	1,771,635	1,773,178	1,791,055	1,824,200
Hotel Occupancy Tax	699,939	777,851	755,807	787,600	839,602
Utility Taxes	556,662	625,196	664,578	698,595	742,105
Other Taxes	268,095	351,413	312,561	295,729	304,853
Total Tax Collections	$77,210,744	$82,145,558	$81,874,229	$84,197,809	$86,615,319
Revenue By Source					
Tax Collections	77,210,744	82,145,558	81,874,229	84,197,809	86,615,319
Federal Income	72,738,692	68,707,041	58,866,331	59,101,909	56,453,621
Licenses, Fees, Fines, and Penalties	6,531,677	6,663,409	6,937,494	7,120,267	7,221,990
State Health Service Fees and Rebates	10,284,816	10,919,541	14,148,223	13,985,475	10,641,004
Net Lottery Proceeds	3,058,251	3,349,724	3,089,864	2,811,991	2,706,925
Land Income	4,311,840	3,797,418	3,539,735	3,325,937	3,258,704
Interest and Investment Income	2,438,013	4,200,937	5,755,097	4,769,188	3,583,850
Settlements of Claims	662,336	631,033	848,336	994,504	719,930
Escheated Estates	1,011,742	1,090,933	1,280,677	1,619,999	1,330,000
Sales of Goods and Services	314,129	307,928	259,086	382,285	256,892
Other Revenue	4,782,601	5,975,448	4,518,414	4,739,635	3,825,301
Total Net Revenue	$183,344,840	$187,788,970	$181,117,486	$183,049,000	$176,613,536

Totals may not sum due to rounding.

Sources:
(1) Texas Comptroller of Public Accounts, 2026-2027 Revenue Estimate:
https://comptroller.texas.gov/transparency/reports/certification-revenue-estimate/2026-27/
(2) Monthly State Revenue Watch, Historical Data: https://www.comptroller.texas.gov/transparency/revenue/watch/

The revised revenue estimate for the 2026-27 biennium was released in the 2026-27 Certification Revenue Estimate and was prepared in accordance with Texas Government Code Section 403.0131. These estimates are available on the Comptroller's website at:
https://comptroller.texas.gov/transparency/reports/certification-revenue-estimate/2026-27/

After accounting for statutory transfers, balances on hand at the close of the 2024-25 biennium and expected revenue collections and adjustments, the CRE indicated that the state will have a total of $203.63 billion in General Revenue-related funds available for the fiscal year 2026-27 biennium. This revenue will support general-purpose spending of $198.97 billion for the 2026-27 biennium, resulting in an expected ending General Revenue-related certification balance of $4.66 billion.

The 2026-27 Certification Revenue Estimate was based on an econometric model of the Texas economy created by the Comptroller, using extensive databases relating to state and local economic conditions and demographic statistics. These models are supplemented by economic services such as S&P Global Insight, which provides the national economic data used in the state forecast. Similar models have been used in preparing prior revenue estimates.

These estimates do not include the potential impact related to the passage of H.R.1 passed by the 119th Congress of the United States on July 4, 2025, which authorized the reimbursement of certain border security expenses to states. In 2021, Governor Abbott launched Operation Lone Star, a program that includes several measures to enhance security operations, along the Texas-Mexico border. Since that time, funding totaling approximately $11.8 billion has been provided through legislative appropriations and other transfer authority. The timing and amount of any potential reimbursements to the state of Texas pursuant to H.R. 1 cannot be determined at this time and are not reflected in the Revenue Estimate.

The State of Texas finished fiscal 2025 with a $41.4 billion positive cash balance in the Consolidated General Revenue Fund. Since fiscal year 1993, Texas has ended each fiscal year with a positive balance in its Consolidated General Revenue Fund.

Table A-11 sets forth information concerning cash balances for the five latest fiscal years.

Table A-11
ENDING CASH BALANCE
All Funds
Years Ended August 31 (Amounts in Thousands)

	2021	2022	2023	2024	2025
General Revenue Fund 0001	$ 6,520,566	$ 25,096,524	$ 36,203,021	$ 26,742,448	$ 30,129,154
General Revenue Dedicated	7,888,240	8,637,423	12,172,713	10,602,514	11,242,237
Consolidated General Revenue	14,408,807	33,733,948	48,375,734	37,344,962	41,371,391
Non-Consolidated Funds and Petty Cash Accounts	49,856,659	41,434,232	43,532,745	49,312,538	37,682,881
All Funds	$ 64,265,465	$ 75,168,180	$ 91,908,479	$ 86,657,500	$ 79,054,272
ANNUAL PERCENTAGE CHANGE IN ENDING CASH BALANCES					
General Revenue Fund 0001	4,173.8%	284.9%	44.3%	(26.1)%	12.7%
General Revenue Dedicated	(0.5)	9.5	40.9	(12.9)	6.0
Consolidated General Revenue	85.5	134.1	43.4	(22.8)	10.8
Non-Consolidated Funds and Petty Cash Accounts	46.5	(16.9)	5.1	13.3	(23.6)
All Funds	53.8%	17.0%	22.3%	(5.7)%	(8.8)%

Totals may not sum due to rounding.

Source: Comptroller of Public Accounts Annual Cash Report, Table 2

4. STATE DEBT

INTRODUCTION

Except as specifically authorized, the Constitution generally prohibits the creation of debt by or on behalf of the State, with certain exceptions: (i) debt created to fund deficiencies in revenues which do not total more than $200,000 at any time, (ii) debt to repel invasion, suppress insurrection, defend the State in war, and (iii) as authorized by the Constitution. In addition, the Constitution prohibits the Legislature from lending the credit of the State to any person, including municipalities, or pledging the credit of the State in any manner for the payment of the liabilities of any individual, association of individuals, corporation or municipality. The limitations of the Constitution do not prohibit the issuance of revenue bonds, since the Texas courts (like the courts of most states) have held that certain obligations do not create a "debt" within the meaning of the Constitution. State agencies have issued revenue bonds payable from the revenues produced by various enterprise funds or from lease payments appropriated by the Legislature. Furthermore, obligations which are payable from funds expected to be available during the current budget period do not constitute "debt" within the meaning of the Constitution. Short-term obligations, like the Tax and Revenue Anticipation Notes issued by the Comptroller, which are issued and mature within the biennial budget period, are not deemed to be debt within the meaning of the Constitution.

By constitutional amendment, from time to time the voters of the State may authorize the issuance of general obligation (G.O.) indebtedness for which the full faith, credit, and taxing power of the State are pledged. Various state agencies have the authority to issue G.O. debt:

- Texas Veterans' Land Board (VLB)
  - To finance the purchase of land and housing by veterans.
- Texas Water Development Board (TWDB)
  - To provide financing and/or grants to local governments for water supply projects and water quality projects.
  - To establish long-term agreements with the Federal Government for the acquisition and development of storage facilities in reservoirs. Such agreements constitute general obligations of the State.
- Texas Higher Education Coordinating Board (THECB)
  - To finance student loans.
- Texas Public Finance Authority (TPFA)
  - To finance the acquisition, construction, and equipping of new facilities as well as major repair or renovation of existing facilities, for certain state agencies.
  - To finance 1) the acquisition and development of state parks on behalf of the Texas Parks and Wildlife Department (TPWD), 2) a Military Value Revolving Loan Program for the Texas Military Preparedness Commission, 3) research grants for the Cancer Prevention Research Institute of Texas, and 4) the development and marketing of agricultural products as well as a farm and ranch land acquisition program for the Texas Agricultural Finance Authority (TAFA).
- Texas Transportation Commission (TTC)

- To finance on behalf of the Texas Department of Transportation (TXDOT) the acquisition, construction, maintenance, reconstruction and expansion of state highways, and the participation by the State in the costs of constructing publicly owned toll roads.

Pursuant to Article VII, Section 17 of the Texas Constitution, certain public colleges and universities are authorized to issue Constitutional Appropriation bonds and notes for the purpose of constructing, repairing, or rehabilitating educational buildings and facilities. Up to 50 percent of the money allocated each year from the Higher Education Fund to qualified institutions of higher education may be pledged, from the first monies coming into the State Treasury not otherwise dedicated by the Constitution, to pay debt service. Although such bonds and notes are not explicitly a general obligation or full faith and credit obligation of the state, the stated pledge has the same effect.

STATE GENERAL OBLIGATION DEBT – ANNUAL DEBT SERVICE REQUIREMENTS

Much of the State's outstanding G.O. bonded indebtedness is designed to be self-supporting, i.e., repaid from revenues other than general revenue, even though the full faith and credit of the State is legally pledged for its repayment. No further legislative action is required after the Legislature and voters authorize the issuance of self-supporting G.O. debt. The debt service on not self-supporting G.O. debt is repaid directly from the State's general revenue fund and so the Legislature must appropriate the debt service before the debt can be issued.

As of February 28, 2026, the principal amount of G.O. debt outstanding totaled $17.1 billion, of which $11.3 billion was self-supporting and $5.8 billion was not self-supporting. However, $2.8 billion of the not self-supporting debt outstanding was issued by TTC. Since fiscal year 2017, the Legislature has appropriated funds from the State Highway Fund rather than general revenue to pay debt service (principal and interest) on those obligations. In fiscal year 2025, total G.O. debt service scheduled to be paid was $1.6 billion, of which $371.3 million (excluding TTC) was scheduled to be paid from general revenue.

More information on the State's outstanding G.O. debt service requirements can be found in Chapter 2 of the Texas Bond Review Board Annual Debt Report https://www.brb.texas.gov/state-publications/.

STATE REVENUE BONDS

Several state programs may be financed with revenue bonds or similar obligations payable from revenues generated by the specific authorized programs rather than from the general revenues of the State. Among the state entities authorized to issue such revenue bonds are TPFA, TWDB, TAFA, Texas Department of Housing and Community Affairs, Texas Department of Economic Development – Office of the Governor, VLB and Texas colleges and universities, as described below. The TTC is also authorized to issue revenue bonds for turnpike systems and revenue bonds secured by the State Highway Fund.

TPFA is authorized to issue revenue bonds payable from lease payments appropriated from general revenue to other state agencies, including both lease-revenue bonds to finance the construction, acquisition or renovation of state office buildings as well as equipment revenue bonds. These agencies include the Texas Facilities Commission, Department of Motor Vehicles, TPWD and the Military Facilities Commission. TPFA is also authorized to issue up to $1 billion of revenue bonds to finance excess losses of the Texas Wind Insurance Association (TWIA) incurred prior to January 1, 2026.

Texas colleges and universities are authorized to issue bonds for capital construction assistance projects (CCAPs) (formally known as tuition revenue bonds (TRBs)) payable from certain revenues of the applicable college or university; however, historically the State has appropriated funds to the schools in an amount equal to all, or a portion of, the debt service on these revenue bonds issued.

In addition to authorized CCAP bonds, the University of Texas System and the Texas A&M University System are authorized to issue Permanent University Fund (PUF) bonds payable from each System's proportionate interest in the Available University Fund (AUF), which receives income distributions from the PUF.

RECENT DEVELOPMENTS AFFECTING STATE DEBT

In 2025, during the 89th Regular Session, the Legislature passed House Joint Resolution (HJR 7) and Senate Bill 7 (SB 7). HJR 7 was approved by the voters in November 2025 and authorizes a constitutional amendment to transfer $1 billion of sales tax revenue to the Texas Water Fund (TWF) annually for 20 years. SB7 expands the TWDB's authority to fund a broader range of water related projects and enables transfers from the Texas Water Fund to additional programs, including several TWDB debt programs; it also increases the annual EDAP bond issuance cap from $50 million to $100 million.

CONSTITUTIONAL DEBT LIMIT

Article III, Section 49-j of the Texas Constitution prohibits the State Legislature from authorizing additional state debt payable from the general revenue fund, including authorized but unissued bonds and lease purchase contracts in excess of $250,000, but excluding debt reasonably expected to be paid from other sources, if the resulting maximum annual debt service in any state fiscal year on such state debt payable from the general revenue fund exceeds five percent of an amount equal to the average amount of general revenue fund revenues for the three immediately preceding fiscal years, excluding revenues constitutionally dedicated for purposes other than payment of state debt. The Constitutional Debt Limit (CDL) for outstanding debt was 0.88 percent as of August 31, 2025. With the inclusion of authorized but unissued debt, the CDL ratio was 1.58 percent. Although backed by the full faith and credit of the State, debt service for self-supporting G.O. bonds are reasonably expected to be paid from other revenue sources and are therefore not expected to create a draw on general revenue.

SELECTED DATA CONCERNING STATE DEBT

Table A-12 sets forth certain information concerning the debt service requirements of general obligation and other constitutionally authorized indebtedness of the State, as well as revenue bonds payable from the State's general revenue fund, for fiscal years 2026 and beyond.

General Obligation Bond Debt Service and Revenue Bond Debt Service Payable from General Revenue (1)
Reported as of February 28, 2026 (2)
Table A-12
(in thousands)

Fiscal Year	General Obligation Bonds Self Supporting Principal (3)	General Obligation Bonds Self Supporting Interest (3)	General Obligation Bonds Payable from General Revenue Principal	General Obligation Bonds Payable from General Revenue Interest	Total General Obligation Bonds (4)	Revenue Bonds Payable from General Revenue Principal (5)	Revenue Bonds Payable from General Revenue Interest (5)	Total Revenue Bonds	Total
2026	247,690	216,858	158,885	126,837	750,270	1,940	15,165	17,105	767,375
2027	490,115	435,642	406,073	233,362	1,565,191	43,375	24,007	67,382	1,632,573
2028	558,430	416,259	405,453	216,418	1,596,560	43,845	22,351	66,196	1,662,756
2029	569,300	396,476	399,793	199,193	1,564,762	44,370	20,606	64,976	1,629,738
2030	588,415	376,438	392,433	182,654	1,539,940	44,955	18,782	63,737	1,603,678
2031	595,665	354,942	386,928	166,955	1,504,489	45,600	16,873	62,473	1,566,962
2032	583,180	331,767	361,613	151,972	1,428,532	46,320	14,928	61,248	1,489,780
2033	597,390	307,541	351,863	137,410	1,394,203	47,125	12,933	60,058	1,454,261
2034	597,985	283,152	346,678	123,085	1,350,899	48,015	10,819	58,834	1,409,733
2035	587,440	259,370	335,763	108,904	1,291,477	49,005	8,584	57,589	1,349,066
2036	597,285	237,193	333,663	95,103	1,263,243	44,505	6,219	50,724	1,313,967
2037	558,175	214,166	309,818	81,736	1,163,895	39,195	4,653	43,848	1,207,743
2038	646,565	197,456	293,073	69,085	1,206,179	39,195	3,363	42,558	1,248,737
2039	676,720	166,627	276,963	56,955	1,177,265	39,190	2,063	41,253	1,218,518
2040	489,445	128,563	275,143	45,166	938,316	26,465	1,008	27,473	965,789
2041	494,210	109,227	208,818	33,550	845,804	18,050	302	18,352	864,156
2042	453,510	89,679	209,563	24,481	777,233	-	-	-	777,233
2043	450,110	71,874	128,298	15,689	665,971	-	-	-	665,971
2044	451,460	54,082	119,583	9,461	634,585	-	-	-	634,585
2045	448,830	35,819	56,468	4,464	545,580	-	-	-	545,580
2046	94,385	24,743	48,863	1,880	169,870	-	-	-	169,870
2047	72,995	21,132	-	-	94,127	-	-	-	94,127
2048	63,550	18,197	-	-	81,747	-	-	-	81,747
2049	53,820	15,579	-	-	69,399	-	-	-	69,399
2050	52,410	13,357	-	-	65,767	-	-	-	65,767
2051	51,435	11,104	-	-	62,539	-	-	-	62,539
2052	49,035	8,855	-	-	57,890	-	-	-	57,890
2053	49,470	6,596			56,066	-	-	-	56,066
2054	48,605	4,275			52,880	-	-	-	52,880
2055	28,925	1,934			30,859	-	-	-	30,859
2056	13,695	589			14,284	-	-	-	14,284
2057	5,625	135			5,760	-	-	-	5,760
	$ 11,265,870	$ 4,809,625	$ 5,805,725	$ 2,084,360	$ 23,965,580	$ 621,150	$ 182,658	$ 803,808	$24,769,388

1 There are no outstanding capital appreciation bonds payable from general revenue.

2 Pursuant to Texas Adminstrative Code, Title 34, Part IX, Chapter 181, Subchapter A, Rule 181.5 issuers are required to submit a final report within 60 days after the delivery of state securities and receipt of state security proceeds. As a result, reported data may not include certain issues due to timing.

3 As of February 28, 2026, debt service figures for the Veterans Land and Housing Assistance Bonds include the estimated payments on $2.89 billion of variable-rate debt outstanding.

4 As of February 28, 2026, $13.21 billion of general obligation bonds were authorized but unissued, $10.31 billion of which are designed to be self-supporting. Debt service in any year for Higher Education Constitutional Appropriation bonds may not exceed 50% of the amount appropriated to the Higher Education Fund by the legislature.

5 As of February 28, 2026, the Texas Public Finance Authority had $230.3 million of Series 2019A revenue commercial paper outstanding not included in the numbers above that is payable from general revenue.

Source: Texas Bond Review Board

Table A-13 sets forth information concerning the principal amount of G.O. bonds and revenue bonds payable from the State's General Revenue Fund for selected years and the amount of debt service paid from the General Revenue Fund on such bonds. The table includes debt service information on outstanding G.O. or revenue bonds paid from state general revenue as well as sources other than state general revenue. The information contained in the table does not reflect outstanding PUF bonds or bonds guaranteed by the Texas Permanent School Fund or the debt service on such bonds.

Table A-13
General Obligation Bonds and Revenue Bonds
Payable from General Revenue
Fiscal Year Ending August 31, 2025

	2021	2022	2023	2024	2025
Principal Amount Outstanding (Millions) (1)	$18,268	$18,023	$18,105	$17,440	$17,036
Principal Amount Per Capita (1)	$621	$602	$595	$563	$543
Principal Amount as a Percentage of Personal Income (1)	1.05%	0.98%	0.92%	0.84%	0.78%
Annual Debt Service Paid from General Revenue (Millions) (2)	$580	$578	$518	$774	$761
Debt Service Paid from General Revenue as a Percentage of Available General Revenue Fund Revenues (2)	1.00%	0.78%	0.68%	0.98%	0.90%
Annual Debt Service Paid from General Revenue Per Capita (2)	$19.72	$19.30	$17.03	$24.98	$24.24
Debt Service Paid from General Revenue as a Percentage of Personal Income (2)	0.033%	0.031%	0.026%	0.037%	0.035%

(1) Includes general obligation bonds which, although legally secured by a general obligation pledge of the State, are expected to be repaid with sources outside of the State's general fund. Due to statutory or contractual restrictions, these amounts are dedicated for specific purposes and are not considered available.

(2) Includes debt service which is paid out of the State's general revenue fund.

Source: Texas Bond Review Board, Texas Comptroller of Public Accounts

Table A-14 shows the amount of General Revenue in the State's most recent fiscal year that was available after constitutional allocations and other restrictions. The Total Unrestricted Revenues Available supports bond debt service payments and general revenue appropriations.

All allocations and transfers are shown in the year in which the actual allocation or transfer occurred. Restrictions for transfers to the Economic Stabilization Fund and State Highway Fund are classified as constitutional in a separate line item.

Table A-14
General Revenue Fund Revenues Available After
Constitutional Allocations and Other Restrictions
Year Ended August 31, 2025

REVENUE SOURCE	General Revenue Fund 0001 [1]	Restrictions From Constitutional Allocations	Other Restrictions [2]	Unrestricted Revenues Available
Sales Tax	$ 46,717,283,584	-	-	$ 46,717,283,584
Motor Vehicle Sales / Rental Taxes	7,048,758,910	-	-	7,048,758,910
Motor Fuel Taxes [3]	3,918,009,302	3,835,738,411	20,559,261	61,711,630
Franchise Tax	5,240,174,901	-	-	5,240,174,901
Oil Production Tax	5,383,668,225	1,565,569,208	-	3,818,099,017
Insurance Taxes	4,507,630,988	991,867,930	157,025,998	3,358,737,060
Cigarette and Tobacco Taxes	506,513,933	-	-	506,513,933
Natural Gas Production Tax	2,479,282,624	547,419,419	-	1,931,863,205
Alcoholic Beverages Taxes	1,791,055,148	-	-	1,791,055,148
Hotel Occupancy Tax	787,600,051	-	88,674,563	698,925,488
Utility Taxes	698,595,079	135,217,871	-	563,377,209
Other Taxes	161,726,693	45,537,423	-	116,189,270
TOTAL TAX COLLECTIONS	$ 79,240,299,438	$ 7,121,350,261	$ 266,259,823	$ 71,852,689,354
Total Tax Collections (above)	$ 79,240,299,438	$ 7,121,350,261	$ 266,259,823	$ 71,852,689,354
Federal Income	38,445,444,601	-	38,330,767,256	114,677,344
Licenses, Fees, Fines and Penalties	1,861,103,901	-	493,094	1,860,610,807
State Health Service Fees and Rebates	13,985,474,519	-	-	13,985,474,519
Land Income	8,583,632	-	-	8,583,632
Interest and Investment Income	1,661,670,067	-	-	1,661,670,067
Settlements of Claims	914,712,861	-	-	914,712,861
Escheated Estates	1,617,660,834	-	-	1,617,660,834
Sales of Goods and Services	230,075,094	-	-	230,075,094
Other Revenue	1,178,543,993	-	-	1,178,543,993
Highway Fund / ESF Transfer [4]	-	5,479,609,054	-	(5,479,609,054)
Highway Fund Motor Vehicle Sales Tax Transf	-	714,066,628	-	(714,066,628)
Highway Fund Sales Tax Transfer [5]	-	2,500,000,000	-	(2,500,000,000)
Sporting Goods Sales Tax - Parks and Wildlife / Historical Commission [6]	-	262,022,500	-	(262,022,500)
TOTAL NET REVENUE, ALLOCATIONS AND RESTRICTIONS	$ 139,143,568,939	$ 16,077,048,443	$ 38,597,520,173	$ 84,469,000,323

(1) Tobacco suit settlement receipts and other revenues received in General Revenue Account 5040 are included in the General Revenue Fund 0001 totals. Account 5040 was created to receive settlement money resulting from the final judgement in the State of Texas v. the American Tobacco Company et. al. All monies received are considered unrestricted.
(2) Due to statutory or contractual restrictions, these amounts are dedicated for specific purposes and are not considered available.
(3) An amount equal to 75% of dedicated revenues from unclaimed motorboat fuels tax is appropriated to Parks and Wildlife. To the extent committed appropriations exceed actual collections, such amounts are available from undedicated GR.
(4) As required by Article III, Section 49-g of the Texas Constitution, transfers to the State Highway Fund 0006 and to the Economic Stabilization Fund 0599.
(5) As required by Article VIII, Section 7-c of the Texas Constitution, transfer to the State Highway Fund 0006.
(6) As required by Article VIII, Section 7-d of the Texas Constitution, transfer to Parks and Wildlife and Historical Commission.

Totals may not sum due to rounding.
Source: Comptroller of Public Accounts Annual Cash Report, Table 11

5. ECONOMIC INFORMATION

Within the Economic Information section, references to “the past year” and “the last 12 months” refer to the 12-month period ending February 28, 2026.

Historically, the Texas economy was identified with agriculture, ranching, and the oil and gas industry. Although the recent growth of service-providing industries and exports has significantly diversified the Texas economy, the mix of industries retains substantial concentration in energy.

The vast size of the State, together with cultural, climate, and geological differences within its borders, produces great variations in the economies of different regions of Texas. East Texas is a largely non-metropolitan region, in which the primary economy is based on agricultural activities and the production and processing of coal, petroleum and wood. The Dallas-Fort Worth Metroplex is an urban area, with diversified manufacturing, financial, communications, and commercial sectors. The Panhandle, Permian Basin and Concho Valley are relatively sparsely populated areas of the State, with economies still drawing heavily from agriculture and petroleum production. The border area stretching from El Paso to Brownsville is characterized by agriculture, tourism, and its economic ties to Mexico. The Gulf Coast is the most populous region of the State and has an economy centered on energy and health services, petrochemical industries, and commercial activities resulting from maritime trade, manufacturing, and agriculture. The economy of central Texas is grounded in the public and private service sectors, technology, communications, and recreation/tourism.

Because the economic bases differ from region to region, developments such as the strength of the U.S. economy, federal trade policy, immigration policy, geopolitical conflicts and export markets, changes in oil and natural gas markets or defense spending, affect the economy of each region differently.

The following table reflects actual and projected (2021-2027) economic activity in the State, as included in the 2025 fall economic forecast prepared and released by the Comptroller for the 2026-2027 Certified Revenue Estimate.

Table A-16
Texas Economic History for Calendar Years
2025 Fall Economic Forecast

TEXAS ECONOMY	2021	2022	2023	2024	2025*	2026*	2027*
Real Gross State Product (Billion 2017$)	1,905.5	1,975.2	2,137.5	2,221.4	2,268.6	2,324.4	2,376.2
Annual % Change	6.9	3.7	8.2	3.9	2.1	2.5	2.2
Gross Domestic Product (Billion Current $)	2,117.0	2,476.9	2,637.2	2,770.6	2,895.0	3,013.9	3,160.0
Annual % Change	16.9	17.0	6.5	5.1	4.5	4.1	4.8
Personal Income (Billion Current $)	1,786.1	1,920.3	2,074.2	2,183.5	2,298.5	2,429.1	2,564.4
Annual % Change	11.4	7.5	8.0	5.3	5.3	5.7	5.6
Nonfarm Employment (Thousands)	12,727.1	13,476.6	13,922.2	14,130.5	14,342.6	14,447.6	14,546.5
Annual % Change	3.7	5.9	3.3	1.5	1.5	0.7	0.7
Resident Population (Thousands)	29,637.9	30,193.3	30,799.1	31,344.9	31,720.7	31,998.0	32,283.0
Annual % Change	1.2	1.9	2.0	1.8	1.2	0.9	0.9
Unemployment Rate (%)	5.6	3.9	4.0	4.1	4.2	4.6	4.7

End / Start of Table

U. S. ECONOMY	2021	2022	2023	2024*	2025*	2026*	2027*
Gross Domestic Product (Billion 2017$)	21,532.4	22,075.9	22,723.7	23,346.1	23,709.5	24,158.8	24,562.0
Annual % Change	6.2	2.5	2.9	2.7	1.6	1.9	1.7
Consumer Price Index (1982-84=100)	271.0	292.6	304.7	313.7	322.3	330.0	337.6
Annual % Change	4.7	8.0	4.1	3.0	2.7	2.4	2.3
Prime Interest Rate (%)	3.3	4.9	8.2	8.3	7.5	6.6	6.0

*Estimated or projected
Source: Texas Comptroller of Public Accounts and S&P Global-IHS Markit.

EMPLOYMENT AND UNEMPLOYMENT—HISTORICAL REVIEW

Since the end of the Great Recession in 2008, Texas has generally added jobs at a faster rate than the other large states. Compared to other states, Texas employment remained resilient throughout the COVID-19 pandemic that began in March 2020.

Texas ranks second among all the states in employment growth over the 12-month period ending February 2026. From February 2025 to February 2026, the Texas economy gained 73,800 nonfarm jobs to reach 14,354,600. This job increase is the second largest among all the fifty states; however, the rate of growth has recently slowed. Private-sector employment rose by 0.6 percent, while government employment (federal, state, and local) gained 0.05 percent.

Table A-17 shows jobs data of the 10 most populous states. Texas ranked second among all these states in terms of the number of jobs added from February 2025 to February 2026.

Table A-17
Nonfarm Employment Change in the Ten Most Populous States
Thousands of Jobs

State	Number of Nonfarm Jobs February 2025	Number of Nonfarm Jobs February 2026	Jobs Added	Annual Change (%)
California	18,003.9	18,124.4	120.5	0.7%
Texas	14,280.8	14,354.6	73.8	0.5%
Florida	9,968.7	9,978.6	9.9	0.1%
New York	10,005.9	9,969.2	-36.7	-0.4%
Pennsylvania	6,159.8	6,178.6	18.8	0.3%
Illinois	6,157.1	6,137.2	-19.9	-0.3%
Ohio	5,663.6	5,668.5	4.9	0.1%
North Carolina	5,033.1	5,069.4	36.3	0.7%
Georgia	4,983.0	4,977.2	-5.8	-0.1%
Michigan	4,483.3	4,470.0	-13.3	-0.3%

Source: U.S. Bureau of Labor Statistics

Note: February 2026 estimates are preliminary, and all estimates are subject to revision.

Table A-18 sets forth information concerning civilian employment in the State, as well as comparable information for the United States as a whole, in the years indicated.

Table A-18
Historical Review of State and U.S. Unemployment Rates

Year	Texas Civilian Labor Force	Texas Total Employment	Texas Unemployment Rate (%)	U.S Civilian Labor Force	U.S. Total Employment	U.S Unemployment Rate (%)
2016	13,265,488	12,649,932	4.6	159,187,000	151,436,000	4.9
2017	13,477,073	12,890,267	4.4	160,320,000	153,337,000	4.4
2018	13,711,830	13,175,974	3.9	162,075,000	155,761,000	3.9
2019	13,925,882	13,432,803	3.5	163,539,000	157,538,000	3.7
2020	13,950,305	12,879,942	7.7	160,742,000	147,795,000	8.1
2021	14,366,604	13,556,544	5.6	161,204,000	152,581,000	5.3
2022	14,784,035	14,200,881	3.9	164,287,000	158,291,000	3.6
2023	15,248,074	14,636,691	4.0	167,116,000	161,037,000	3.6
2024	15,628,870	14,985,161	4.1	168,106,000	161,346,000	4.0
2025	15,883,632	15,218,369	4.2	170,807,000	163,493,000	4.3

Source: U.S. Bureau of Labor Statistics

Prior to March 2020, Texas had avoided three of the nation's six recessions since the early 1970s, though the State had its own recession in 1986. In 2025, Texas' nominal gross domestic product (GDP) was $2.9 trillion, according to the U.S. Bureau of Economic Analysis (BEA). Texas, if it were a nation, would be the eighth largest economy in the world.

Table A-19 shows monthly Texas nonfarm employment by industry and the Texas unemployment rate since January 2021. The Texas unemployment rate was 4.3 percent in February 2026, which was 0.2 higher than the same month in the previous year. The U.S. unemployment rate rose from 4.2 percent to 4.4 percent over that same period.

Table A-19
Nonfarm Employment by Month
(In Thousands)

Year	Month	Mining and Logging	Construction	Manufacturing	Trade, Transportation, and Utilities	Information	Financial Activities	Professional and Business Services	Education and Health Services	Leisure and Hospitality and Othe Services	Government	Total	Unemployment Rate
2021	January	173.6	723.5	860.5	2,506.8	200.7	817.0	1,822.1	1,714.6	1,633.6	1,951.6	12,404.0	6.8
	February	174.0	712.9	858.7	2,509.6	200.8	818.0	1,820.8	1,706.4	1,616.2	1,945.5	12,362.9	6.6
	March	176.5	732.4	864.8	2,529.8	201.8	826.3	1,848.3	1,717.8	1,648.2	1,944.5	12,490.4	6.4
	April	178.1	733.1	862.6	2,525.2	202.9	828.7	1,859.2	1,724.3	1,671.6	1,954.8	12,540.5	6.2
	May	178.4	730.9	864.7	2,541.2	204.4	830.7	1,875.8	1,725.0	1,692.2	1,954.4	12,597.7	6.0
	June	179.1	732.4	868.1	2,553.9	206.2	833.7	1,886.6	1,736.8	1,709.6	1,960.7	12,667.1	5.8
	July	181.1	739.4	873.9	2,570.1	208.9	842.3	1,908.4	1,745.6	1,738.2	1,975.4	12,783.3	5.6
	August	181.4	739.2	877.4	2,576.2	211.2	844.7	1,919.0	1,746.8	1,745.8	1,967.9	12,809.6	5.3
	September	181.9	741.8	878.2	2,590.4	212.7	847.0	1,939.1	1,745.2	1,758.1	1,972.7	12,867.1	5.0
	October	184.3	751.2	887.9	2,621.6	215.8	859.3	1,982.1	1,759.3	1,778.7	1,970.6	13,010.8	4.8
	November	187.3	755.0	892.7	2,634.5	216.4	863.8	1,994.1	1,761.8	1,788.3	1,970.7	13,064.6	4.6
	December	189.6	759.7	898.0	2,652.8	218.3	868.2	2,006.1	1,765.9	1,805.6	1,972.9	13,137.1	4.5
2022	January	189.6	760.4	897.5	2,648.2	220.2	870.2	2,004.0	1,764.3	1,807.4	1,974.3	13,136.1	4.3
	February	191.4	764.3	904.6	2,685.5	221.7	873.6	2,028.5	1,767.8	1,818.8	1,974.8	13,231.0	4.1
	March	192.8	766.2	910.5	2,692.2	224.1	877.1	2,035.7	1,774.3	1,819.6	1,976.6	13,269.1	4
	April	195.7	773.4	918.7	2,703.8	226.3	884.3	2,054.7	1,787.9	1,836.8	1,978.4	13,360.0	3.9
	May	198.1	777.9	922.6	2,702.4	228.6	887.7	2,061.1	1,793.1	1,846.1	1,979.9	13,397.5	3.8
	June	197.9	781.7	925.5	2,702.6	229.7	889.0	2,064.5	1,796.5	1,852.5	1,985.4	13,425.3	3.8
	July	202.2	789.2	933.7	2,719.7	234.7	899.4	2,089.6	1,811.9	1,872.5	1,994.0	13,546.9	3.8
	August	203.8	791.7	938.1	2,727.2	235.1	901.9	2,097.0	1,820.2	1,881.9	1,996.8	13,593.7	3.7
	September	206.0	796.9	942.5	2,736.9	236.2	905.3	2,100.8	1,831.5	1,887.6	2,000.8	13,644.5	3.8
	October	207.7	796.9	945.0	2,736.9	236.2	909.5	2,105.1	1,837.2	1,894.2	2,003.9	13,672.6	3.9
	November	209.2	799.2	949.1	2,732.5	238.3	910.1	2,104.9	1,846.2	1,904.7	2,005.4	13,699.6	4.0
	December	211.2	802.5	952.0	2,740.1	237.2	911.1	2,104.9	1,847.5	1,904.2	2,010.0	13,720.7	4.1
2023	January	212.8	812.3	953.4	2,744.2	237.5	914.0	2,110.9	1,861.1	1,934.8	2,014.1	13,795.1	4.1
	February	213.9	809.9	956.1	2,747.5	237.4	916.0	2,110.3	1,869.2	1,938.9	2,018.6	13,817.8	4.1
	March	214.8	814.1	958.6	2,752.9	237.1	918.1	2,109.8	1,878.7	1,945.2	2,023.1	13,852.4	4.1
	April	213.4	814.4	960.6	2,756.4	236.1	917.8	2,111.1	1,881.5	1,935.7	2,032.0	13,859.0	4.0
	May	214.1	817.6	964.0	2,760.5	235.0	919.1	2,107.2	1,889.4	1,940.0	2,039.5	13,886.4	4.0
	June	215.0	824.4	970.8	2,766.4	233.3	921.9	2,109.1	1,901.9	1,957.7	2,046.8	13,947.3	4.0
	July	215.1	824.5	967.7	2,758.9	232.2	920.8	2,106.9	1,893.0	1,955.6	2,046.5	13,921.2	4.0
	August	215.4	826.2	970.6	2,761.0	231.7	921.4	2,102.4	1,900.7	1,961.4	2,061.3	13,952.1	4.0
	September	215.5	833.5	972.6	2,763.0	230.7	921.7	2,102.8	1,908.7	1,967.5	2,070.5	13,986.5	4.0
	October	215.7	832.0	974.2	2,764.6	230.2	920.3	2,102.5	1,908.3	1,968.1	2,075.5	13,991.4	4.0
	November	216.0	833.2	974.5	2,764.2	228.9	919.5	2,104.9	1,908.7	1,972.4	2,080.1	14,002.4	4.0
	December	217.0	838.5	976.9	2,763.4	227.8	920.1	2,104.4	1,912.5	1,976.8	2,086.7	14,024.1	4.0
2024	January	218.7	841.6	980.7	2,768.1	227.8	920.0	2,103.8	1,914.5	1,983.7	2,091.0	14,049.9	4.0
	February	220.0	845.4	982.4	2,766.5	227.0	919.9	2,104.1	1,919.2	1,986.9	2,098.2	14,069.6	4.0
	March	220.0	848.0	983.6	2,766.5	226.8	921.3	2,106.2	1,921.2	1,990.7	2,104.6	14,088.9	4.0
	April	220.5	846.8	983.7	2,769.6	226.2	922.1	2,101.3	1,925.7	1,994.5	2,107.8	14,098.2	4.1
	May	220.2	851.3	984.7	2,774.2	224.9	923.7	2,104.9	1,929.3	2,000.5	2,112.8	14,126.5	4.1
	June	220.2	854.1	985.2	2,775.9	225.6	926.0	2,109.9	1,933.2	2,009.6	2,113.4	14,153.1	4.1
	July	219.0	853.1	981.9	2,770.8	225.0	926.7	2,096.8	1,930.1	1,994.2	2,116.8	14,114.4	4.2
	August	218.6	865.6	985.0	2,780.9	224.8	926.9	2,111.1	1,943.6	2,005.7	2,123.1	14,185.3	4.2
	September	219.0	870.3	985.8	2,781.8	225.9	930.0	2,113.7	1,948.4	2,010.3	2,119.4	14,204.6	4.2
	October	218.0	875.6	986.4	2,777.6	225.0	932.5	2,116.9	1,953.6	2,015.6	2,119.6	14,220.8	4.2
	November	216.5	881.3	987.8	2,774.5	224.8	935.1	2,118.7	1,959.7	2,018.0	2,124.2	14,240.6	4.2
	December	215.7	882.6	987.7	2,783.1	225.0	935.4	2,121.0	1,962.9	2,021.9	2,124.1	14,259.4	4.1
2025	January	213.7	885.1	987.1	2,782.1	224.4	937.0	2,115.9	1,971.0	2,022.2	2,128.8	14,267.3	4.1
	February	214.8	888.9	987.3	2,788.8	224.4	939.0	2,112.9	1,974.5	2,020.2	2,130.0	14,280.8	4.1
	March	215.0	892.8	987.8	2,786.9	223.6	939.6	2,111.6	1,976.1	2,022.0	2,130.9	14,286.3	4.1
	April	215.7	898.3	988.2	2,787.3	223.3	942.2	2,121.9	1,978.4	2,024.5	2,132.1	14,311.9	4.1
	May	214.8	902.0	987.9	2,787.2	223.4	942.3	2,125.4	1,980.2	2,025.4	2,132.6	14,321.2	4.1
	June	212.4	902.5	986.3	2,782.3	223.9	941.3	2,122.7	1,969.4	2,018.1	2,132.8	14,291.7	4.1
	July	211.7	904.2	985.5	2,786.8	224.4	942.8	2,122.0	1,978.9	2,015.7	2,130.4	14,302.4	4.2
	August	210.5	907.5	983.7	2,784.7	223.4	942.7	2,125.5	1,984.1	2,015.3	2,132.5	14,309.9	4.2
	September	209.3	906.6	982.2	2,779.7	221.6	942.6	2,122.6	1,985.7	2,018.8	2,137.9	14,307.0	4.3
	October	209.2	903.6	981.0	2,780.6	221.5	940.3	2,112.9	1,990.3	2,025.5	2,132.3	14,297.2	N/A
	November	206.2	905.5	980.1	2,780.3	219.4	941.3	2,119.5	1,995.6	2,027.6	2,131.0	14,306.5	4.3
	December	209.4	903.4	981.1	2,790.8	218.5	945.6	2,126.9	2,001.6	2,028.6	2,133.5	14,339.4	4.3
2026	January	209.0	915.2	979.0	2,795.3	218.0	942.0	2,137.1	2,011.9	2,039.5	2,132.5	14,379.5	4.3
	February	206.6	912.9	979.5	2,785.2	217.4	940.2	2,144.6	2,002.9	2,034.3	2,131.0	14,354.6	4.3

Notes:
All figures are seaonally adjusted. Due to to the federal government shutdown from October 1 to November 12, 2025, the Bureau of Labor Statistics did not publish the October 2025 State Employment and Unemployment or Metropolitan Area Employment and Unemployment news releases.
Totals may not sum due to rounding.
Source: Texas Workforce Commission

Information concerning historical average annual Texas nonfarm employment by industry and unemployment rates in the years indicated is contained in Table A-20 and Table A-21.

Table A-20
Total Nonfarm Employment and Unemployment
(In Thousands)

Year	Natural Resources & Mining	Construction	Manufacturing	Transportation, Trade, Utilities	Information	Financial Activities	Professional & Business Services	Education & Health Services	Leisure, Hospitality, & Other Services	Government	Total	Unemployment Rate
2016	213.3	700.6	844.6	2,405.3	203.1	736.4	1,650.4	1,625.4	1,714.0	1,923.4	12,016.4	4.6
2017	222.0	712.3	850.2	2,437.5	203.9	761.0	1,687.8	1,666.5	1,747.2	1,942.4	12,230.9	4.4
2018	246.4	740	879.5	2,476.5	205.8	778.9	1,748.4	1,698.9	1,793.1	1,954.6	12,521.9	3.9
2019	249.1	774.5	904.8	2,505.3	210.5	802.4	1,805.5	1,742.1	1,842.4	1,975.6	12,812.3	3.5
2020	191.6	737.4	867.0	2,462.8	199.9	804.9	1,769.6	1,699.9	1,577.8	1,964.2	12,275.2	7.7
2021	180.5	737.7	873.9	2,567.8	208.3	840.1	1,905.2	1,737.5	1,715.6	1,961.9	12,728.5	5.6
2022	200.4	783.4	928.3	2,710.5	230.7	893.3	2,071.0	1,806.6	1,860.4	1,990.2	13,474.8	3.9
2023	214.9	823.4	966.7	2,758.5	233.2	919.2	2,107.0	1,892.8	1,954.4	2,049.6	13,919.6	4.0
2024	218.7	859.6	984.6	2,774.1	225.7	926.5	2,109.1	1,936.8	2,002.6	2,112.8	14,150.5	4.1
2025	212.2	900.5	985.3	2,783.2	222.9	941.6	2,120.7	1,981.6	2,021.2	2,131.4	14,300.4	4.2

Notes:
Totals may not sum due to rounding.
Source: Texas Workforce Commission

Table A-21
Distribution of Nonfarm Employment
(In Percent)

Year	Natural Resources & Mining	Construction	Manufacturing	Transportation, Trade, Utilities	Information	Financial Activities	Professional & Business Services	Education & Health Services	Leisure, Hospitality & Other Services	Government	Total
2016	2.30	5.76	7.39	19.98	1.69	6.06	13.63	13.29	14.01	15.90	100.00
2017	1.78	5.83	7.03	20.02	1.69	6.13	13.73	13.53	14.26	16.01	100.00
2018	1.82	5.82	6.95	19.93	1.67	6.22	13.80	13.63	14.29	15.88	100.00
2019	1.97	5.91	7.02	19.78	1.64	6.22	13.96	13.57	14.32	15.61	100.00
2020	1.94	6.04	7.06	19.55	1.64	6.26	14.09	13.60	14.38	15.42	100.00
2021	1.56	6.01	7.06	20.06	1.63	6.56	14.42	13.85	12.85	16.00	100.00
2022	1.42	5.80	6.87	20.17	1.64	6.60	14.97	13.65	13.48	15.41	100.00
2023	1.49	5.81	6.89	20.12	1.71	6.63	15.37	13.41	13.81	14.77	100.00
2024	1.54	5.92	6.94	19.82	1.68	6.60	15.14	13.60	14.04	14.72	100.00
2025	1.55	6.07	6.96	19.60	1.59	6.55	14.90	13.69	14.15	14.93	100.00

Notes:
Totals may not sum due to rounding.
Source: Texas Workforce Commission

PERSONAL INCOME

Personal income has maintained a positive trend since 2016, as illustrated in Table A-22. Personal income can be in part a result of trends in population growth driven by net migration and birth rates. (See Section 6. DEMOGRAPHIC INFORMATION.)

Information concerning total personal income for residents of the State in the years indicated is set forth in Table A-22.

Table A-22
Personal Income of Texas Residents

Year	Personal Income (Millions)	Percent Change From Prior Year
2016	1,276,331	-0.4%
2017	1,367,826	7.2%
2018	1,463,790	7.0%
2019	1,537,206	5.0%
2020	1,602,963	4.3%
2021	1,786,061	11.4%
2022	1,920,255	7.5%
2023	2,074,225	8.0%
2024	2,184,833	5.3%
2025	2,294,647	5.0%

Source: U.S. Bureau of Economic Analysis

Information on per capita personal income for residents of Texas and the United States follows in Table A-23 for the years indicated.

Table A-23
Per Capita Personal Income

Year	Texas Per Capita Personal Income	Texas Percent Change From Prior Year	U.S. Per Capita Personal Income	U.S. Percent Change From Prior Year	Texas as a Percentage of U.S.
2016	$45,868	-1.9%	$48,974	1.9%	93.7%
2017	$48,524	5.8%	$51,006	4.1%	95.1%
2018	$51,346	5.8%	$53,311	4.5%	96.3%
2019	$53,271	3.7%	$55,567	4.2%	95.9%
2020	$54,825	2.9%	$59,151	6.4%	92.7%
2021	$60,396	10.2%	$64,692	9.4%	93.4%
2022	$63,758	5.6%	$66,303	2.5%	96.2%
2023	$67,522	5.9%	$70,013	5.6%	96.4%
2024	$69,762	3.3%	$73,227	4.6%	95.3%
2025	$72,364	3.7%	$76,393	4.3%	94.7%

Source: U.S. Bureau of Economic Analysis

The following table sets forth personal income by source, for Texas and the U.S., in the fourth calendar quarter of 2025.

Table A-24
Sources of Personal Income
Quarter IV of 2025

Source Wages and Salaries:	Sources of Personal Income (Texas) Total (Billion $)	Sources of Personal Income (Texas) Percent	Sources of Personal Income (U.S.) Total (Billion $)	Sources of Personal Income (U.S.) Percent
Agricultural Services and Farm	12.4	0.5	162.0	0.6
Mining	93.4	4.0	187.4	0.7
Utilities	13.5	0.6	142.1	0.5
Construction	125.4	5.4	1,100.8	4.2
Manufacturing	136.9	5.9	1,518.1	5.7
Trade	182.3	7.8	1,807.3	6.8
Transportation and Warehousing	110.8	4.8	766.8	2.9
Information	42.1	1.8	730.9	2.8
Finance and Insurance	123.5	5.3	1,304.4	4.9
Real estate	31.9	1.4	449.3	1.7
Professional and technical services	193.6	8.3	2,118.6	8.0
Management Services	36.6	1.6	511.1	1.9
Administrative and Waste Services	76.6	3.3	750.4	2.8
Educational Services	17.8	0.8	301.7	1.1
Health Care and Social Assistance	151.2	6.5	2,118.7	8.0
Arts, Entertainment, and Recreation	14.4	0.6	251.7	1.0
Accommodation and food services	52.9	2.3	623.4	2.4
Other Services	51.2	2.2	609.9	2.3
Government				
Federal Civilian	33.2	1.4	453.5	1.7
Military	18.6	0.8	193.6	0.7
State and Local	155.7	6.7	2,021.6	7.6
Property and Interest Income	449.5	19.3	5,348.7	20.2
Transfer Payments	376.7	16.2	5,053.5	19.1
Contributions for Social Insurance	(170.9)	(7.3)	(2,049.9)	(7.7)
Residence Adjustment	(3.3)	(0.1)	5.2	0.0
Total Personal Income	2,326.1	100.0	26,480.9	100.0

Notes:
Totals may not sum due to rounding.
Data presented as annual averages.
Source: U.S. Bureau of Economic Analysis

OIL AND GAS

Texas' industrial mix retains a substantial concentration in the energy sector. While Texas has historically been one of the leading producers of oil and gas, renewable energy sources now also play an important role in the state's energy profile, which includes wind, solar and biomass.

As illustrated in the data presented on the following pages, activity in the energy sector, particularly oil and gas, can be quite volatile due to the impact of external factors affecting global supply and demand, including: geopolitical tensions, trade policy, business cycles and recessions, major weather events such as winter storms that affect demand and tropical storms that can affect supply in the Gulf of Mexico, as well as technological innovations such as horizontal drilling and hydraulic fracturing that open new sources of production.

Table A-25 sets forth historical information concerning oil and natural gas production within the State and average taxable prices paid for oil and gas produced within the State for the years indicated. The data below is through calendar year 2025; it does not reflect the impact of recent geopolitical events in the Middle East. See Section 12 - CONTINUITY OF OPERATIONS AND RECENT EVENTS - Recent Events.

Table A-25
Oil and Natural Gas Production

Year	Texas Oil Production (Million Bbl)	Percentage Change in Texas Oil Production	Percentage of United States Oil Production	Average Taxable Price Per Bbl	(1) Texas Marketed Gas Production (Trillion SCF)	(1) Percentage Change in Texas Gas Production	(1) Percentage of US Gas Marketed Production	Average Taxable Price Per MCF
2016	1,170	(7.3)	36.1	39.48	7.23	(8.4)	25.4	1.89
2017	1,277	9.1	37.4	48.7	7.22	0.0	24.7	2.80
2018	1,613	26.3	40.3	60.3	8.04	11.3	24.4	2.84
2019	1,865	15.6	41.5	55.35	9.38	16.6	25.7	1.94
2020	1,775	(4.8)	42.8	36.77	9.81	4.6	26.9	1.20
2021	1,746	(1.6)	42.3	66.8	9.95	1.4	26.6	3.91
2022	1,868	7.0	42.7	95.34	10.66	7.1	27.1	5.88
2023	2,012	7.7	42.6	76.93	11.53	8.2	28.0	2.27
2024	2,079	3.3	43.0	75.57	12.02	4.2	29.2	1.82
2025	2,099	0.9	42.3	64.81	12.70	5.7	29.4	3.64

Notes:
Oil Production includes condensates.
n/a = not available

(1) Historical figures updated to reflect Texas onshore and offshore marketed natural gas production.

MCF = 1,000 cubic feet

SCF = standard cubic feet

Sources: Texas Comptroller of Public Accounts and U.S. Energy Information Administration. Average taxable price is calculated by the Comptroller of Public Accounts based on actual tax receipts.

Two frequently used barometers of oil and gas exploration activity are rotary drilling rig usage and the number of wells drilled. The following table sets forth historical information concerning these two statistics.

Table A-26 sets forth historical information concerning annual rotary rig activity and total wells drilled in the State for the years indicated.

Table A-26
Petroleum Drilling Activity

Year	Texas Average Annual Rotary Rig Activity	Rig Activity Percent Change	Total Wells Drilled	Wells Completed Oil	Wells Completed Gas
2016	236	(45.1)	9,967	7,813	2,129
2017	430	82.2	6,439	5,394	1,022
2018	514	19.5	10,414	8,588	1,813
2019	462	(10.1)	8,817	7,046	1,753
2020	207	(55.2)	13,250	10,485	2,561
2021	225	8.7	8,242	6,527	1,523
2022	347	54.2	10,280	8,207	1,859
2023	339	(2.3)	11,771	8,971	2,538
2024	287	(15.4)	12,333	9,618	2,425
2025	257	(8.5)	12,201	9,377	2,651

Sources: Texas Railroad Commission and Baker Hughes Incorporated

Table A-27 sets forth information concerning the number of producing wells and the estimated proven reserves of oil and natural gas within the State.

Table A-27
Texas Natural Gas and Oil-Producing Wells
And Estimated Proven Reserves

Year	Producing Oil Wells	Estimated Oil & Condensate Proved Reserves (Million Bbl)	Producing Gas Wells	Estimated Wet Gas Proved Reserves (Trillion CF)
2016	178,927	13,998	101,339	88.312
2017	187,139	17,327	99,471	115.249
2018	187,401	19,617	98,709	138.198
2019	186,841	19,796	101,084	126.150
2020	183,242	16,689	100,623	114.732
2021	178,982	18,620	98,963	149.062
2022	172,645	20,309	98,878	170.262
2023	173,333	n/a	99,333	n/a
2024	171,311	n/a	98,499	n/a
2025	157,228	n/a	84,019	n/a

Notes:
n/a = not available (Information no longer provided by EIA)
Reserves are as of December 31 of each year. Updates in reserves categories reflect changes in the U.S. Energy Information Administration data available.
Sources: Texas Railroad Commission and U.S. Energy Information Administration

AN OVERVIEW OF TEXAS INDUSTRIES BY NAICS SECTOR

Table A-19 shows monthly seasonally adjusted Texas nonfarm employment estimates for major industries. Much of the following industry discussion is based on those estimates. Seasonally adjusted numbers are used wherever possible. However, employment levels and changes for sectors within an industry generally are not seasonally adjusted.

Seven of the 11 major nonfarm industries in the Texas economy experienced net job gains from February 2025 to February 2026. Employment in the goods-producing industries increased by 0.38 percent, while employment in the service-providing industries increased by 0.54 percent. The construction sector was the only goods producing sector that saw an increase in employment with 24,000 jobs (2.7 percent) between February 2025 and February 2026. Six of the eight service-providing industries experienced employment growth, led by the professional and business sector, which saw a 31,700 increase in employment for the year.

MINING AND LOGGING

Texas is headquarters for many of the nation's largest oil and natural gas refining and distribution companies and has many energy-related jobs in other industries which drives employment in the mining industry.

As of February 2026, mining employment was at 206,600, down by 3.8 percent from the February 2025 level of 214,800.

CONSTRUCTION

Construction industry employment in Texas rose by 2.7 percent from February 2025 to February 2026, gaining 24,000 jobs to reach 912,900. Utility system construction saw the largest change in employment (11,900 jobs) as well as the largest growth rate at 9.7 percent.

The most current information on new building permits is as of February 2026. In the 12-month period ending February 2026, total housing construction activity was lower than the same period in 2025. Single-family building permits issued in the year ending in February 2026, at 137,508, were down 12.9 percent from the same period one year earlier. Building permits for multi-family units increased by 0.2 percent (57,947 units in February 2026, up from 57,850 units in February 2025). February year-over-year single family permits fell by 20,447 units, while multi-family permits increased by only 97 units.

According to Multiple Listing Service data from the Texas A&M Real Estate Center, the median sales price for an existing Texas single-family home in the most recent period fell by 1.2 percent, from $339,000 in March 2025 to $334,900 in March 2026. In March 2026, Texas had a 4.98-month inventory of existing homes, up from 4.72 months in March 2025.

TRADE, TRANSPORTATION, AND UTILITIES

The trade, transportation and utilities industry, the state's largest employer with 19.4 percent of total nonfarm jobs in February 2026, lost 3,600 jobs (-0.13 percent) over the year. The retail sector was the only sector to show employment growth at 0.10 percent (1,400 jobs) Wholesale employment fell by 0.37 percent (-2,400 jobs) while the transportation, warehousing, and utilities sector was down by 2,600 jobs (-0.36 percent). In all, the trade, transportation, and utilities industry provided 2,785,200 Texas jobs in February 2026.

Among the 50 states, Texas ranked first in 2025 in exports to the world ($450.34 billion) and second in imports ($411.6 billion). Mexico is Texas' major trading partner, accounting for 27.8 percent of the state's exports and 43.1 percent of imports.

As evidence of the importance of trade to the State economy, the Port of Houston had total shipment volume of 309.5 million tons in the most recently reported year (2023). Houston's port surpassed the Port of South Louisiana (217.5 million tons), once the nation's busiest port. Among the ten busiest U.S. ports in 2023, three were in Texas. After Houston, the other two were Corpus Christi at third and Beaumont at fifth.

The Dallas/Fort Worth area is a major regional distribution center for Texas and surrounding states and has the second busiest airport in the nation, with 42.4 million passenger enplanements during 2024. Houston's IAH is the fifteenth busiest airport in the U.S., with passenger enplanements of 23.3 million in 2024.

Sales tax collections, of which more than 50 percent come from households, are an indicator of retail sales activity in the State. See Section 3. STATE REVENUES AND EXPENDITURES – Revenue Sources - Table A-5 for historical data on the State's sales tax revenue collections.

Table A-28 shows annual historical retail sales data for Texas for 2016 through 2025. As the Census Bureau no longer publishes retail sales numbers for states, the Texas numbers are from the Texas Comptroller's office and are based on gross retail sales, including hotel/motel accommodation and food services.

Table A-28
Retail Sales

Year	Texas Gross Retail Sales Total (Millions)	Percent Change from Prior Year
2016	519,814	-0.2
2017	534,555	2.8
2018	570,067	6.6
2019	595,922	4.5
2020	578,108	-3.0
2021	775,712	34.2
2022	811,472	4.6
2023	827,801	2.0
2024	850,493	2.7
2025	873,812	2.7

Source: Texas Comptroller of Public Accounts

MANUFACTURING

In seasonally adjusted terms, the Texas manufacturing industry lost 7,800 jobs over the past year, a decrease of 0.8 percent. In non-seasonally adjusted terms, durable goods employment was down 4,900 jobs, with the largest decline in chemical manufacturing (-3,700 jobs). On the other hand, the electrical equipment, appliance, and component manufacturing industry saw the largest increase in employment (1,600 jobs). Nondurable-goods manufacturing employment decreased by 7,600 (-2.2 percent), with the largest decrease in the food manufacturing industry (-1,800 jobs, -1.7 percent). There was no non-durable goods manufacturing industry that saw an increase in employment during this period. Total manufacturing employment in February 2026 was 973,800 (979,500 in seasonally adjusted terms).

Table A-29 shows Texas manufacturing employment by industry in February 2026.

Table A-29
Manufacturing Employment by Industry
February 2026

Manufacturing Sector	Employment (Thousands)	Percentage of Manufacturing Employment
Durable Goods		
Wood Products	27.0	2.8
Minerals (nonmetallic) and Concrete	41.8	4.3
Primary Metals	22.5	2.3
Fabricated Metals	138.3	14.2
Machinery, except Computers	94.1	9.7
Computers and Electronics	101.8	10.5
Electrical Equipment & Appliances	27.5	2.8
Transportation Equipment	118.6	12.2
Furniture	22.5	2.3
Miscellaneous Durables	37.2	3.8
Total Durable Goods	631.3	64.8
Nondurable Goods		
Food Manufacturing	107.1	11.0
Beverages	24.1	2.5
Printing	23.3	2.4
Petroleum and Coal Products	20.8	2.1
Chemicals	87.2	9.0
Plastics and Rubber	43.9	4.5
Other Nondurables, incl. Apparel	36.1	3.7
Total Nondurable Goods	342.5	35.2
Total	973.8	100.0

Notes:
Data in this table not seasonally adjusted.
Totals may not sum due to rounding.
Source: Texas Workforce Commission

INFORMATION

The information industry is a collection of diverse sectors, representing established sectors of the economy (newspaper publishing, data processing, television broadcasting, and wired telephone services) as well as some newer sectors (cell phone service providers, Internet providers, and software). The industry lost 7,000 jobs between February 2025 and February 2026. The telecommunications sector saw the largest decrease in employment over the year (-4,000 jobs, -5.2 percent). Total industry employment was down 3.1 percent to reach 217,400 in February 2026.

PROFESSIONAL AND BUSINESS SERVICES

Employment in the professional and business services industry increased by 31,700 (1.5 percent) from February 2025 to February 2026. Employment changes varied considerably among industry sectors, with the largest increases in administrative and support and waste management and remediation services employment services in terms of the number of jobs (23,500) and services to buildings and dwellings in terms of rate of growth (6.98 percent). Total professional and business services employment was 2,137,100 in February 2026.

EDUCATION AND HEALTH SERVICES

The education and health services industry, composed of the private education services and health care and social assistance sectors, gained 28,400 jobs between February 2025 and February 2026, an increase of 1.4 percent. The relatively small educational services sector saw an increase of 400 jobs (0.2 percent). Employment in the much larger health care and social assistance sector grew by 1.6 percent (28,000 jobs). In all, Texas education and health services employment increased to 2,002,900 in February 2026.

FINANCIAL ACTIVITIES

From February 2025 to February 2026, overall employment in the financial activities industry grew by 0.13 percent (1,200 jobs). The finance and insurance sector decreased by 4,300 jobs (-0.63 percent) while the real estate and rental and leasing sector grew by 5,500 jobs (2.1 percent), driven by a 3.2 percent gain in the real estate sector. Credit intermediation (which includes financial institutions such as banks) is the industry's largest sector, employing 289.600 as of February 2026. Total Texas financial activities industry employment reached 940,200 in February 2026.

LEISURE AND HOSPITALITY SERVICES

In non-seasonally adjusted terms, employment in the leisure and hospitality industry increased 16,100 (11,700 in seasonally adjusted terms) from February 2025 to February 2026. Most of the industry's job gains occurred in the food services and drinking places sector, which added 15,200 jobs (1.3 percent). Total leisure and hospitality employment in February 2026 was 1,539,100, representing 10.7 percent of total Texas employment.

OTHER SERVICES

The other services industry is a varied mix of business activities including repair and maintenance services; laundry services; religious; political and civic organizations; funeral services; parking garages; beauty salons; and a wide range of personal services. Personal and laundry services employment increased by 1.3 percent, the highest rate among other services sectors. In all, other services industry employment grew by 2,400 to reach 495,200 in February 2026.

GOVERNMENT

Government saw a year-over-year employment increase of 2,400, or 0.5 percent. Federal government employment in February 2026 was 211,500, 15,500 less than the same time in the previous year. State government education services added 7,100 jobs and all other state government gained 2,800 jobs. Local government employment increased by 4,500 led by a 7,100 increase in local government excluding educational services. Local government educational services saw a 2,600 reduction in employment, Total government employment in Texas was 2,131,000 in February 2026, 14.8 percent of total Texas employment.

REGIONAL METROPOLITAN VARIATIONS

The economic mix of industries is distributed unevenly across the State, and consequently, the State's metropolitan areas are affected differently by economic changes in the nation and the world. Most of the employment gains over the past year (70.5 percent) occurred in just four metropolitan statistical areas (MSAs): Dallas-Fort Worth, Houston, Austin, and San Antonio. The combined net employment in those four MSAs increased 0.50 percent, while employment in the remainder of the State increased 0.55 percent. Overall, employment in the state increased by 0.52 percent.

Houston area employment increased by 7,700 (0.22 percent). Employment increased in only one of the three of the goods-producing industries: construction increased by 4.49 percent (11,200 jobs). Mining and logging employment fell by 7.29 percent (-5,600 jobs) while manufacturing saw a 1.50 percent (-3,600 jobs) decline in employment. Service-providing industries saw employment growth over the past year of 0.20 percent, with education and health services (1.39 percent, 6,500 jobs), professional and business services (0.98 percent, 5,500 jobs), and leisure and hospitality (0.97 percent, 3,500 jobs) having the highest rates of increase.

Dallas/Fort Worth area employment saw an increase of 24,200 jobs (0.57 percent) between February 2025 and February 2026. Employment in Dallas grew by 0.61 percent while the Fort Worth area grew by 0.45 percent. Area growth was led by mining, logging, and construction (2.4 percent, 6,200 jobs), professional and business services (2.1 percent, 15,800 jobs), and leisure and hospitality (1.2 percent, 5,000 jobs).

Austin area employment grew at a rate of 1.0 percent (13,700 jobs) over the past year, led by a 5.2 percent increase in the mining, logging, and construction sector. This was followed by financial activities (3.2 percent) and professional and business services (1.7 percent). The information and manufacturing sectors were the only Austin area sectors that did not experience job growth between February 2025 and February 2026. The information and manufacturing saw declines in employment of 3.4 percent (-1,700 jobs) and 1.7 percent (-1,500 jobs), respectively. The Austin area was the State's fastest-growing metropolitan area over the past decade, as well as the nation's fastest growing metro area among those with population above 200,000 according to the U.S. Census Bureau.

From February 2025 to February 2026, employment growth in San Antonio decreased by 0.1 percent (-600 jobs). Job gains were led by trade, transportation, and utilities (1.8 percent), other services (1.4 percent), and leisure and hospitality (0.8 percent).

Among all the State's metropolitan areas, Midland (3. percent), San Angelo (3.5 percent), and Abilene (3.6 percent) had the state's lowest unemployment rates in February 2026. Of the State's six largest metropolitan areas, Austin-Round Rock (3.7 percent) had the lowest rate, followed by Dallas-Fort Worth (4.1 percent), San Antonio (4.3 percent), and Houston (4.7 percent). Eagle Pass had the highest unemployment rate among the state's metro areas, at 9.7 percent. This is followed by Brownsville-Harlingen (7.0 percent) and McAllen-Edinburg-Mission (6.4 percent).

PROPERTY VALUES

Texas law requires the Texas Comptroller of Public Accounts to conduct a study to determine the total taxable value of all property in each school district at least once every two years. This Study is called the School District Property Value Study (SDPVS). The purpose of the SDPVS is to help ensure equitable distribution of state funding for public education The Comptroller's Property Tax Assistance Division (PTAD) conducts the SDPVS to estimate a school district's taxable property value and certifies those values to the commissioner of education. The results are used to ensure equitable distribution of state funding for education to local school districts.

A preliminary certification of values as of January 1 of each year is released the following January; for example, the preliminary certification of values as of January 1, 2025 is released in January 2026. If a District does not agree with the preliminary certification, it can follow procedures to contest the value. Based on the outcome of the protest process and any revisions, the final certified value is released in mid-August of the same year.

State-wide property values in Texas, as reflected in the SDPVS, increased slightly in 2024. Taxable values increased only 0.71 percent from January 1, 2024 to January 1, 2025, which is a much slower pace compared to recent years. The total taxable property value in Texas on January 1, 2025, was $4.206 trillion according to records maintained by the Comptroller's Property Tax Assistance Division.

Property value changes from 2024 to 2025 were varied between property categories. The total market value of single-family homes increased by 2.28 percent, to $2.99 trillion. Multi-family residential property values increased by 3.10 percent from 2024, to $390.1 billion. The value of residential inventory – new, unsold homes held for sale – increased 6.89 percent from 2024 to 2025 reflecting the general slowing of the increase in the value of residential properties due to recent economic conditions.

The value of commercial and industrial real property was $1.054 trillion, an increase of 5.96 percent. Commercial and industrial personal property increased 7.37 percent to $453.0 billion. The value of oil and gas reserves increased from $240.7 billion in 2024 to $241.9 billion in 2025, a 0.50 percent increase.

These values are based on the 2025 School District Property Value Study preliminary certification date of January 30, 2026 and reflect market values as of January 1, 2025.

Table A-30
Taxable Value of Property
in Texas School Districts

Year	Billions	Percent Change
2016	2,239.42	5.20%
2017	2,408.03	7.52%
2018	2,593.89	7.73%
2019	2,851.87	9.95%
2020	3,029.29	6.23%
2021	3,209.38	5.95%
2022	3,789.34	18.07%
2023	3,963.40	4.68%
2024	4,177.34	5.40%
2025	4,206.41	0.71%

Source: Texas Comptroller of Public Accounts,
Property Tax Assistance Division

AGRICULTURE

Texas is among the nation's top producers of agricultural products, and the business of agricultural production is a large part of the Texas economy. In Texas, the food and fiber system comprises all economic activities linked to the production of agriculture including manufacturing, retail sales, transportation and wholesale distribution. According to the United States Department of Agriculture (USDA), Texas had more farms (12.1 percent of U.S. total) and acres of farmland (14.2 percent of U.S. total) than any other state in 2024.

AGRICULTURAL CASH RECEIPTS

In 2024, the top 10 agricultural producing States, in terms of cash receipts were (in descending order): California, Iowa, Nebraska, Texas (#4), Kansas, Illinois, Minnesota, Wisconsin, Indiana and North Carolina.

Texas' total cash receipts for all agricultural commodities in Texas were an estimated $30.0 billion in 2024, according to the USDA. The State's top five agricultural commodities and their estimated cash receipts were:

1. Cattle and calves ($13.6 billion)
2. Dairy products, milk ($3.9 billion

3. Broilers ($3.7 billion))
4. Miscellaneous crops ($1.5 billion)
5. Corn ($1.2 billion)

Of those commodities, Texas' ranking among the States is:

- #3 in cattle and calves (44.8 percent of Texas receipts for all commodities; 12.2 percent of U.S. receipts for cattle and calves)
- #3 in dairy products, milk (13.0 percent of Texas receipts for all commodities; 7.8 percent of U.S. receipts for dairy products, milk
- #5 in broilers (12.3 percent of Texas receipts for all commodities; 8.2 percent of U.S. receipts for broilers)
- #4 in miscellaneous crops (5.0 percent of Texas receipts for all commodities; 5.5 percent of U.S. receipts for miscellaneous crops)
- #13 in corn (4.0 percent of Texas receipts for all commodities; 1.8 percent of U.S. receipts for corn)

AGRICULTURE DEMOGRAPHICS

According to the USDA National Agricultural Statistics Service, Texas had 230,662 farms in 2024 totaling approximately 125.4 million acres – an average of 543.7 acres per farm. The USDA's 2022 Census of Agriculture (conducted every five years) estimated the percentage of farmland acreage per use:

- Pastureland, 70.5 percent
- Cropland, 22.2 percent
- Woodland, 5.3 percent
- Other, 2.0 percent

The 2022 USDA census also estimated that of the 402,876 Texas agriculture producers, 61 percent were male, and 39 percent were female.

TOP AGRICULTURAL EXPORTS

According to export data provided by the USDA's Foreign Agricultural Services, Texas's agricultural exports were valued at $15.0 billion in 2025. The following agricultural export data reflect commodities that are shipped from Texas and are not necessarily produced in Texas.

Five countries accounted for 59.1 percent of that total:

1. Mexico, $5.3 billion (35.5 percent)
2. Canada, $1.5 billion (10.1 percent
3. The Netherlands, $820.8 million (5.5 percent)
4. South Korea, $681.7 million (4.5 percent)
5. India, $533.5 million (3.5 percent)

Five commodity categories represented 54.1 percent of the export value of all Texas agricultural exports:

1. Corn and corn products, $3.3 billion (21.9 percent)
2. Cattle, beef and bovine products, $1.4 billion (9.1 percent)
3. Cotton and cotton products, $1.3 billion (8.4 percent)
4. Wheat and milled wheat products, $1.2 billion (7.8 percent)
5. Dairy products, $1.0 billion (6.8 percent)

6. DEMOGRAPHIC INFORMATION

Within the Demographic Information section, United States and Texas population figures are from the U.S. Census Bureau (except where noted) as reported at the time of this publication. Texas' 25 Metropolitan Statistical Areas are based on U.S. Office of Management and Budget definitions as of August 2017. It should be noted that population estimates for non-decennial census years have been rounded to the nearest thousand.

GEOGRAPHY AND CITIES

The State of Texas is in the West South-Central United States and is bordered on the south by Mexico and the Gulf of Mexico and on the east, north, and west by the States of Louisiana, Arkansas, Oklahoma, and New Mexico. The State is the second largest by size among the States of the United States, covering approximately 268,596 square miles (including both land and water area).

The capital of Texas is Austin, with a population of 993,588 as of July 2024 (the most recent city level estimates available), and the largest city is Houston (2,390,125). Other major cities include Arlington (403,672), Corpus Christi (317,317), Dallas (1,326,087), El Paso (678,959), Fort Worth (1,008,106), Lubbock (272,086), Laredo (261,260), Plano (293,286), and San Antonio (1,526,656). Houston, San Antonio, Dallas, Fort Worth, and Austin are respectively the fourth, seventh, ninth, eleventh and thirteenth most populous cities in the United States.

Over two-thirds of Texas' population (68.8 percent) in July 2025 resided in the four largest Metropolitan Statistical Areas: Dallas-Fort Worth-Arlington (8,477,157), Houston-The Woodlands-Sugar Land (7,904,627), San Antonio-New Braunfels (2,813,140) and Austin-Round Rock (2,620,945).

STATE POPULATION

Between April 2010 and April 2020, Texas' population grew by 4 million to reach 29.1 million, an average annual increase of 1.5 percent, compared to the United States' population in April 2020 of 331.5 million and its average annual growth rate of 0.7 percent. Migration accounted for 51.6 percent of Texas' population gains during the decade.

As of July 2025, Texas' population grew by around 2.5 million to 31.7 million, an average annual increase of 1.6 percent from July 2020. The United States' population grew by over 10 million to 341.8 million as of July 2025, an average annual increase of 0.6 percent from July 2020. However, population growth in the United States between July 1, 2024, and July 1, 2025 slowed significantly with an increase of only 1.8 million, or 0.5%, according to the U.S. Census Bureau. This was the nation's slowest population growth since the early period of the COVID-19 pandemic, when the population grew by a historically low 0.2% in 2021. The slowdown also comes after a sizeable uptick of growth in 2024, when the country added 3.2 million people and grew by 1.0%, the fastest annual population growth rate since 2006. In Texas, between July 1, 2024, and July 1, 2025, population increased by 391,243, the largest absolute increase in the nation, from 31,318,578 to 31,709,821, or 1.25%

The median age of Texas' population was 35.8 years in July 2024, 3.3 years younger than the national median of 39.1 years. Only Utah (32.4 years), and the District of Columbia (34.9 years), had a younger median age than Texas. Table A-32 sets forth information concerning the composition of Texas' population by age group, along with comparable information for the United States.

Texas' population of persons less than 18 years of age in July 2024 was 7,665,223, the second largest population in this age group among the states. This rank applied as well for the college-age population (18 to 24), which stood at 3,072,175; the young adult population (25 to 44) at 9,000,743; and the older adult population (45 to 64) at 7,189,978. Texas' population of persons age 65 and older, at 4,632,712, ranked 3rd among the states.

Texas' population has become increasingly urban. As of July 2025, close to 88 percent of Texas' population lived in its 26 metropolitan statistical areas.

The US Census Bureau estimated that the racial and ethnic population shares for Texas as of July 1, 2024 were as follows: 38.7 percent non-Hispanic White, 40.3 percent Hispanic, 12.7 percent non-Hispanic Black, and 8.3 percent non-Hispanic "Other." Between July 2010 and July 2024, the number of non-Hispanic "Other" Texans (primarily Asian and Pacific Islanders and Native Americans) increased by 93.1 percent and the number of Hispanic Texans increased by 32.4 percent.

Table A-31 sets forth information concerning the changes in Texas' total population since the 1980 census.

Table A-31
Historical Review of Texas Population

Month	Year	Texas Resident Population	Average Annual Percent Change	Population Rank Among States
April	1980	14,229,191	2.4	3
April	1990	16,986,510	1.8	3
April	2000	20,851,820	2.1	2
July	2010	25,242,000	1.5	2
July	2020	29,238,000	0.9	2
July	2021	29,573,000	1.5	2
July	2022	30,118,000	1.5	2
July	2023	30,719,000	1.4	2
July	2024	31,319,000	1.4	2
July	2025	31,710,000	1.4	2

Source: U.S. Census Bureau, Population Division (NST-EST2025-POP)

Table A-32 sets forth historical age group statistics for Texas and the United States.

Table A-32
Share of Texas and United States Populations by Age Group

Age Group	Texas Share April 2000	Texas Share April 2010	Texas Share April 2020	Texas Share July 2024	U.S. Share April 2000	U.S. Share April 2010	U.S. Share April 2020	U.S. Share July 2024
0-4	7.8%	7.7%	6.6%	6.3%	6.8%	6.5%	5.8%	5.5%
5-17	20.4%	19.7%	18.8%	18.2%	18.9%	17.5%	16.4%	16.0%
18-24	10.6%	10.1%	10.0%	9.8%	9.7%	9.9%	9.4%	9.2%
25-44	31.1%	28.0%	28.2%	28.8%	30.2%	26.6%	26.6%	27.0%
45-54	12.5%	13.7%	12.3%	12.2%	13.4%	14.6%	12.4%	12.0%
55-64	7.7%	10.4%	11.3%	10.8%	8.6%	11.8%	12.9%	12.3%
Over 64	9.9%	10.4%	12.8%	13.9%	12.4%	13.0%	16.5%	18.0%

Note: Percentage totals may not sum due to rounding.

Source: U.S. Census Bureau, Population Division (SC-EST2024-AGESEX-48 and NC-EST2024-AGESEX)

7. EDUCATION

PRIMARY AND SECONDARY EDUCATION

Texas public schools are administered locally by elected school boards and on the state level by the State Board of Education, the State Commissioner of Education, and the Texas Education Agency (TEA). The State Board of Education is the state's policy-making and planning body for the public school system. Members of the State Board of Education are elected for staggered four-year terms. The State Commissioner of Education is appointed by the Governor, confirmed by the Senate and is the executive head of the Texas Education Agency.

All children between the ages of 6 and 18 are required to attend school. School districts are required to offer pre-kindergarten programs only for three-year olds and four-year olds that meet eligibility requirements under state law. School districts are required to offer full- or half-day kindergarten programs for all five-year-olds.

A child may attend school in the school district in which they live or enroll in other options such as charter schools. A charter school is a type of public school available in Texas authorized by Section 12.001 of the Texas Education Code in 1995.

Public School Statistics by School Year

School Year	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Total Student Enrollment	5,493,940	5,371,586	5,427,370	5,518,432	5,531,236	5,544,225
School Districts*	1,022	1,021	1,022	1,021	1,021	1,020
Charter Operations	180	183	185	188	186	188
Campuses*	8,090	8,014	8,101	8,149	8,172	8,130
Charter Campuses	782	831	872	905	916	958
Workforce	735,265	745,813	752,339	764,310	776,521	765,368

Note: These numbers do not include private schools

*Excludes charters

TEXAS EDUCATION FREEDOM ACCOUNTS PROGRAM

In 2025, the 89th Legislature passed Senate Bill 2, which established an education savings account program, marketed as the Texas Education Freedom Accounts™ (TEFA) program (Education Code, Chapter 29, Subchapter J). The program was created to (1) provide additional educational options to assist families in this state in exercising the right to direct the educational needs of their children; and (2) achieve a general diffusion of knowledge.

The Legislature appropriated $1 billion for the program for the FY 2026-27 biennium. Of that amount, up to 3% may be deducted by the Comptroller to cover the cost of administering the program and up to 5% may be used to pay the certified educational assistance organizations (CEAOs) for the cost of providing program services.

The Comptroller is responsible for administering the TEFA program to provide funding for approved education-related expenses of children participating in the program and may contract with one or more CEAOs to operate the program. The Comptroller may engage in marketing, advertising, and other activities to promote, market, and advertise the development and use of the program.

A child is eligible to participate in the program if (1) the child's parent establishes that the child is a citizen or national of the United States or was lawfully admitted into the United States; and (2) the child is eligible to attend a Texas public or charter school or enroll in a school district's or open-enrollment charter school's prekindergarten program.

Eligible applicants are prioritized by tiers:

- Tier 1: Children with a disability who are members of a household whose total annual income is at or below 500% of the Federal Poverty Level.
- Tier 2: Children who are members of a household whose total annual income is at or below 200% of the Federal Poverty Level.
- Tier 3: Children who are members of a household whose total annual income is above 200% and below 500% of the Federal Poverty Level.
- Tier 4: Children who are members of a household whose total annual income is at or above 500% of the Federal Poverty Level. Children who were enrolled in a Texas public school or charter school for at least 90% of the prior school year will be prioritized within this group. Funds for children in this category may not exceed 20 percent of the amount of money appropriated from the program fund for that school year.

For the 2026-27 school year, $10,474 will be transferred to the program account of a participating child if the student attends a participating private school. Up to $30,000 per year may be transferred to the program account of a participating child with a disability who attends a participating private school and has an Individualized Education Plan (IEP) on file with their school district. The amount transferred to the program accounts of homeschooled students is $2,000 per year. When the total number of eligible applicants exceeds available funding for an application period, a lottery must be conducted to select participants.

The Comptroller is required to establish and maintain a marketplace of educational providers and vendors to be used by parents of participating children.

Approximately 97,000 children have been awarded education savings accounts for the 2026-27 school year.

PUBLIC EDUCATION FUNDING

The State shares the cost of public primary and secondary education with local districts. State funding for primary and secondary education is provided through the Permanent School Fund, the Available School Fund and the Foundation School Program (FSP). The Permanent School Fund is an endowment fund consisting of state lands, the sale of lands, and royalty earnings. The fund is available for investment only; the investment income is deposited along with one-quarter of the motor fuels tax in the Available School Fund for distribution to school districts. Under the terms of the State Constitution, the Permanent School Fund may not be used for appropriation, but it may be used to guarantee bonds issued by school districts.

The bulk of funding for Texas's public schools comes from the Foundation School Program (FSP), a guaranteed yield school finance system comprised of state revenues and local property tax funds. The FSP allocates state funds to public schools according to a system of formulas based on various district and student characteristics. A series of allotments ensure that each school district can provide an adequate instructional program to meet the needs of its students, regardless of its local property tax base.

Texas has two debt tax rate equalization programs, the Instructional Facilities Allotment program, started in 1997, to assist low property wealth districts with new debt, and the Existing Debt Allotment Program, started in 1999, to help districts service existing debt. Both programs distribute state aid to equalize local interest and sinking tax efforts up to $40.00 per penny per student in average daily attendance. The Instructional Facilities Allotment program is a sum-certain appropriation, with the Legislature making appropriation decisions regarding new grant awards each biennium. The Existing Debt Allotment program is formula driven: debt service is automatically eligible for support if a district makes a payment during the previous biennium. Existing Debt Allotment support is restricted to 29 cents of interest and sinking tax effort.

TOTAL ACTUAL EDUCATION REVENUES

The Texas Education Agency's report, 2024-2025 Actual Financial Data, shows actual public school district revenues from local, state, and federal sources totaling more than $60 billion. The Actual Financial Data for 2025-26 will be available in Spring 2027.

That total represents:

- $29.1 billion from local tax revenues
- $29.8 billion from state sources
- $1.1 billion from federal sources

BUDGETED STATE EDUCATION FUNDING 2026–27 BIENNIUM

FSP funding for the 2026–27 biennium includes:
- $39.6 billion in General Revenue Funds
- $73.2 billion in All Funds through the FSP

Major funding items for public education for the 2026-27 biennium include:

- Fully funds the Foundation School Program (FSP) under current law, including an estimated $3.1 billion in All Funds to address changes in student population projections; a saving of $4.7 billion in All Funds due to district property value growth; and an estimated $1.0 billion in All Funds related to a projected increase in the golden penny value growth.

- Appropriates $1.0 billion for the 2026-2027 school year for the Texas Education Freedom Accounts (TEFA) Program, as authorized by Texas Education Code, Subchapter J, and administered by the Texas Comptroller of Public Accounts.

According to the U.S. Census Bureau 2024 American Community Survey, 86.7 percent of the state's population, age 25 and older, were high school graduates or higher, as compared to an 89.9 percent share for the nation. In addition, 35.2 percent of the state's population age 25 and older had received a bachelor's degree or higher, as compared to a national share of 36.8 percent.

HIGHER EDUCATION

HIGHER EDUCATION INSTITUTIONS

The State of Texas has 148 public and independent institutions of higher education:
- 50 public community college districts (with multiple campuses),
- 37 public four-year universities and upper division centers,
- 6 campuses in the Texas State Technical College System (including three extension centers),
- 10 public health-related institutions,
- 3 public two-year, lower-division Lamar state colleges,
- 38 independent four-year colleges and universities,
- 1 independent medical school,
- 1 independent junior college, and
- 2 independent chiropractic institutions.

In addition, there are ten multi-institution teaching centers that offer courses at one central location or at several sites. Multi-institution teaching centers are partnerships between institutions of higher education and may include public community and technical colleges, public universities, and independent colleges and universities.

ENROLLMENT

Preliminary statewide enrollment in all colleges and universities in the fall of 2025, the most recent semester for which preliminary data is available, was 1,680,517. Higher education in the State at public and, to a lesser extent, private institutions is supervised by the Texas Higher Education Coordinating Board, which has authority over program offerings and the use of certain funds appropriated by the Legislature for higher education. The higher education institutions are under the control of separate boards of regents.

TUITION

Public higher education in the State is funded through a combination of tuition, student fees and other local funds (including gifts from benefactors), income from constitutional funds (the Permanent University Fund via the Available University Fund, the Higher Education Fund, and the Texas University Fund (formerly, the National Research University Fund, as discussed in more detail below), appropriations made by the Legislature, and tuition revenue bonds.

There are two types of tuition at public institutions: statutory (set and regulated by the Legislature, currently $50 per semester credit hour) and designated. Effective with the 2003 fall semester, Section 54.0513, Education Code, allows the governing boards to charge any amount for designated tuition and vary amounts by program and course level, and to set different rates "to increase graduation rates, encourage efficient use of facilities, or enhance employer performance." Designated tuition levels vary widely by institution.

In addition to tuition, the boards of regents of the various colleges and universities set many student fees. An additional nonresident tuition is set annually by the Texas Higher Education Coordinating Board and is calculated to result in a total nonresident rate that is equal to the average nonresident tuition charged by the five most populous states, excluding Texas.

The 89th Legislature appropriated $34.4 billion in all funds for higher education for the 2026-27 biennium, an increase $193.8 million from the 2024-2025 biennium. General Revenue Funds and General Revenue–Dedicated Funds total $27 billion.

In 2011, the 82nd Legislature enacted HB 9, which required the Texas Higher Education Coordinating Board to incorporate student success measures into the agency's funding recommendations for higher education institutions to the Legislature. Under the legislation, no more than 10 percent of general revenue appropriated to undergraduate institutions from base funds will be distributed based on student success measures.

Beginning in 2003, in conjunction with the deregulation of designated tuition, the State enacted several changes to the Education Code relating to tuition set-asides, which are intended to lessen the financial burden of higher education costs on students demonstrating need. One prominent set-asides provision requires governing boards to set at least 15 percent of designated tuition charged above $46 per semester credit hour for resident undergraduate and graduate financial assistance. Financial assistance funded through tuition set-asides may include grants, scholarships, work-study programs, student loans, and student loan repayment assistance.

In 2007, the state established the Texas Tuition Promise Fund, also known as the Texas Tomorrow Fund II, as authorized in Subchapter H, Chapter 54, Texas Education Code. The plan opened for enrollment in 2008 and is a prepaid tuition undergraduate education program financed by fund assets. The plan is not guaranteed by the State of Texas. Contract purchasers may buy "units" worth one percent of one year's tuition and required fees at today's rates that are redeemable at the time the student enrolls in the institution for an equivalent percentage of costs.

As of August 31, 2025, the Texas Tuition Promise Fund (Plan) had 40,737 active contracts and had a surplus of Assets over Liabilities of $576,984,660 with a funded ratio of 172.6 percent. As of August 31, 2024, the surplus was $481,787,856 with a funded ratio of 158.7 percent.

The Texas Tomorrow Fund, also known as the Texas Guaranteed Tuition Plan, opened for enrollment in 1996. On November 4, 1997, Article VII, Section 19 was added to the Texas Constitution guaranteeing plan benefits with the full faith and credit of the State of Texas. The plan closed for new enrollment in 2003; however, there were 11,829 active contracts as of August 31, 2025. The fund had a surplus of Assets over Liabilities as of August 31, 2025 of $12,832,427, compared to a surplus of $15,291,310 as of August 31, 2024. The Texas Guaranteed Tuition Plan's funded ratio was 108.5 percent as of August 31, 2025, an increase of 1.8 percent from the prior year's ratio of 106.7 percent as of August 31, 2024.

CONSTITUTIONALLY DEDICATED REVENUES

The Permanent University Fund (PUF) is a permanent endowment fund with a market value of $41,612,749,230.87 (unaudited) as of March 31, 2026, according to the UT System, which administers the PUF. Income from the PUF is dedicated first to payment of debt service of PUF bonds, which may be used for capital improvement at certain institutions in the UT and Texas A&M University (TAMU) systems. The amount of PUF bonds that may be issued is limited to 30 percent of the book value of the PUF, which was $35,590,163,209.91 (unaudited) as of March 31, 2026. The residual amount of income of the PUF, after debt service, is dedicated to excellence programs for The University of Texas at Austin, Texas A&M University (College Station) and Prairie View A&M University. The University of Texas Investment Management Company (UTIMCO), a 501(c) (3) investment-management corporation, sole purpose is the management of investment assets under the fiduciary care of the UT System Board of Regents, including the PUF. UTIMCO is governed by a nine-member Board of Directors appointed by the UT System Board of Regents.

The Higher Education Fund was established to provide support to institutions that are ineligible for PUF monies. Proceeds from the Higher Education Fund may be used for construction, land acquisition and to acquire capital equipment, library books and library equipment. The 2026-2027 General Revenue appropriation for the HEF is $1.2 billion, an increase of $393.8 million from the 2024-2025 biennium, which is allocated by formula to each institution.

The Texas University Fund (TUF) provides funding to certain institutions of higher education that meet set criteria to support research efforts. Current TUF-eligible institutions include:

- Texas State University (San Marcos).
- Texas Tech University (Lubbock).
- University of Houston (Houston).
- University of North Texas (Denton).

The balance of the TUF as of March 31, 2026 was $6,019,070,588.37 (unaudited). This balance includes $1.3 billion appropriated to the TUF in fiscal year 2025 by the 89th Legislature. In addition, Texas Education Code Section 62.143 authorizes an annual appropriation to the TUF from investment earnings in the Economic Stabilization Fund. The amount appropriated is the amount of the previous year's appropriation, increased by the lesser of the change in the Consumer Price Index or 2.0 percent. See 2. FISCAL MATTERS - ECONOMIC STABILIZATION FUND - Appropriation of ESF.

The Permanent Technical Institution Infrastructure Fund (PTIIF) and the Available Workforce Education Fund ("AWEF") were established through a constitutional amendment approved by the voters in November 2025 as special funds in the state Treasury outside the General Revenue Fund to provide a dedicated source of funding for capital projects and equipment purchases related to education programs offered by the Texas State Technical College System. The Comptroller of Public Accounts was appropriated $850.0 million in General Revenue Fund to deposit into the PTIIF.

8. RETIREMENT SYSTEMS

The State administers three defined-benefit retirement systems: the Teacher Retirement System of Texas (TRS), the Employees Retirement System of Texas (ERS) and the Judicial Retirement System of Texas (JRS). The State also administers three other defined-benefit plans and contributes to one defined-contribution plan. Further information on these plans as of the dates indicated may be found in Note 9 of the State of Texas Fiscal Year 2025 Annual Comprehensive Financial Report. In addition, state employees, except those compensated on a fee basis, are covered under the federal Social Security System. Political subdivisions of the State may voluntarily provide coverage for their employees under the State's agreement with the federal Social Security Administration.

TRS is the largest of the three retirement systems, providing benefits to all employees of the public school system within the State as well as faculty and staff members of state-supported institutions of higher education. In addition, TRS administers the Texas Public School Retired Employees Group Insurance Program, which was established by legislation enacted in June 1985. This program provides healthcare benefits to Texas public school retirees. On September 1, 2002, TRS began administering the Texas Active School Employees Uniform Group Benefits Program, which provides healthcare benefits to active employees of school districts participating in the program.

ERS covers State employees and members of the Law Enforcement and Custodial Officers Supplemental Retirement Plan (LECOS). ERS also administers the Texas Employees Group Benefits Program, which provides insurance coverage to active and retired state employees and their families and employees of certain Texas higher education institutions. Employees hired after August 31, 2022 are enrolled in a defined benefit retirement structure known as a cash balance benefit.

JRS provides benefits to judicial officers of the State and is administered by ERS although, technically, it is a separate legal entity. Prior to 1985, JRS was maintained on a pay-as-you-go basis. Legislation enacted in 1985 divided JRS into two plans by changing the name of the existing plan and establishing a second, separate plan. The new plan, known as JRS Plan Two, is maintained on an actuarially sound basis and covers individuals who become judicial officers after August 31, 1985. The old plan, known as JRS Plan One, is maintained on a pay-as-you-go basis and covers judicial officers who were active on August 31, 1985, or had retired on or before that date. Judges who take office on or after September 1, 2024 are enrolled in a defined benefit retirement structure known as a cash balance benefit.

Contributions to the retirement systems are made by both the State and covered employees. The state contribution rate may, and has in the past, result in total contributions insufficient to cover the determined actuarial accrued liability. However, since 2021, state statute requires ERS to request an additional appropriation for a Legacy Payment, an actuarially determined amount necessary to amortize the ERS's unfunded actuarial liabilities by not later than the fiscal year ending August 31, 2054.

Plan membership and current contribution rates As of August 31, 2025				
Plan	Membership		Contribution Rates	
	Active	Annuitant	Member	Employer
TRS[1]	1,579,335	523,657	8.25%	8.25%
ERS[2]	146,783	127,195	8.80%	10.00%
JRS II[3]	660	857	9.36%	19.25%
LECOS[4]	35,546	17,163	.82%	2.36%

[1] The state will contribute 8.25% for fiscal year 2025 and each year thereafter. In addition, public education employers contribute an additional 2.00% of the minimum salary schedule for fiscal year 2025 and beyond. For fiscal year 2025, these combined contributions are expected to be 9.43% of total payroll. There is also a surcharge of 0.09% from contributions on behalf of retired members who have returned to work. This leads to a total employer contribution rate of 9.52%.

[2] Member contributions are 9.50% of compensation for all members hired before 9/1/2022 and 6.00% of compensation for all members hired on or after 9/1/2022. The rate shown is the blended rate as of the valuation date. Employer contribution of 10% represents state contribution at 9.50%, state agency contribution at 0.50%.

[3] Member contributions may cease after 20 years or Rule of 70 with 12 years' service on Appellate Court. The current average member contribution rate is 9.36%.

[4] Member contributions are 0.50% of compensation for all members hired before 9/1/2022 and 2.00% for all members hired on or after 9/1/2022. The rate shown is the blended rate as of the valuation date. Employer contribution represents state contribution at 1.75% and court fee contributions equivalent to 0.61%. Rates are in addition to rates paid for ERS.

State laws prohibit by statute, benefit improvements in the ERS, JRS and TRS systems that would cause the period required to amortize the UAAL of the plans to exceed 31 years or more. As of the August 31, 2024 TRS actuarial valuation, the amortization of the TRS UAAL was 28 years based on increased employer and member contributions rates adopted by the 86th Legislature in 2019.

Actuarial information for the plans is summarized as follows:

As of Actuarial Valuation Date August 31, 2024 (amounts in millions)						
Plan	Actuarial Accrued Liability	Actuarial Funded Asset Value	Actuarial (Over)/Unfunded Asset Valued	Actuarial Funded Ratio	Actuarial Discount Rate	Actuarial Amortization Period
TRS	273,095.1	(212,520.4)	60,574.6	77.8	7.00%	28
ERS	49,768.0	(35,838.4)	13,929.7	72.0	7.00%	30
JRS II	724.5	(719.2)	5.3	99.3	7.00%	6
LECOS	1,870.4	(1,898.2)	(27.8)	101.5	7.00%	0

GASB Statement No. 67 sets the rules for the financial reporting for the State's pension liability. The State's portion of the net pension liability under the TRS plan as of the measurement date of August 31, 2024 reported in the State of Texas Fiscal Year 2025 Annual Comprehensive Financial Report was 63.79 percent or $38.9 billion. The net pension liability for the State under the ERS plan, as reported in the 2025 ERS Annual Comprehensive Financial Report, was $11.6 billion; net pension assets for the LECOS plan and for the JRS2 plan were $119.9 million and $1.5 million, respectively.

The State's liability for both plans is reported using GASB Statement No. 68, which defines the requirements for the financial reporting of the employer. The TRS fair value of investments, as of August 31, 2025, was $225.3 billion. The ERS fair value of pooled investments as of August 31, 2025, was $42.6 billion.

In fiscal 2026, members of the ERS Cash Balance Benefit will receive a 2.96 percent gain-share. The gain-share was applied to August 31, 2025 balances in December 2025.

The 89th Legislature passed House Bill 500, a supplemental appropriations bill. Per Section 1.22, ERS will receive a legacy payment of $1.02 billion to pay down the unfunded actuarial liability and long-term interest costs for fiscal years 2026 and 2027. The 89th Legislature also passed Senate Bill (SB) 293, which provides a 25% increase to judicial salaries and unlinks legislative annuity calculation from judicial salaries and establishes a set salary at $175,000. The 89th Legislature also passed SB 1737, which allows certain correction and law enforcement employees of Texas Juvenile Justice Department, Office of the Attorney General, and Comptroller of Public Accounts to participate in the LECOS plan.

Table A-33 sets forth selected financial information concerning each of the three state-operated retirement systems for the fiscal year ended August 31, 2025.

Table A-33
Selected Financial Information Regarding State-Operated Retirement Systems
(Amounts in Thousands)

	Teacher Retirement System	Employees Retirement System	Judicial Retirement System Plan II
Contributions, Investment Income & Other Revenue	$31,106,136	$5,815,922	$94,152
Benefits and Refunds Paid	$15,321,094	$3,228,990	$44,725
Plan Net Position Available for Benefits	$226,328,301	$40,065,983	$805,067
Plan Net Position Available for Benefits to Benefits and Refunds Paid Ratio	14.77:1	12.41:1	18.00:1
Payout to Revenue Ratio	2.03:1	1.80:1	2.11:1

Sources: Annual Comprehensive Financial Report for Fiscal Year ended August 31, 2025, Employees Retirement System of Texas; Annual Comprehensive Financial Report for Fiscal Year ended August 31, 2025, Teacher Retirement System of Texas

The State's retirement systems were created and are operated pursuant to statutes enacted by the Legislature. The Legislature has the authority to modify these statutes and, accordingly, contribution rates, benefits, benefit levels of each system, as it deems appropriate, including the provisions limiting changes that increase the amortization period for unfunded actuarial liability of any plan. The State's retirement systems are not subject to the funding and vesting requirements of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), although Congress has from time to time considered legislation that would regulate pension funds of public bodies.

The allocation percentages and/or amounts for the State's pension plans for the August 31, 2025 measurement period will be released, upon audit completion, as part of the State of Texas Fiscal Year 2026 Annual Comprehensive Financial Report.

POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

In addition to providing pension benefits, the state administers four defined benefit other postemployment benefit (OPEB) plans, which provide health care and life insurance benefits for retired employees, their spouses, and beneficiaries. Benefits are authorized by statute and contributions are determined by the General Appropriations Act. The OPEB plan administrators are: Employees Retirement System of Texas (ERS), Teacher Retirement System of Texas (TRS), Texas A&M University System (A&M), and the University of Texas System (UT). Further information on these plans including methods and assumptions used by the actuary to project benefit payments may be found in Note 11 of the State of Texas Fiscal Year 2025 Annual Comprehensive Financial Report or the respective OPEB plan administrators' financial reports.

ERS administers the State Retiree Health Plan that provides OPEB benefits for state retirees with at least 10 years of combined state service under any of the programs in the Proportionate Retirement Program, including TRS employees. Retirees from institutions of higher education who elected to participate in the Texas Higher Education Coordinating Board's defined contribution plan, the Optional Retirement Program, are also eligible for these benefits, providing that their contributions have not been withdrawn. Public school district retirees that are members of TRS are also eligible for such benefits.

TRS administers a program that provides OPEB benefits to public school district retirees with at least 10 years of service. The Texas Public School Retired Employees Group Insurance Program provides a basic level of coverage for eligible retirees and optional coverage for eligible retirees and their dependents. Basic coverage includes participation in a major medical group health insurance plan with deductibles based upon enrollment in Part A or Part B of Medicare or non-Medicare participants may pay premiums to participate in one of the two standard plans with more comprehensive benefits. Funding is provided by retiree premium contributions from the state, active employees, and participating employers based on active employee compensation. As of the measurement date, the State of Texas, active school employee and participating employer contribution rates are 1.25 percent, 0.65 percent, and 0.75 percent of school district payroll, respectively.

A&M and UT provide separate OPEB benefits to their retirees, surviving spouses, and beneficiaries. Substantially all of the employees under these university systems that reach normal retirement age while working for the State may become eligible for the health and life insurance benefits.

The State makes monthly contributions for OPEB benefits. Contribution rates are shown below in Table A-34 for the ERS, A&M, and UT plans. Costs are estimated by an actuary for claims expected to be paid during the year. The retiree contributes any premium over and above state contributions.

Table A-34
State Contribution Rates - Retiree Health and Basic Life Premium

Level of Coverage	ERS[1]	Texas A&M University	University of Texas
Retiree Only	$625	$890	$780
Retiree/Spouse	$1,341	$1,452	$1,189
Retiree/Children	$1,104	$1,281	$1,042
Retiree/Family	$1,820	$1,681	$1,453

1. TRS employees are plan members of the ERS OPEB plan.

Sources: Annual Comprehensive Financial Report for Fiscal Year ended August 31, 2025, Employees Retirement System of Texas; Annual Comprehensive Financial Report for Fiscal Year ended August 31, 2025, State of Texas

GASB Statement No. 75 sets the rules for the financial reporting for the State. GASB Statement No. 75 improved accounting and financial reporting by identifying the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value and attribute that present value to periods of employee service. Obtaining this additional information will require actuarial valuations and a calculation of an amount in excess of the annual contributions based on current funding methods. The inclusion of these disclosure requirements to the financial statements does not signify any plans by the State to change its current funding of OPEB, which is on a pay-as-you-go basis and determined as of a measurement date.

The cost of the state's health care and life insurance benefits is financed on a pay-as-you-go-basis. The expenditures are recognized when reimbursements are made for claims paid by non-state entities or when premiums are paid.

Table A-35 includes the OPEB liability and expenditures recognized for each of the OPEB plans that the State participates as of the indicated measurement dates. The allocation percentages and amounts for the State's OPEB plans for the August 31, 2025 measurement date will be released, upon audit completion, as part of the State of Texas Fiscal Year 2026 Annual Comprehensive Financial Report; therefore, the most recently available Collective Net OPEB liabilities regarding both the ERS and TRS OPEB plans are presented in Table A-35.

Table A-35
Postemployment Health Care and Life Insurance

Benefits Provided Through	Measurement Date	Collective Net OPEB Liability (Thousands)[1]	Number of Retirees:	Cost (Thousands)
Employees Retirement System	8/31/2025	$25,442,007	143,292	$946,606
Teacher Retirement System[2]	8/31/2025	24,927,287	186,658	924,384
Total		$50,369,295	329,950	$1,870,990

End / Start of Table

Benefits Provided Through	Measurement Date	State's Proportion of OPEB Liability (Thousands)	Number of Retirees:	Cost (Thousands)
University of Texas System	12/31/2024	$10,587,731	34,356	$211,542
Texas A&M University System	9/1/2024	2,973,133	11,496	85,250
Total		$13,560,864	45,852	$296,792

1. The amounts reported for ERS and TRS are the collective liability amounts, not the State's proportionate share. The allocation percentages and amounts for the State for the August 31, 2025 measurement period will be released, upon audit completion, as part of the State's FY 2026 Annual Comprehensive Financial Report.

2. Public School District Employees

Sources: Annual Comprehensive Financial Report for Fiscal Year ended August 31, 2025, Employees Retirement System of Texas; Annual Comprehensive Financial Report for Fiscal Year ended August 31, 2025, Teacher Retirement System of Texas; Annual Comprehensive Financial Report for Fiscal Year ended August 31, 2025, State of Texas

9. TEXAS TRADE

Texas' location, geography and diverse economy offer unique trade opportunities. The state plays a significant role in the United States's international commerce. Texas has led the nation in exports for more than two decades. In 2025, Texas exports were 20.7 percent of all US exports, down slightly from 22 percent in 2024.

For a discussion of the impact of recent developments in U.S. trade policy, see Section 12. CONTINUITY OF OPERATIONS AND RECENT EVENTS – Recent Events.

Mexico is Texas' largest trading partner. In 2025, Texas exports to Mexico totaled $125.15 billion, nearly 28 percent of the state's total exports. Texas imports from Mexico were valued at $177.39 billion, over 43 percent of the state's total imports. Canada and China are Texas' second and third-largest trading partners. See Table A-36.

Table A-36
State of Texas International Imports/Exports (2025)

Exports of Goods Produced in Texas (Top Ten Countries)		
To	Total Value of Exported Goods (billions)	Percent of Texas Total
Mexico	$125.15	27.8%
Canada	$34.63	7.7%
Netherlands	$33.43	7.4%
Korea, South	$21.72	4.8%
Japan	$16.08	3.6%
China	$14.77	3.3%
Taiwan	$13.39	3.0%
Brazil	$13.07	2.9%
India	$12.70	2.8%
United Kingdom	$11.91	2.6%
Top 10 Export Countries Total	$296.86	65.9%
		Percent of U.S. Total
Texas Total Exports	**$450.27**	**20.7%**
U.S. Total Exports	**$2,178.49**	
Imports of Goods Destined for Texas Consumption (Top Ten Countries)		
From	Total Value of Imported Goods (billions)	Percent of Texas Total
Mexico	$177.39	43.1%
Canada	$34.36	8.3%
China	$27.71	6.7%
Taiwan	$17.12	4.2%
Vietnam	$15.18	3.7%
Thailand	$12.84	3.1%
Korea, South	$10.68	2.6%
Germany	$9.91	2.4%
Japan	$9.77	2.4%
Malaysia	$8.17	2.0%
Top 10 Import Countries Total	$323.13	78.5%
		Percent of U.S. Total
Texas Total Imports	**$411.56**	**12.0%**
U.S. Total Imports	**$3,415.75**	**n/a**
Total Texas International Imports & Exports	**$861.83**	**15.4%**
Total U.S. International Imports & Exports	**$5,594.24**	**n/a**
Source: U.S. Census Bureau, USA Trade Online, State Import Export Data for 2025		

The variety of goods produced in Texas for export is extensive. Using the North American Industry Classification System (NAICS) 4-digit commodity code, the U.S. Census Bureau lists 108 commodities with measurable value that were produced in Texas for export in 2024. The top 15 of these commodities represented nearly 83 percent of Texas' international exports in that year. Table A-37 provides a five-year history of the top 15 commodities.

Table A-37
Exports of Products Originating in Texas
2025 Top 15 Commodities based on 4-digit NAICS Codes* (billions)

Rank	4-digit NAICS Code	NAICS Commodity Name	2021	2022	2023	2024	2025	Percent of 2025
1	2111	Oil & Gas	$107.71	$161.29	$143.10	$145.99	$137.00	30.4%
2	3241	Petroleum & Coal Products	$56.06	$89.99	$74.04	$72.41	$68.48	15.2%
3	3251	Basic Chemicals	$25.54	$31.27	$29.02	$28.60	$28.34	6.3%
4	3341	Computer Equipment	$14.15	$15.17	$12.15	$16.39	$27.31	6.1%
5	3344	Semiconductors & Other Electronic Components	$19.33	$20.90	$20.05	$19.61	$19.68	4.4%
6	3252	Resin, Syn Rubber, Artf & Syn	$18.80	$22.41	$19.67	$19.53	$19.31	4.3%
7	3364	Aerospace Products & Parts	$8.44	$9.98	$11.13	$13.57	$14.75	3.3%
8	3342	Communications Equipment	$7.71	$8.25	$8.25	$8.81	$11.87	2.6%
9	3363	Motor Vehicle Parts	$9.59	$10.58	$9.05	$8.43	$8.20	1.8%
10	3332	Industrial Machinery	$7.58	$7.81	$7.10	$6.58	$7.50	1.7%
11	3359	Electrical Equipment & Components, Nesoi	$6.30	$7.87	$8.07	$7.07	$7.46	1.7%
12	3345	Navigational/measuring/medical/co	$4.87	$6.37	$7.48	$7.09	$6.18	1.4%
13	3329	Other Fabricated Metal Products	$5.45	$5.55	$6.22	$6.17	$5.76	1.3%
14	3339	Other General Purpose Machinery	$4.00	$5.58	$6.03	$6.34	$5.65	1.3%
15	3331	Ag & Construction & Machinery	$3.82	$4.20	$6.17	$4.99	$5.44	1.2%
		TOTAL Texas Exports	$377.99	$491.09	$449.38	$454.41	$450.27	

*NAICS is the standard used by federal government statistical agencies in classifying business establishments for the purpose of collecting, analyzing, and publishing statistical data related to the U.S. business economy.
Source: U.S. Census Bureau, USA Trade Online, State Export Data for 2025 - Texas Origin of Movement by 4-digit NAICS Code

All international trade enters or leaves the U.S. through an official port of entry. In 2025, Texas had 34 ports that facilitated international trade, including seaports, airports and border crossings. These ports offer customs operations and facilitate the movement of imports and exports to and from locations across the state and the nation. Products produced in Texas for international consumption may or may not leave the country through a Texas port and products shipped into the U.S. through a Texas port may be destined for another state. Texas' ports, whether accessible via air, land or sea, contribute to the state and local economies each in a distinctive way and across multiple industries. See Table A-38.

Table A-38
Texas Ports
All International Trade Through Texas Ports
Total Imports and Exports for 2025

Totals	Total Exports Value (millions)	Total Imports Value (millions)	Total Trade Value (millions)
Total Trade through Texas Ports	$539,810	$574,144	$1,113,954
Total U.S. Trade	$2,178,489	$3,415,747	$5,594,236
Texas Ports as a Percent of U.S. Trade	24.8%	16.8%	19.9%

International Trade through Texas Ports for 2025

Port of Entry	Total Exports Value	Total Imports Value	Total Trade Value
Laredo, TX (Port)	$127,205,302,640	$227,441,156,906	$354,646,459,546
Houston, TX (Port)	$125,257,193,292	$81,668,469,095	$206,925,662,387
Ysleta, TX (Port)*	$38,635,924,991	$77,197,055,874	$115,832,980,865
Dallas-Fort Worth, TX (Port)	$32,921,135,221	$51,611,527,400	$84,532,662,621
Corpus Christi, TX (Port)	$76,401,908,505	$4,847,992,381	$81,249,900,886
Hidalgo, TX (Port)	$14,374,765,068	$30,524,847,585	$44,899,612,653
Eagle Pass, TX (Port)	$12,068,866,819	$31,377,750,901	$43,446,617,720
El Paso, TX (Port)	$14,211,515,541	$13,910,244,997	$28,121,760,538
Freeport, TX (Port)	$15,344,926,486	$8,436,537,905	$23,781,464,391
Houston Intercontinental Airport, TX (Port)	$12,652,109,804	$10,918,842,103	$23,570,951,907
Beaumont, TX (Port)	$21,176,924,997	$2,347,396,108	$23,524,321,105
Brownsville, TX (Port)	$11,717,656,515	$10,434,821,909	$22,152,478,424
Port Arthur, TX (Port)	$7,432,465,358	$9,152,126,577	$16,584,591,935
Sabine, TX (Port)	$10,378,931,419	$45,820,066	$10,424,751,485
Galveston, TX (Port)	$5,871,002,667	$4,260,049,610	$10,131,052,277
Texas City, TX (Port)	$6,179,449,414	$809,819,896	$6,989,269,310
Del Rio, TX (Port)	$2,052,538,115	$3,515,577,299	$5,568,115,414
Fabens, TX (Port)	$298,312,773	$3,273,147,257	$3,571,460,030
San Antonio, TX (Port)	$1,507,825,061	$73,016,987	$1,580,842,048
Fort Worth Alliance Airport, TX (Port)	$1,338,059,799	$501,754	$1,338,561,553
Austin, TX (Port)	$517,746,887	$668,960,572	$1,186,707,459
Port Lavaca, TX (Port)	$930,855,633	$165,676,517	$1,096,532,150
Roma, TX (Port)	$173,515,488	$740,208,312	$913,723,800
Progreso, TX (Port)	$614,333,919	$147,874,407	$762,208,326
Rio Grande City, TX (Port)	$238,286,799	$266,908,140	$505,194,939
Presidio, TX (Port)	$219,869,810	$207,437,049	$427,306,859
Valley International Airport, Harlingen, TX (Port)	$3,196,544	$98,125,631	$101,322,175
Amarillo, TX (Port)	$47,272,276	$1,325,597	$48,597,873
Orange, TX (Port)	$17,324,109	$13,351	$17,337,460
Midland International Airport, TX (Port)	$16,907,029	$30,458	$16,937,487
Lubbock, TX (Port)	$2,136,351	$404,291	$2,540,642
Addison Airport, Dallas, TX (Port)	$964,859	$9,285	$974,144
Dallas Love Field, Dallas, TX (Port)	$354,914	$488,087	$843,001
Sugar Land Regional Airport, TX (Port)	$55,306		$55,306

* Note: In previous years Ysleta was included with El Paso.

Source: U.S. Census Bureau, USA Trade Online, Port Level Data for 2025

10. LITIGATION

The State of Texas is a party to various cases concerning its governmental functions and operations but unrelated to the security for bonds or other securities offered by the State of Texas or its agencies pursuant to Official Statements to which the Comptroller has authorized this Bond Appendix to be attached or incorporated by reference. In the opinion of the Texas Comptroller, based on case information provided by the Texas Attorney General, none of the cases, if finally decided adversely to the State, could possibly have a materially adverse effect on the long-term financial condition of the State, except for the briefly described following cases:

- *Steward, et al. v. Perry, et al.* [U. S. District Court, Western District of Texas, San Antonio Division; No. 5:10-cv-1025.] Originally filed on December 20, 2010, this is an institutional reform class action brought on behalf of "all Medicaid-eligible persons over twenty-one years of age with intellectual or developmental disabilities or a related condition in Texas who currently or will in the future reside in nursing facilities, or who are being, will be, or should be screened for admission to nursing facilities." Plaintiffs, along with the U.S. Department of Justice as intervenor, allege that the State Defendants fail to properly assess and serve the Plaintiff class in violation of various federal laws, including the Americans with Disabilities Act, the Rehabilitation Act, the Social Security Act, and the Nursing Home Reform Amendments. After a bench trial, the Court issued its Findings of Fact and Conclusions of Law on June 17, 2025, concluding that the Defendants violated the anti-discrimination provisions of Section 504 and Title II. Defendants have filed objections, and the Parties are currently awaiting the Court's ruling on those objections.

- *M.D., et al. v. Abbott, et al.* [U.S. District Court, Southern District of Texas, Corpus Christi Division; Cause No. 2:11-CV-00084.] Originally filed on March 29, 2011, this is an institutional reform class action on behalf of foster children in Texas's permanent managing conservatorship ("PMC"). The Plaintiffs allege that the current foster care system of Texas fails to adequately care for and serve the foster children, violating their Fourteenth Amendment substantive due process rights. The district court certified a class of over 12,000 foster children and three sub-classes. In 2015, the court found constitutional violations for all three sub-classes, and in 2018 issued a final injunction. The case subsequently went through extensive appellate proceedings, including multiple contempt findings against the Defendants.

  In October 2024, the U.S. Court of Appeals for the Fifth Circuit reversed the trial court's finding of contempt and the $100,000 per day fine against Defendants. The Fifth Circuit further held that the State had achieved compliance with several remedial orders and ordered removal of the presiding district court judge. On October 16, 2025, the U.S. Supreme Court denied the Plaintiffs' petition for writ of certiorari, leaving the Fifth Circuit's ruling intact. The case has since been reassigned to Chief Judge Randy Crane of the Southern District of Texas. The parties are currently determining which remaining remedial orders have been satisfied.

- *Ward, et al. v. Young* [U.S. District Court, Western District of Texas, Austin Division; No. 1:16-cv-00917.] Originally filed on July 29, 2016, this is an institutional reform class action brought on behalf of two groups of plaintiffs: pre-trial detainees who were declared incompetent to stand trial (Incompetency Class), and individuals found not guilty by reason of insanity after a criminal trial (Insanity Class). Both classes allege that the Defendant violated their Fourteenth Amendment substantive due process rights by failing to provide timely transfer to state-operated mental health hospitals. Defendant Cecile Erwin Young is the Acting Executive Commissioner of the Texas Health and Human Services Commission (HHSC), which operates the state forensic hospital system. On March 29, 2022, the district court certified the Incompetency Class but declined to certify the Insanity Class. Neither party appealed that ruling. In February 2025, the court denied both parties' motions for summary judgment but held that the U.S. Supreme Court's standard in Jackson v. Indiana governs the plaintiffs' due process claims. The bench trial began thereafter and concluded on January 8, 2026. The parties have submitted written closing arguments and now await a ruling from the district court.

- *State of Texas, et al. v. Chiquita Brooks-LaSure, et al.*, [U.S. District Court, Eastern District of Texas, Tyler Division; No. 6:23-cv-00161.] Originally filed by the State and HHSC on April 5, 2023, the State and HHSC are seeking a judgment declaring that a February 2023 interpretive bulletin issued by the Centers for Medicare and Medicaid Services ("CMS") is unlawful. Under the Social Security Act and CMS regulations, state and local governments may impose broad-based assessments on healthcare providers and use those funds as part of the non-federal share of Medicaid spending. The assessment may not exceed 6% of a provider's net patient-care revenue, and states may not—directly or indirectly—hold providers harmless for any portion of the assessment. In Texas, Local Provider Participation Funds ("LPPFs") supplied approximately 17.7%, or $3 billion, of the State's non-federal Medicaid share in Fiscal Year 2022.

  The challenged CMS guidance states that the arrangements among private providers to exchange funds among themselves constitute indirect government payments that violate the hold-harmless prohibition. If the CMS bulletin remains in effect, CMS could disallow non-federal funds raised through LPPFs, recoup previously matched federal dollars, and refuse to match such funds going forward. Based on current levels, this could amount to roughly $6 billion in federal matching funds each year, not including potential recoupments for prior years. On June 30, 2023, the court issued a preliminary injunction preventing CMS from enforcing the bulletin during the litigation. On September 24, 2025, the district court issued its final judgment, enjoining CMS from enforcing its interpretation of the "hold harmless provision" contained in the 2023 and 2024 bulletins. CMS filed an appeal on November 21, 2025, to the U.S. Court of Appeals for the Fifth Circuit, where the matter remains pending.

- *Richard Allen Devillier, et al. v. The State of Texas,* [U.S. District Court, Southern District of Texas, Galveston Division, No. 3:20-cv-00223.] This is a class-action lawsuit arising from flooding in East Texas during Hurricane Harvey and Tropica Storm Imelda. The Plaintiffs—owners of residential, farm, ranch, and commercial properties in Chambers, Liberty, and Jefferson Counties—originally filed lawsuits with state courts, but the cases were later removed to the federal district court and consolidated. The Plaintiffs allege the highway median barrier along IH-10 between SH 61 and Walden Road caused flooding of their properties, constituting a taking in violation of the State under Article I, Section 17 of the Texas Constitution, and the Fifth Amendment to the United States Constitution.

Following a period of litigation on the Fifth Amendment claims, plaintiffs filed a petition for certiorari in the United States Supreme Court which was granted on September 29, 2023. On April 16, 2024, the Court issued its opinion holding that property owners may pursue Fifth Amendment taking claims. The Court vacated the Fifth Circuit's judgment and remanded the case. Upon remand, the matter returned to the district court.

On January 5, 2026, Magistrate Judge Edison issued a memorandum recommending remand to state courts so the claims could be resolved under state law. The district court adopted that recommendation in full and remanded the litigation to the respective state courts—Chambers, Jefferson, and Liberty Counties—from which the cases were originally removed. An adverse outcome could result in the State being required to pay just compensation, the amount of which could be material. Given the status of the case, the State is unable to estimate the precise potential exposure, however, in their pleadings, the Plaintiffs have sought to certify a class of over a thousand members and indicated that they intend to seek at least $1,000,000 for each member of the proposed class.

- *Bernhardt Tiede, II, v. Bryan Collier, et al.,* [U.S. District Court, Western District of Texas, Austin Division, No. 1:23-cv-1004.] Originally filed on August 24, 2023, Plaintiffs, Bernie Tiede II and several advocacy groups including Texas Prisons Community Advocate, assert that the Texas Department of Criminal Justice (TDCJ) has violated the Eighth Amendment by failing to install permanent air conditioning in all inmate housing areas. Plaintiffs seek injunctive relief requiring TDCJ to install permanent air conditioning in all housing units before Summer 2026.

  On March 26, 2025, the district court denied Plaintiffs' request for a preliminary injunction. Although the court found that Plaintiffs are likely to prevail on the merits and cited evidence suggesting a substantial risk of harm and deliberate indifference by TDCJ, the court concluded that imposing temporary cooling measures could divert resources and delay permanent installation efforts. The court also warned that if TDCJ cannot secure adequate funding and demonstrate a timely plan, the balance of equities analysis may change. A bench trial concluded on April 9, 2026, and the parties are awaiting the court's ruling. According to TDCJ's testimony, it would cost over $1.5 billion to fully air-condition Texas prisons.

11. INFORMATION SECURITY

SECURITY POLICY AND PLANNING RESOURCES

Texas is established as a non-cabinet government and accordingly each independent agency and institution of higher education within the State of Texas functions autonomously regarding Information Technology (IT) and security operations. While the Texas Department of Information Resources (DIR) and Texas Cyber Command (TXCC) provide certain oversight, guidance and enterprise reporting, each entity is ultimately responsible for their own IT operations.

The 89th Legislature passed House Bill 150, which establishes the Texas Cyber Command (TXCC) as a new agency effective September 1, 2025, to wholistically enhance the state's cybersecurity posture, coordination and strategy. TXCC's responsibilities are comprised of all DIR's cybersecurity functions, which transferred to TXCC as of March 1, 2026, and new operational capacity to include a Threat Intelligence Center, Critical Incident Response Unit and Digital Forensics Laboratory. TXCC will be governed by the new Texas Government Code, Chapter 2063 and references to DIR's cybersecurity responsibilities in Chapters 2054 and 2059 are transferred to this new chapter.

RELEVANT STATUTORY REFERENCES

- **Texas Government Code, Chapter 2063 –** Texas Cyber Command, creates the TXCC, defines its responsibilities, and dictates the statutory requirements relating to cybersecurity for the state of Texas.
- **Texas Government Code, Chapter 2054 –** Information Resources Management Act, creates the DIR and defines its responsibilities.
- **Texas Government Code, Chapter 2059 –** specifically addresses the State's Network Security Operations and creates the DIR Network Security Operations Center (NSOC). The NSOC is overseen by the Cybersecurity Operations team, and they have responsibility for identifying internal and external threats, reporting, and general security in a state of disaster, as well as many other responsibilities. Most of these provisions transitioned to Texas Government Code, Chapter 2063.
- **Texas Business Commerce, Code Chapter 521** – Governs unauthorized use of identifying information.
- **Texas Penal Code Chapter 33** – Defines computer crimes and offenses.
- **Texas Administrative Code (TAC) Chapter 202**
    - Texas Government Code authorizes TXCC to create administrative rules to further specify information security requirements. TAC Chapter 202 outlines these requirements and is a baseline of security standards, controls and related responsibilities for state agencies and institutions of higher education.
    - TAC Chapter 202 establishes a requirement that a vendor contracting with a state agency to provide cloud computing services that store, process, or transmit data of the state agency, are subject to the state risk and authorization management program to maintain TX-RAMP compliance and certification throughout the term of the contract.

- TAC Chapter 202 is regularly revised to ensure the information security standards align with modern best practices. TAC 202 was updated to align with current national standards in January 2022.

INCIDENT RESPONSE AND REPORTING

Texas Administrative Code Chapter 202 (TAC §202) outlines the minimum information security and cybersecurity responsibilities and roles at state agencies and institutions of higher education and requires each state agency and institution of higher education to provide timely reporting of certain types of security incidents to TXCC which, depending on the threat or level of risk to the State, could mean emergency reporting.

TAC §202 requires agencies and institutions of higher education to use the TAC §202 Security Controls Standards Catalog. The security controls catalog is based on the National Institute of Standards and Technology (NIST) Special Publication (SP) 800-53, R5. Using a centrally managed controls catalog effectively ensures that all agencies and institutions use common language and minimum standards when implementing security measures.

Timely reporting is required (48 hours by statute but preferably within 24 hours) for incidents that may:

- Propagate to other state systems (emergency reporting);
- Result in criminal violations that shall be reported to law enforcement;
- Involve the unauthorized disclosure or modification of confidential information, e.g., sensitive personal information; or
- Be an unauthorized incident that compromises, destroys, or alters information systems, applications, or access to such systems or applications in any way (ransomware).

TXCC has developed a comprehensive Incident Response Team Redbook to assist public sector entities with developing their own incident response plans. Additionally, TXCC has collaborated with the state's emergency management organizations to develop a statewide incident response plan to be leveraged in the event a cybersecurity incident reaches a certain threshold of potential impact. State agencies that experience a breach of sensitive or confidential information are required to submit a follow up assessment of the incident no later than 10 days after the closure of the incident. The post-incident reporting includes a root cause analysis and impact assessment. The 88th Legislative Session expanded incident reporting requirements to include local government entities. This reporting requirement does not apply to Independent Organizations certified by the Public Utility Commission of Texas, under Section 39.151 of the Utilities Code.

In 2021, the 87th Legislative Session also added several initiatives to assist with responding to events and sharing threat information across Texas:

- Texas Volunteer Incident Response Team (VIRT): The VIRT's purpose is to provide rapid response assistance to state agencies, institutions of higher education, and local government entities.
- Regional Cybersecurity Working Groups: DIR has established a framework for regional cybersecurity working groups to allow state agencies, local governments, regional planning commissions, public and private institutions of higher education, the private sector, and the incident response team to assist with responding to a cybersecurity event in Texas.

- Regional Security Operations Center (RSOC): DIR implemented a pilot RSOC at Angelo State University to allow for "boots on the ground" close to local governments that may need assistance with major cybersecurity incidents quickly. In the 88th Legislative Session, the Legislature provided funding for additional RSOCs at the University of Texas at Austin and the University of Texas Rio Grande Valley.
- Mandatory School District Incident Reporting: Independent School Districts and Open Enrollment Charter Schools are required to report any cyber-attack or other cybersecurity incident against the cyberinfrastructure that constitutes a breach of system security. TXCC and the Texas Education Agency implemented a system to collect the reports and to coordinate the anonymous sharing of related information between participating schools and the State.

Texas Government Code 2063.302 requires local governments that experience a security incident to follow the same reporting guidelines as state agencies and institutions of higher education.

On November 19, 2024, Governor Greg Abbott issued Executive Order No. GA-48, relating to the hardening of state government and Executive Order No. GA-49, relating to the protection of critical infrastructure. These orders are part of a broader set of actions (including GA-47) targeting threats from "foreign adversaries," especially as framed around concerns about espionage, influence, and "real-world harm" from hostile governments.

The orders direct state agencies, public universities, and state-level organizations to adopt stricter controls and protective measures over systems, contracts, infrastructure, employee conduct, and foreign interactions.

SECURITY POLICY AND PLANNING RESOURCES

Provided below is a description of the Security Policy and Planning Resources TXCC provides.

1. Texas Cybersecurity Framework

DIR developed the Texas Cybersecurity Framework (TCF) in collaboration with other government entities and the private sector. It uses a common language to address and manage cybersecurity risk in a cost-effective way, based on business needs, without placing additional regulatory requirements on agencies. The framework, which is aligned with the National Institute of Standards and Technology (NIST) framework, is divided into five concurrent and continuous functions: Identify, Protect, Detect, Respond, and Recover. Each functional area contains specific security control objectives to help organizations identify, assess, and manage cybersecurity risks in their environment. The TCF currently consists of 42 total security control objectives. Any state agency, public university or junior college can request a TCF assessment, funded by TXCC.

2. Biennial Information Security Plan

Texas Government Code Section 2063.403 requires each state agency to conduct an internal information security assessment and a penetration test at least once every two years and report the results to TXCC and to state leadership, as requested. The Information Security Plan is a report that state agencies, public universities, and junior colleges are required to complete every even-numbered year. These reports are completed through the Statewide Portal for Enterprise

Cybersecurity Threat Risk and Incident Management (SPECTRIM) portal on the DIR website and are due on June 1. In developing Information Security Plans, agencies should:

- Consider any vulnerability report prepared under Section 2063.303, Texas Government Code.
- Incorporate Cyber Operations network services provided to the agency.
- Identify and define the responsibilities of agency staff relating to information custodianship.
- Identify risk management activities and other measures taken to protect agency information from unauthorized access, disclosure, modification, or destruction.
- Include use of information security best practices or a written explanation of why best practices are not sufficient, if applicable.
- Take care to omit information that could expose vulnerabilities in the agency's network or information systems from any written copies of the plan.

3. Texas Risk and Authorization Management Program (TX-RAMP)

The Texas Risk and Authorization Management Program provides a standardized approach for security assessment, certification, and continuous monitoring of cloud computing services that process the data of Texas state agencies.

4. Statewide Information Security Advisory Committee (SISAC)

SISAC aims to cross-pollinate ideas and best practices among its members and make recommendations to TXCC for more effective information security operations amongst and within government entities. The committee, chartered by DIR in 2011, is made up of information security professionals from state and local government. SISAC convenes every other month and was formally led by the Chief Information Security Officer for the State of Texas. With the transition to the Texas Cyber Command, the TXCC Chief will lead this committee. The executive sponsor of SISAC is the Vice Chief. The current SISAC subcommittees are:

- Education and Communication Subcommittee - Evaluates current and future education and communication activities.
- Solutions Subcommittee - Evaluates solutions to common problems and shares best practices among agencies. (Currently inactive)
- Statewide Incident Response Planning Subcommittee - Coordinates with state and federal partners to maintain the state's incident response plan and understand current incident response capabilities.
- Threat Intelligence Standardization and Automation Subcommittee - Evaluates solutions to make threat intelligence easy to integrate for stakeholders at all levels of operational cyber maturity. (Currently inactive)
- Policy Subcommittee - Provides a forum for the evaluation of current and proposed policies and governance tools to meet the ongoing needs of the State of Texas.

5. Texas Cybersecurity Council

Texas Government Code 2063.406 directs the TXCC Chief or their designee to lead a cybersecurity council to develop enduring partnerships between private industry and public sector organizations to collaborate on matters of cybersecurity concerning the State, ensure that critical infrastructure and sensitive information are protected, to develop a cybersecurity workforce to protect technology resources from increasing threats, and to develop strategies and solutions that ensure that Texas continues to lead in areas of cybersecurity. The objectives of the Texas Cybersecurity Council are in accordance with Texas Government Code and include:

- Considering the costs and benefits of establishing a computer emergency readiness team to address cybersecurity incidents occurring in this state during routine and emergency situations.
- Establishing the criteria and priorities for addressing cybersecurity threats to critical state installations.
- Consolidating and synthesizing best practices to assist state agencies in understanding and implementing cybersecurity measures that are most beneficial to the state.
- Assessing the knowledge, skills, and capabilities of the existing information technology and cybersecurity workforce to mitigate and respond to cyber threats and develop recommendations for addressing immediate workforce deficiencies and a long-term pool of qualified applicants.
- Providing recommendations to the Legislature on any legislation necessary to implement cybersecurity best practices and remediation strategies for the state.

6. Available Security Services

Technical and Assessment Services include the following:

- InfoSec Academy – Industry standard cybersecurity certification training, application developer courses and exam vouchers for IT staff – free for eligible DIR customers
- End-User Security Awareness Training and Phishing Simulations
- Multi-Factor Authentication
- Network Security Operations Center (NSOC) – The NSOC was created by the Texas Legislature and tasked with providing network security for state agencies on the state network and the consolidated datacenters. They defined network security to include monitoring, alerting, the use of countermeasures to thwart attacks, and incident response. The TXCC Cybersecurity Operations Team (CyberOps) is responsible for carrying out those duties. CyberOps operates a state-of-the-art security stack that protects the State of Texas network from attacks and detects suspicious activity. CyberOps oversees Distributed Denial of Service (DDoS) attack monitoring and mitigation. CyberOps handles incident response for datacenter customers and supports other agency incidents. The Network Intrusion Prevention Service (IPS) proactively identifies, and blocks known threats to network security. The IPS not only watches network traffic, but also takes immediate action based on the network administrator’s set of rules.

  Services Provided by CyberOps include:

  - 24/7/365 network traffic monitoring & alerting
  - 24/7/365 DDoS attack monitoring and mitigation
  - 24/7/365 Incident Response for state agencies
  - Perimeter blocking
  - Oversight of the state funded Endpoint Detection and Response (EDR) program
  - Threat intelligence gathering and sharing
  - Dark web investigations

    - Phishing email analysis
    - Oversight of the state funded Network Detection and Response (NDR) program.

- Security Monitoring and Device Management (SMDM). SMDM Services manage and monitor security devices, which includes managed firewalls (including web application firewalls), host-based intrusion prevention systems, endpoint device management, intrusion detection/prevention systems, and malware detection/prevention systems. SMDM also includes Security Information and Event Management, threat research, and analysis and Security Operations Center (SOC) services. SMDM includes the installation, configuration, and management of associated equipment.
- Network Penetration Testing. A pen test identifies and evaluates network and system vulnerabilities that are susceptible to attack from possibly malicious sources and analyzes system configurations, web applications and technical weaknesses. TXCC funds pen tests for state agencies to meet the requirement established in Texas Government Code Chapter 2063.409.
- Web and Mobile Application Penetration Testing. Texas Government Code Section 2063.405 requires agencies and public institutions of higher education to obtain a penetration test and remediate any discovered vulnerabilities prior to launching a web or mobile application that processes sensitive personal information. TXCC has dedicated funds to cover approximately 19 of these penetration tests for eligible customers. These tests use a defined methodology that includes both automated and manual processes to identify application vulnerabilities such as SQL injection susceptibility, buffer overflow, session hijacking, information leakage, and more.
- Texas Cybersecurity Framework Assessments. A security assessment is a third-party review of an organization's overall 'health' and rates its maturity based on the security control objectives included in the Texas Cybersecurity Framework. TXCC funds these assessments for state agencies to meet the requirement established in Texas Government Code chapter 2063.409.

7. Model Security Plan for Prohibited Technologies
All state agencies are required to ban the video-sharing application TikTok, as well as certain other prohibited technologies, from all state-owned and state-issued devices and networks. In addition, the state has adopted guidelines for all state agencies regarding managing personal devices used to conduct state business, and a model policy for the prohibition of covered applications per SB 1893, 88(R).

To protect the State's sensitive information and critical infrastructure from technology that poses a threat to the State of Texas, this policy outlines the following objectives for each agency:

- Ban and prevent the download or use of prohibited technologies on any state issued device. This includes all state-issued cell phones, laptops, tablets, desktop computers, and other devices with capable of internet connectivity. Each agency's IT department must strictly enforce this ban.
- Prohibit employees or contractors from conducting state business on prohibited technology-enabled personal devices.

- Identify sensitive locations, meetings, or personnel within an agency that could be exposed to prohibited technology-enabled personal devices. Prohibited technology-enabled personal devices must be prohibited from entering or being used in these sensitive areas.
- Implement network-based restrictions to prevent the use of prohibited technologies on agency networks by any device.
- Coordinate the incorporation of other technology providers as necessary, including any apps, services, hardware, or software that pose a threat to the State's sensitive information and critical infrastructure into this plan.

The prohibited technologies policy applies to all state agencies and institutions of higher education (IHEs), including their employees, contractors, interns, or any users of state-owned networks. Each agency is responsible for the implementation of the policy. Exceptions may be granted to enable law-enforcement investigations and other legitimate uses. The exceptions may only be approved by the head of the agency. This authority may not be delegated. All approved exceptions must be reported to TXCC.

On January 26, 2026, Governor Abbott named TXCC the lead agency in identifying any additional technology that poses a threat to the State's sensitive information. Refer to DIR's website for the current list of prohibited technologies and covered applications: https://dir.texas.gov/information-security/covered-applications-and-prohibited-technologies

8. Required Cybersecurity End-User Awareness Training

Texas Government Code 2063.102, State Certified Cybersecurity Training Programs, requires DIR, in consultation with the Texas Cybersecurity Council, to certify at least five cybersecurity training programs for state and local government employees and Section 2063.103 and 2063.104 requires state and local government employees, government contractors, and officials to complete a certified training program.

12. CONTINUITY OF OPERATIONS AND RECENT EVENTS

Pursuant to Texas Labor Code Section 412.054, each state agency is required to develop and submit to the State Office of Risk Management an agency-level continuity of operations plan to keep the agency operational in case of disruptions to production, finance, administration or other essential operations. Such plans may be implemented during the occurrence or imminent threat of events such as extreme weather, natural disasters and infectious disease outbreaks.

The Texas Division of Emergency Management (TDEM) coordinates the state emergency management program, which is intended to ensure the state and its local governments respond to and recover from emergencies and disasters and implement plans and programs to help prevent or lessen the impact of emergencies and disasters. TDEM is charged with carrying out a comprehensive all-hazard emergency management program for the State and for assisting cities, counties, and state agencies in planning and implementing their emergency management programs. Chapter 418 of the Texas Government Code lays out an extensive set of specific responsibilities assigned to TDEM.

RECENT EVENTS

U.S. Trade Policy – Since April 2025**,** United States trade policy has become dynamic, with the implementation of significant tariffs imposed or under consideration by the United States on goods originating from Mexico, Canada, China, member states of the European Union, and other countries, as well as the implementation of retaliatory tariffs on U.S. goods imposed or threatened by certain of these countries. However, in various cases the implementation of tariffs has been suspended to allow for specific agreements with each country or due to court challenges. Specific actions and uncertainty amidst ongoing negotiations could have a material impact on various sectors of the Texas economy. The State will continue to monitor the ongoing negotiations and changes in the tariff rates to determine whether there is any material impact to the State.

Federal Government Shutdown – Federal government shutdowns due to lack of appropriation may occur from time to time. As noted herein, the release of certain data has been delayed due to the federal government shutdown from October 1 through November 12, 2025. A lengthy federal government shutdown poses potential direct risks to the State's receipt of revenue from the federal sources and could have an indirect impact due the effect on general economic conditions. The State can make no assurances that it will not be materially adversely affected by any future shutdown of the federal government. In addition, federal funding received by the State could be at risk in the event that the federal government approaches its statutory debt limit.

Geopolitical Conflicts – Recent geopolitical conflicts, including military operations throughout the Persian Gulf since late February 2026 and the considerable decrease in shipping traffic in the Strait of Hormuz, have impacted oil and natural gas markets as well as other commodities and industrial products. To date, the impact in the United States has been primarily seen in higher oil and gasoline prices that increase production and transportation costs. The long-term impact of the conflict on the economic activity and fiscal condition of the State cannot be quantified at this time; however, prolonged geopolitical conflicts (such as the disruption of Middle East trade) could materially impact key State revenue sources, including sales, motor fuels, and severance tax collections, as well as overall economic activity.