SUPPLEMENT DATED MAY 8, 2015
TO OFFICIAL STATEMENT
DATED APRIL 14, 2015

Relating to

$135,105,000
TEXAS PUBLIC FINANCE AUTHORITY

$129,845,000
State of Texas
General Obligation Refunding Bonds,
Series 2015A

$5,260,000
State of Texas
General Obligation Park
Development Refunding Bonds,
Series 2015B

The Official Statement dated April 14, 2015, related to the captioned bonds (the "Official Statement"), is hereby supplemented to include the following information which supplements certain information shown in the Official Statement.

On May 7, 2015, the Comptroller of Public Accounts of the State of Texas filed its quarterly update of the Appendix A The State of Texas May 2015 (the "May Bond Appendix"). The May Bond Appendix is hereby incorporated by reference in the Official Statement and replaces the February Bond Appendix previously incorporated. Among other changes, the May Bond Appendix describes additional pending litigation. See Section 9 of the May Bond Appendix – Litigation for information on the American Multi-Cinema, Inc. v Hegar et al. pending litigation. All references in the Official Statement to the Bond Appendix including Appendix A to the Official Statement shall be to the May Bond Appendix. The May Bond Appendix may also be obtained either by (i) using the MSRB's EMMA website, www.emma.msrb.org, using the Quick Search function and entering the term "State of Texas Comptroller" or (ii) from the Comptroller's website at http://www.window.state.tx.us/treasops/bondapp.html until the Comptroller files a later version of such Bond Appendix. For convenience attached hereto is the May Bond Appendix.

Investors should read the May Bond Appendix in its entirety related to updated financial and other information on the State of Texas.

Please attach this Supplement to the copies of the Official Statement in your possession and forward copies of this Supplement to the parties to whom you have previously delivered copies of the Official Statement.

Supplement Dated May 8, 2015.

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Appendix A

The State of Texas

May 2015

CONTENTS

The following information is designed to provide a general description of the State of Texas (the "State") and its finances and is not intended to be exhaustive. Except where otherwise indicated, all financial and related information has been provided by the State from its official records. Historical data and trends presented below are not intended to predict future events or continuing trends, and no representation is made that past experience will continue in the future. Except for the information presented below which has been provided by State agencies and officials, the State has made no attempt to verify the accuracy or completeness of such information, and no representation is made by the State as to accuracy or completeness of the information set forth below or the absence of material adverse changes subsequent to the date of this Bond Appendix. As a result of rounding, certain tables set forth below may contain immaterial inaccuracies.

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 current Constitution of the State of Texas (the "Constitution") was adopted in 1876, succeeding earlier Constitutions of 1845, 1861, 1866 and 1869.

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 each, and the Senate consists of 31 members who are elected for four-year terms. After congressional and legislative redistricting, which occurs every 10 years, each member must run for re-election. At that time, the members must draw lots to determine which half of the Senate serves on a 2-4-4 or 4-4-2 year term rotation until the next redistricting. 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. In the absence of the Lieutenant Governor, the President pro tempore of the Senate, a position determined by Senate members at the start of each session, presides over the Senate.

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.

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 except 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).

The *Governor* is elected for a term of four years and is eligible to seek re-election for an unlimited number of terms. The Constitution requires the Governor to cause the laws of the State to be faithfully executed and to conduct all business of the State with other states and the United States. The Constitution also requires the Governor to present a message on the condition of the State to the Legislature at the commencement of each session of the Legislature and at the end of the term in office, and to recommend to the Legislature measures deemed expedient. 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 current Governor is Greg Abbott who was sworn-in for his first term as Governor in January 2015.

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 Governor and the Lieutenant Governor are elected separately and 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 Lieutenant Governor determines Senate committees, appoints committee chairs and members, and decides the order of bill consideration and parliamentary questions. The Lieutenant Governor also performs the duties of the Governor during any period that the Governor is unable or refuses to do so or is absent from the State. If the office of the Lieutenant Governor becomes vacant, a successor is elected by the members of the Senate from their ranks. Until a successor is elected, or if the Lieutenant Governor is absent or temporarily unable to act, the duties of the Lieutenant Governor are performed by the President pro tempore of the Senate. The current Lieutenant Governor is Dan Patrick who was sworn-in for his first term as Lieutenant Governor in January 2015.

The *Comptroller of Public Accounts* (the "Comptroller") is elected for a term of four years and is the chief accounting 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. The Constitution also requires the Comptroller 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 State 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 Comptroller's responsibilities have been expanded by the Legislature and/or the voters to include the following: the Property Value Study and Methods and Assistance Program review of appraisal districts, the administration of the Texas Tuition Promise Fund, Treasury

Operations, and the State Energy Conservation Office. The current Comptroller is Glenn Hegar who was sworn-in for his first term as Comptroller in January 2015.

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. The Commissioner of the General Land Office serves as the chairman of the School Land Board, which has authority over the sale and lease of State owned lands, and as chairman of the Veterans' Land Board. The Commissioner of the General Land Office also serves as the chairman of boards that control the exploration for oil, gas and other minerals on State lands. The current Commissioner of the General Land Office is George P. Bush who was sworn-in for this first term as Land Commissioner in January 2015.

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 Attorney General is the exclusive representative of State agencies, and other attorneys may be retained only if the Attorney General is unable to provide the specific service in question. The current Attorney General is Ken Paxton who was sworn-in for his first term as Attorney General in January 2015.

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 Legislature has made the Secretary of State generally responsible for the supervision of elections and for corporate and other similar filings. In January of 2015, Governor Abbott appointed Secretary of State Carlos Cascos.

THE JUDICIAL DEPARTMENT

The judicial power of the State is vested in a Supreme Court, a Court of Criminal Appeals, 14 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 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 operates on a fiscal year basis, which begins on September 1 and ends on August 31. The State's appropriation period is a biennium covering two fiscal years.

During the 1987 session, the Legislature imposed uniform accounting and financial reporting procedures on all State agencies and provided that accounting for State agencies is reported in accordance with 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 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 in addition to the cash report also required under this section that is due annually on the first Monday in November. The cash report contains a statement of State funds and accounts, revenues and expenditures during the preceding fiscal year on a cash basis. An audited *Texas Comprehensive Annual Financial Report* was produced for the first time in 1990 and will continually be used for the February report cited. The 1990-2013 reports all received the "Certificate of Achievement for Excellence in Financial Reporting" awarded by the Government Finance Officers Association.

The State is required by law to maintain its accounting and reporting on a cash basis, under which revenues are recorded when received and expenditures are recognized as disbursements when made. However, implementation of the Uniform Statewide Accounting System (USAS) on September 1, 1993 provided the ability for State agencies to maintain the State accounting system on a modified accrual basis in accordance with GAAP, as well as on a cash basis.

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. Some agencies utilize USAS as their internal accounting system, while others are required to reconcile internal accounting records and record the information in the State system via reporting requirements.

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 from any fund other than the General Revenue Fund 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.

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 Governor is authorized by statute to submit a draft appropriations bill, or the bill may be introduced in the Legislature along with the bill prepared by the LBB.

In an effort to improve the budgeting process, a performance-based budget preparation process, which appropriates funds at the strategy level, was implemented and utilized to prepare proposed budgets for the 1994-95 biennium. Agency budgets are tied to goals and objectives that include strategies to meet these goals and objectives with measurable outputs and efficiencies. The system provides the State’s decision makers with enhanced knowledge to maximize State funds.

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 provided a means of dealing with fiscal emergencies under which the Governor is empowered 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. Any expenditure so authorized by the Governor may only be used in those instances in which no other funds are available for purposes specifically appropriated by the Legislature due to exhaustion of appropriations.

The Legislature, in the second called session held during the summer of 1987, enacted a budget execution law which gave the Governor, subject to the review of the LBB the ability to make changes in legislative appropriations during periods when the Legislature is not in session. The statute was amended in 1991, giving both the Governor and the LBB the authority to make proposals which require that a State agency be prohibited from spending an appropriation, which require that an agency be obligated to expend an appropriation, or which affect the manner in which part or all of an appropriation made by the Legislature to an agency 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.

Except under the circumstances described in preceding paragraphs, appropriations or adjustments of appropriations may be authorized only by the Legislature.

INTERFUND BORROWING

By statute, the Comptroller is authorized to make interfund transfers of available cash, excluding constitutionally dedicated revenues, between funds that are managed by or in the custody of the Comptroller in order to avoid temporary cash deficiencies in the General Revenue Fund. This procedure effectively allows the Comptroller to borrow against cash balances held in special funds to finance deficiencies in the General Revenue Fund caused by timing differences between cash receipts and cash expenditures. Any available cash transferred to the General Revenue Fund must be returned to the fund from which it was taken as soon as practicable. To maintain the equity of the fund from which available cash was transferred, earned interest is allocated as if the transfer had not been made. Data on the amount of interfund borrowing may be found in Table A-15.

TAX AND REVENUE ANTICIPATION NOTES

The Comptroller is authorized to issue Tax and Revenue Anticipation Notes on behalf of the State under legislation, which became effective in October 1986. Under the terms of the legislation, notes may be issued solely to coordinate the State's cash flow within a fiscal year and 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.

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. The amount of notes issued by the Comptroller may not exceed the amount approved by the Cash Management Committee, which, in turn, may not approve the issuance of notes in an amount in excess of the temporary cash shortfall projections. Data on Tax and Revenue Anticipation Notes issued may be found in Table A-15.

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 Auditor does not audit the constitutionally required "cash basis" report prepared by the Comptroller. However, since fiscal 1987, the Comptroller is required by law to issue a statewide annual financial report that conforms to generally accepted accounting principles (GAAP) for state governments. The Texas Comprehensive Annual Financial Report is required to be audited by the State Auditor. The audited version of the 2014 report was issued on February 27, 2015. Copies of the audited annual financial report are available to the public by writing to the Fiscal Integrity Division, Comptroller of Public Accounts, P.O. Box 13528, Austin, TX 78711 or by visiting the State Comptroller's website at: http://www.texastransparency.org/State_Finance/Budget_Finance/Reports/Annual_Financial/.

GENERAL INVESTMENT AUTHORITY AND PORTFOLIO

The Comptroller is responsible for holding and investing State funds and other funds as required by law. The Comptroller invests funds in investments authorized by statute and consistent with the Texas State Comptroller Investment Policy, dated May 2012. The size of the Treasury investment pool ranges from approximately $27 billion to $40 billion depending on seasonal variations in revenues and expenditures.

AUTHORIZED INVESTMENTS

a) The Comptroller may determine and designate the amount of State funds to be deposited in time deposits in State depositories. The percentage of State funds to be deposited in State depositories shall be based on the interest rates available in competing investments, the demand for funds from Texas banks, and the State's liquidity requirements.

b) State funds not deposited in State depositories shall be invested by the Comptroller in: (1) direct security repurchase agreements; (2) reverse security repurchase agreements; (3) direct obligations of or obligations the principal and interest of which are guaranteed by the United States; (4) direct obligations of or obligations guaranteed by agencies or instrumentalities of the United States government; (5) bankers' acceptances that: (A) are eligible for purchase by the Federal Reserve System; (B) do not exceed 270 days to maturity; and (C) are issued by a bank whose other comparable short-term obligations are rated in the highest short-term rating category, within which there may be subcategories or gradations indicating relative standing including such subcategories or gradations as "rating category" or "rated" by a nationally recognized statistical rating organization, as defined by Rule 2a-7 (17 C.F.R. Section 270.2a-7), promulgated under the Investment Company Act of 1940 by the Securities and Exchange Commission; (6) commercial paper that: (A) does not exceed 270 days to maturity; and (B) except as provided by Subsection (i), is issued by an entity whose other comparable short-term obligations are rated in the highest short-term rating category by a nationally recognized statistical rating organization; (7) contracts written by the Treasury in which the Treasury grants the purchaser the right to purchase securities in the Treasury's marketable securities portfolio at a specified price over a specified period and for which the treasury is paid a fee and specifically prohibits naked-option or uncovered option trading; (8) direct obligations of or obligations guaranteed by the Inter-American Development Bank, the International Bank for Reconstruction and Development (the World Bank), the African Development Bank, the Asian Development Bank, and the International Finance Corporation that have received the highest long-term rating categories for debt obligations by a nationally recognized statistical rating organization; (9) bonds issued, assumed, or guaranteed by the State of Israel; (10) obligations of a state or an agency, county, city, or other political subdivision of a state; (11) mutual funds secured by obligations that are described by Subdivisions (1) through (6) or by obligations consistent with Rule 2(a)-7 (17 C.F.R. Section 270.2(a)-7, promulgated by the Securities and Exchange Commission, including pooled funds: (A) established by the Texas Treasury Safekeeping Trust Company; (B) operated like a mutual fund; (C) with portfolios consisting only of dollar-denominated securities; (12) foreign currency for the sole purpose of facilitating investment by state agencies that have the authority to invest in foreign securities; (13) asset-backed securities, as defined by the Securities and Exchange Commission in Rule 2a-7 (17 C.F.R. Section 270.2a-7), that are rated at least A or its equivalent by a nationally recognized statistical rating organization and that have a weighted-average maturity of five years or less; and (14) corporate debt obligations that are rated at least A or its equivalent by a nationally recognized statistical rating organization and mature in five years or less from the date on which the obligations were "acquired," as defined by the Securities and Exchange Commission in Rule 2a-7 (17 C.F.R. Section 270.2a-7).

c) Investments in direct security repurchase agreements and reverse security repurchase agreements may be made with state or national banks doing business in this state or with primary dealers as approved by the Federal Reserve System. Notwithstanding any other law, the term of any reverse security repurchase agreement may not exceed 90 days after the date the reverse security repurchase agreement is delivered. Money received under the terms of a reverse security repurchase agreement may be used to acquire additional authorized investments, but the term of the authorized investments acquired must mature not later than the expiration date stated in the reverse security repurchase agreement.

d) The Comptroller may contract with a depository for the payment of interest on time or demand deposits at a rate not to exceed a rate that is lawful under an Act of Congress and rules and regulations of the board of governors of the Federal Reserve System, the board of directors of the Federal Deposit Insurance Corporation, the National Credit Union Administration Board, and the Federal Home Loan Banking Board.

e) The Treasury may not purchase any of the following types of investments: (1) obligations the payment of which represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal; (2) obligations the payment of which represents the principal stream of cash flow from the underlying mortgage-backed security collateral and bears no interest; (3) collateralized mortgage obligations that have a stated final maturity date of greater than

10 years; and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

f) The Comptroller by rule may define derivative investments other than those described by Subsection (e). The Treasury may not purchase investments defined by rule adopted under this subsection in an amount that at the time of purchase will cause the aggregate value of the investments to exceed five percent of the Treasury's total investments.

g) To the extent practicable, the Comptroller shall give first consideration to Texas banks when investing in direct security repurchase agreements.

h) The Comptroller may not use State funds to invest in or purchase obligations of a private corporation or other private business entity doing business in Northern Ireland unless the corporation or other entity: (1) adheres to fair employment practices; and (2) does not discriminate on the basis of race, color, religion, sex, national origin, or disability.

i) Notwithstanding Subsection (b)(6)(B), the Comptroller may purchase commercial paper with a rating lower than the rating required by that paragraph to provide liquidity for commercial paper issued by the Comptroller or an agency of the State.

j) If the Comptroller is required by law to invest funds other than as provided by this section, and if other law does not establish a conflicting standard governing that investment, the Comptroller shall invest those funds under the restrictions and procedures for making the investments that persons of ordinary prudence, discretion, and intelligence, exercising the judgment and care under the prevailing circumstances, would follow in the management of their own affairs, not in regard to speculation but in regard to the permanent disposition of their funds, considering the probable income as well as the probable safety of their capital.

k) The Comptroller may contract with private professional investment managers to assist the Comptroller in investing funds under the care, custody, and control of the Comptroller.

l) The Comptroller may lend securities under procedures established by the Comptroller. The procedures must be consistent with industry practice and must include a requirement to fully secure the loan with cash, obligations described by Subsections (b) (1)-(6), or a combination of cash and the described obligations. Notwithstanding any law to the contrary, cash may be reinvested in the items permitted under Subsection (b) or mutual funds, as defined by the Securities and Exchange Commission in Rule 2a-7 (17 C.F.R. Section 270.2a-7).

m) In entering into a direct security repurchase agreement or a reverse security repurchase agreement, the Comptroller may agree to accept cash on an overnight basis in lieu of the securities, obligations, or participation certificates identified in Section 404.001 (3). Cash held by the state under this subsection is not a deposit of state or public funds for purposes of any statute, including this subchapter or Subchapter D, that requires a deposit of state or public funds to be collateralized by eligible securities.

n) Notwithstanding any other law to the contrary, any government investment pool created to function as a money market mutual fund and managed by the Comptroller or the Texas Treasury Safekeeping Trust Company may invest the funds it receives in investments that are "eligible securities," as defined by the Securities and Exchange Commission in Rule 2a-7 (17 C.F.R. Section 270.2a-7), if it maintains a dollar-weighted average portfolio maturity of 90 days or less, with the maturity of each portfolio security calculated in accordance with Rule 2a-7 (17 C.F.R. Section 270.2a-7), and meets the diversification requirements of Rule 2a-7.

INVESTMENT POLICIES

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

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 will be fully documented by the individual executing the trade and confirmed by a second investment staff member.

The Comptroller enters into only fully collateralized repurchase agreements. The Comptroller's Master Repurchase Agreement governs all transactions. Repurchase agreement collateral is limited to those securities authorized for outright purchase by the Comptroller. All such collateral is held for safekeeping at the Federal Reserve Bank of Dallas, San Antonio Branch, in the name of the Comptroller of Public Accounts or at an approved third party institution with which the Comptroller has executed a custodial undertaking agreement in connection with a master repurchase agreement. Collateral is monitored daily to ensure that margin requirements are maintained. Margin excesses or deficits will be corrected on a timely basis, generally no later than the next business day. Repurchase agreement transactions must be placed only with primary government securities dealers approved by the Federal Reserve System or state or national banks doing business in the State of Texas.

TEXAS TREASURY SAFEKEEPEING TRUST COMPANY

In addition, the Comptroller of Public Accounts is the sole director, officer and shareholder of the Texas Treasury Safekeeping Trust Company (the "Trust Company"). The Trust Company was established to provide direct access to the services of the Federal Reserve System and to enable the Comptroller to manage and invest public funds and securities more efficiently and economically. The Trust Company also enters into contracts to provide funds management services to State agencies and local governments. In accordance with section 404.115 of the Texas Government Code, the Comptroller has appointed Paul Ballard as Chief Executive Officer of the Trust Company. His appointment became effective February 1, 2003.

The Comptroller currently manages numerous separate portfolios by and through the Trust Company which is authorized to operate the TexPool portfolios, the local government investment pools comprised of TexPool, the largest, and TexPool Prime. The State Treasurer organized TexPool in 1989, and its balances have ranged from $11 billion to $21 billion in the last few years. Since May 12, 1997, the day-to-day administration of TexPool has been outsourced. These activities are currently managed for the Comptroller by Federated Investors Inc. 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, 2015, TexPool had 2,328 members and a fund balance of $14.6 billion; TexPool Prime had 188 members and a fund balance of $1.3 billion. TexPool and TexPool Prime are AAAm money market funds rated by Standard and Poor's. TexPool's average maturity is 49 days and TexPool Prime is 42 days as of May 1, 2015.

3. STATE REVENUES AND EXPENDITURES

CURRENT TREASURY INVESTMENTS

As of May 1, 2015, the beginning balance in the Treasury was $37.3 billion, of which $3.7 billion is invested by the Comptroller at the discretion of the State Permanent School Fund, Permanent University Fund, and employee pension funds. 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	445	1.19
Treasury Bills	1,500	4.02
Treasury Notes	4,864	13.04
Treasury TIPS	397	1.06
Treasury FRNs	1,000	2.68
Corporate Bonds	2,088	5.60
Covered Bonds	1,245	3.34
Asset Backed Securities	3,211	8.61
Money Market Funds	180	0.48
Agency Notes	3,210	8.61
Agency Discount Notes	4,810	12.90
Supranational	1,500	4.02
Repurchase Agreements	1,957	5.25
Lottery Award Annuities	727	1.95
Mortgage Backed Securities	1,927	5.17
SBA Securities	37	0.10
Commercial Paper	7,668	20.57
Israel Bond	65	0.17
Cash	501	1.34
Trust Stock	1	0.00
Reverse Repurchase Agreements	-47	-0.13
Totals (1)	**37,287**	**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 399 days. Information on the Trust Company Investment Policies and Investments may be found on the Trust Company's website at www.ttstc.com.

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 fund accounting process. As stated above, 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. In fiscal 2014, the General Revenue Fund accounted for most of the State's total net revenue (see Table A-4). The category of State funds that provides a broader understanding of the State's financial condition consists of non-trust funds, which includes the General Revenue Fund, other operating and disbursing funds, constitutionally created funds, federal funds, pledged and bond funds and other special funds. The remaining funds consist of trust funds and accounts that are held in trust for specific State programs, such as sales tax revenues that must be distributed to local governments in the State and suspense accounts to hold money pending identification of where the actual deposit should be made. Trust and suspense accounts are generally excluded from the discussion of revenues and expenditures.

To provide the maximum use of State funds, the 72nd Legislature Regular Session, 1991 (72nd Legislature) enacted legislation mandating State fund consolidation. The Comptroller of Public Accounts, with the concurrence of the Treasurer, was directed to abolish or merge eligible funds into the General Revenue Fund on or before August 31, 1993. Under § 403.094, Government Code, numerous State funds, excluding constitutionally dedicated, bond related and trust funds, were consolidated into accounts within the General Revenue Fund on August 31, 1993. The consolidated funds maintained their identity through account numbers. Although the merged funds became referred to as "accounts," they experienced no substantive changes from consolidation. Merging the funds provided a one-time gain of approximately $1.2 billion for the General Revenue Fund.

In addition, the 72nd Legislature, by law, required that the consolidated accounts retain their statutory dedications for specific purposes until August 31, 1995, at which time they would be abolished. This allowed revenues that were removed from statutory dedication to become available for spending through the Legislative general appropriation process. In 1995, the 74th Legislature, Regular Session, enacted House Bill 3050, which re-dedicated certain funds, accounts and revenues that were scheduled for abolishment at the end of fiscal 1995. Subsequent Legislatures have enacted bills providing for the abolishment or dedication of newly created or rededicated funds and accounts in an effort to limit the creation of excessive dedications of revenue and allow the Legislature the maximum use of State revenues.

REVENUE SOURCES

Federal receipts provided the State's primary source of income in fiscal 2014 (see Table A-5). The sales tax (which accounted for 53.7% of total tax revenue) came in second, while licenses, fees, permits, fines and penalties provided a distant third largest revenue source to the State. Franchise taxes, motor vehicle sales/rental taxes and oil taxes came in as the fourth, fifth and sixth largest respectively. The remainder of the State's revenue was derived primarily from motor fuel taxes, insurance taxes, natural gas taxes, net lottery proceeds, land income and other revenues. 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 year ended August 31, 2014.

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.
	Fireworks: 2.0 percent of the sales price of fireworks, in addition to the 6.25 percent limited sales and use tax.
	Texas Emissions Reduction Plan Surcharge: 2.0 percent of the sale or lease price of all off-road, heavy-duty diesel equipment (other than some implements of husbandry).
Natural Gas	7.5 percent of the market value of natural gas produced in the State.
Production Tax	4.6 percent of the market value of condensate produced in the State.
Oil Production and Regulation Taxes	**Production:** 4.6 percent of the market value of oil produced in the State.
	Regulation: 3/16 of 1¢ on each barrel 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).
	Special Fuels: 15¢ per gallon of liquefied gas.
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; $10 tax paid by donee for each gift of a motor vehicle; $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: 5 percent of 65 percent of the sales price on the initial sale or use of a new manufactured home.

Cigarette, Cigar and Tobacco Products Taxes

Cigarettes:

(1) $70.50 per 1,000 cigarettes weighing 3 pounds or less per 1,000 ($1.41 per pack of 20).

(2)$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: in fiscal 2014, $1.22 per ounce based on the manufacturer's list weight.

Franchise Tax

Temporary rate for fiscal 2014 and 2015 is 0.975 percent of taxable margin (taxable entities not primary engaged in wholesale or retail trade), or 0.4875 percent of taxable margin (taxable entities primarily engaged in wholesale or retail trade). Taxpayers with total revenue of $10 million or less may elect to pay tax on revenue apportioned to Texas at a rate of 0.575 percent.

Alcoholic Beverage Taxes

Beer: $6.00 per 31 gallon barrel.

Liquor: $2.40 per gallon.

Wine: Alcohol volume not over 14 percent – 20.4¢ per gallon.

More than 14 percent – 40.8¢ per gallon.

Sparkling wine – 51.6¢ per gallon.

Malt Liquor (Ale): 19.8¢ per gallon.

Mixed Beverage: 6.7 percent of gross receipts effective 1/1/2014.

8.25 percent sales tax effective 1/1/2014.

Airline/Passenger Train Beverage Tax: 5¢ per serving.

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 the insured whose home state is Texas.
	Licensed Captive Insurance Companies: One half of 1 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 sure is $200,000 per tax report year.
	Title Insurance: 1.35 percent of gross premiums written in Texas.
Inheritance Tax	**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) Cities 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: One half of 1 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.

Table A-3 contains information concerning the cash position for the Consolidated General Revenue Fund for 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

	2010	2011	2012	2013	2014
CASH BALANCE – SEPTEMBER 1					
Cash in State Treasury	$ 3,899,868,146	$ 1,951,287,994	$ 2,629,414,943	$ 1,988,757,273	$ 8,556,426,230
Cash in Petty Cash Accounts	7,866,228	7,914,801	7,927,699	8,439,483	9,198,291
Prior Period Adjustments (2)	-	-	1,509,396	-	-
	3,907,734,373	1,959,202,795	2,638,852,038	1,997,196,756	8,565,624,521
NET REVENUE					
Tax Collections	33,312,179,646	36,607,538,492	41,337,350,053	44,768,843,583	48,284,058,834
Federal Income	27,407,709,839	29,204,935,388	28,266,640,222	29,201,753,868	30,706,433,285
Licenses, Fees, Fines and Penalties	5,224,540,778	5,693,804,762	5,663,241,533	5,822,455,657	6,491,811,542
Interest and Investment Income	39,061,000	74,819,100	19,878,041	73,947,085	100,775,663
Net Lottery Proceeds	1,633,922,591	1,675,475,975	1,830,916,003	1,893,285,121	1,878,111,901
Sales of Goods and Services	159,497,158	152,121,623	159,978,391	165,488,179	188,676,366
Settlements of Claims	556,464,444	586,834,547	558,112,743	596,085,184	559,966,966
Land Income	20,878,648	23,691,289	41,027,874	53,908,881	52,913,987
Contributions to Employee Benefits	169,068	157,887	126,448	86,521	86,983
Other Revenue	3,334,795,907	3,511,663,289	4,160,635,102	4,444,476,477	4,233,233,798
TOTAL NET REVENUE	71,689,219,078	77,531,042,350	82,037,906,412	87,020,330,557	92,496,069,325
OTHER SOURCES					
Bond and Note Proceeds	3,168,000	8,500,000	5,000,000	-	(5,000,000)
Sale/Redemption of Investments	7,650,000	7,200,000	2,307,555	1,170,587	4,244,799
Deposits to Trust and Suspense	7,050,152	13,492,563	8,805,350	14,548,649	6,714,348
Direct Deposit Transfers	-	-	-	-	-
Departmental Transfers	896,573,950	845,715,354	833,075,596	906,739,261	922,255,896
Operating Transfers	36,355,105,474	40,584,404,617	36,665,253,329	36,457,770,469	37,159,830,709
Residual Equity Transfers	7,925	28,854,334	1,551	4,311	1,000
Other Sources	39,257	10,752	116,421	233,264	11,689
TOTAL OTHER SOURCES	37,269,594,758	41,488,177,621	37,514,559,801	37,380,466,541	38,088,058,441
TOTAL NET REVENUE AND OTHER SOURCES	$ 108,958,813,836	$ 119,019,219,971	$ 119,552,466,213	$ 124,400,797,098	$ 130,584,127,766

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

	2010	2011	2012	2013	2014
NET EXPENDITURES					
General Government	$ 3,030,670,876	$ 3,211,235,725	$ 2,611,650,991	$ 2,515,040,533	$ 2,668,044,568
Education	28,612,029,293	28,809,869,330	30,547,883,536	26,680,189,159	30,569,780,490
Employee Benefits	2,939,061,264	3,025,233,606	2,922,005,611	3,003,422,510	3,350,471,668
Health and Human Services	35,109,439,106	37,902,888,956	38,005,054,577	38,653,634,026	41,613,552,318
Public Safety and Corrections	4,220,019,045	4,078,917,413	3,752,373,282	3,716,507,835	3,964,111,744
Transportation	20,437,486	22,850,524	18,145,866	22,337,163	89,568,506
Natural Resources/ Recreational Services	1,302,901,069	1,211,699,553	1,613,580,272	1,579,566,322	1,644,422,915
Regulatory Agencies	332,296,149	311,538,233	288,992,399	299,974,585	541,833,821
Lottery Winnings Paid (3)	486,716,618	541,356,469	619,034,021	661,198,706	602,686,641
Payment of Interest	159,167,122	176,304,172	201,768,977	205,957,882	222,169,619
Capital Outlay	279,129,748	286,301,826	287,166,396	338,109,453	265,499,101
TOTAL NET EXPENDITURES	76,491,867,776	79,578,195,808	80,867,655,928	77,675,938,174	85,532,141,390
OTHER USES					
Purchase of Investments	2,102,000	5,243,867	144,432	9,220,419	5,494,079
Trust and Suspense Payments	5,327	3,483	9,511	8,316	18,115
Teacher and Employee Retirement Payments	1,552,736	1,815,576	2,532,409	2,693,264	2,415,216
Direct Deposit Transfers	-	-	-	-	-
Departmental Transfers	793,556,407	750,849,676	757,747,799	812,797,457	866,400,841
Operating Fund Transfers	33,435,599,902	37,774,886,167	38,370,757,444	39,102,429,705	41,498,094,357
Residual Equity Transfers	87,830	28,854,334	15	4,311	-
Other Uses	182,622,009	17,162,650	11,518,205	20,475,731	21,883,903
Debt Service Principal	87,830	184,081,461	184,267,537	209,560,764	244,706,767
TOTAL OTHER USES	34,415,526,212	38,762,897,214	39,326,977,351	40,157,189,967	42,639,013,277
TOTAL NET EXPENDITURES AND OTHER USES	110,907,393,988	118,341,093,022	120,194,633,280	117,833,128,141	128,171,154,667
Net Increase/(Decrease) To Petty Cash Accounts	48,573	12,898	511,784	758,808	27,214
CASH BALANCE – AUGUST 31, 2014	$ 1,959,202,795	$ 2,637,342,642	$ 1,997,196,755	$ 8,565,624,521	$ 10,978,624,834
CASH IN STATE TREASURY	1,951,287,994	2,629,414,943	1,988,757,273	8,556,426,230	10,969,399,328
CASH IN PETTY CASH ACCOUNTS	7,914,801	7,927,699	8,439,483	9,198,291	9,225,505

(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 for the State's latest fiscal year ending August 31, 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
Year Ended August 31, 2014

	Total Consolidated General Revenue(1)	Special Revenue	All Other Funds	Total All Funds
CASH BALANCE – SEPTEMBER 1, 2013				
Cash in State Treasury	$ 8,556,426,230	$ 14,138,732,330	$ 5,834,404,416	$ 28,529,562,976
Cash in Petty Cash Accounts	9,198,291	1,070,453	79,000	10,347,745
Prior Period Adjustments (2)	0	6,624	(6,624)	0
	8,565,624,521	14,139,809,407	5,834,476,792	28,539,910,720
NET REVENUE				
Tax Collections	48,284,058,834	2,708,502,705	2,285,755,581	53,278,317,120
Federal Income	30,706,433,285	3,559,609,599	690,389,780	34,956,432,663
Licenses, Fees, Permits, Fines and Penalties	6,491,811,542	2,005,272,810	148,314,299	8,645,398,652
Interest and Investment Income	100,775,663	1,362,355,474	234,389,872	1,697,521,009
Net Lottery Proceeds	1,878,111,901	0	0	1,878,111,901
Sales of Goods and Services	188,676,366	73,664,412	233,045,931	495,386,709
Settlements of Claims	559,966,966	15,235,530	3,720,632	578,923,127
Land Income	52,913,987	1,810,449,871	0	1,863,363,858
Contributions to Employee Benefits	86,983	0	7,192,043,764	7,192,130,747
Other Revenue	4,233,233,798	911,134,193	4,993,631,196	10,137,999,187
TOTAL NET REVENUE	92,496,069,325	12,446,224,593	15,781,291,056	120,723,584,974
OTHER SOURCES				
Bond and Note Proceeds	(5,000,000)	9,743,206,890	0	9,738,206,890
Sale/Redemption of Investments	4,244,799	3,972,511,182	6,453,900,000	10,430,655,981
Deposits to Trust and Suspense	6,714,348	93,901,490	10,556,339,238	10,656,955,077
Direct Deposit Transfers	0	0	0	0
Departmental Transfers	922,255,896	29,719,025	573,789	952,548,710
Operating Fund Transfers	37,159,830,709	34,437,792,605	12,075,766,495	83,673,389,809
Residual Equity Transfers	1,000	0	0	1,000
Other Sources	11,689	32,021	0	43,710
TOTAL OTHER SOURCES	38,088,058,441	48,277,163,213	29,086,579,523	115,451,801,177
TOTAL NET REVENUE AND OTHER SOURCES	$ 130,584,127,766	$ 60,723,387,806	$ 44,867,870,579	$ 236,175,386,151

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

Table A-4
Statement of Cash Position
Year Ended August 31, 2014
(concluded)

	Consolidated General Revenue(1)	Special Revenue	All Other Funds	Total All Funds
NET EXPENDITURES				
General Government	$ 2,668,044,568	$ 162,661,670	$ 4,744,760,798	$ 7,575,467,036
Education	30,569,780,490	2,190,190,650	214,856,568	32,974,827,708
Employee Benefits	3,350,471,668	465,720,355	4,934,886,847	8,751,078,869
Health and Human Services	41,613,552,318	86,950,929	2,766,198,749	44,466,701,995
Public Safety and Corrections	3,964,111,744	396,047,164	-	4,360,158,907
Transportation	89,568,506	8,751,107,984	38,237	8,840,714,727
Natural Resources/Recreational Services	1,644,422,915	697,949,761	319,955	2,342,692,631
Regulatory Agencies	541,833,821	72,548,132	1,646,866	616,028,819
Lottery Winnings Paid(3)	602,686,641	-	-	602,686,641
Payment of Interest	222,169,619	1,070,735,504	41,291,946	1,334,197,069
Capital Outlay	265,499,101	229,049,560	9,500,055	504,048,717
TOTAL NET EXPENDITURES	85,532,141,390	14,122,961,709	12,713,500,021	112,368,603,120
OTHER USES				
Purchase of Investments	5,494,079	6,288,470,669	2,876,345,542	9,170,310,290
Trust and Suspense Payments	18,115	-	7,761,240,448	7,761,258,563
Teacher and Employee Retirement Payments	2,415,216	-	10,516,999,425	10,519,414,641
Direct Deposit Transfers	-	-	-	-
Departmental Transfers	866,400,841	64,054,067	1,185,826	931,640,733
Operating Fund Transfers	41,498,094,357	30,558,219,214	10,630,706,965	82,687,020,537
Residual Equity Transfer	-	1,000	-	1,000
Other Uses	21,883,903	56,075	-	21,939,978
Debt Service Principal	244,706,767	9,173,715,597	279,035,000	9,697,457,364
TOTAL OTHER USES	42,639,013,277	46,084,516,622	32,065,513,206	120,789,043,105
TOTAL NET EXPENDITURES AND OTHER USES	128,171,154,667	60,207,478,331	44,779,013,227	233,157,646,225
Net Increase/(Decrease) To Petty Cash Accounts	27,214	24,204	-	51,418
CASH BALANCE – AUGUST 31, 2014	$ 10,978,624,834	$ 14,655,743,086	$ 5,923,334,144	$ 31,557,702,063
CASH IN STATE TREASURY	10,969,399,328	14,654,641,805	5,923,261,768	31,547,302,901
CASH IN PETTY CASH ACCOUNTS	9,225,505	1,094,657	79,000	10,399,162

(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-5 provides information concerning net revenues and opening balances 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

	2010	% Change	2011	% Change	2012	% Change
TAX COLLECTIONS BY MAJOR TAX						
Sales Tax	$ 19,630,305,704	(6.6) %	$ 21,478,982,942	9.4 %	$ 24,191,240,632	12.6 %
Motor Vehicle Sales / Rental Taxes	2,630,137,405	1.1	2,977,664,128	13.2	3,559,231,370	19.5
Motor Fuel Taxes	3,041,973,016	0.3	3,104,200,331	2.0	3,169,239,669	2.1
Franchise Tax	3,856,865,935	(9.3)	3,932,114,437	2.0	4,564,730,635	16.1
Insurance Taxes	1,324,703,043	5.4	1,349,641,599	1.9	1,496,251,178	10.9
Natural Gas Production Tax	725,538,388	(48.5)	1,109,718,098	53.0	1,534,630,438	38.3
Cigarette and Tobacco Taxes	1,388,764,873	(10.8)	1,559,505,630	12.3	1,428,102,956	(8.4)
Alcoholic Beverages Taxes	809,233,737	1.5	862,032,126	6.5	929,700,476	7.8
Oil Production and Regulation Taxes	1,008,664,357	14.0	1,472,846,659	46.0	2,103,268,285	42.8
Inheritance Tax	81,458	(95.9)	1,806,641	2,117.9	(483,557)	(126.8)
Utility Taxes	478,742,739	(7.7)	457,722,479	(4.4)	450,907,026	(1.5)
Hotel Occupancy Tax	330,809,436	(3.7)	348,796,113	5.4	401,411,015	15.1
Other Taxes	143,080,974	(8.6)	201,144,550	40.6	250,888,626	24.7
TOTAL TAX COLLECTIONS	$ 35,368,901,064	(6.5) %	$ 38,856,175,733	9.9 %	$ 44,079,118,749	13.4 %
REVENUE BY SOURCE						
Total Tax Collections	$ 35,368,901,064	(6.5) %	$ 38,856,175,733	9.9 %	$ 44,079,118,749	13.4 %
Federal Income	36,856,626,791	19.4	38,430,475,826	4.3	32,922,040,458	(14.3)
Licenses, Fees, Permits, Fines and Penalties	6,862,918,564	(4.7)	7,876,583,174	14.8	7,607,685,311	(3.4)
Interest and Investment Income	1,058,575,154	(21.4)	1,034,609,817	(2.3)	1,098,930,226	6.2
Net Lottery Proceeds	1,633,922,591	3.3	1,675,475,975	2.5	1,830,916,003	9.3
Sales of Goods and Services	408,052,872	(4.6)	283,090,826	(30.6)	362,751,310	28.1
Settlements of Claims	557,255,238	(1.3)	587,983,147	5.5	559,831,674	(4.8)
Land Income	760,614,257	(3.5)	1,461,788,448	92.2	1,372,263,670	(6.1)
Contributions to Employee Benefits	169,068	(37.5)	157,887	(6.6)	126,448	(19.9)
Other Revenue Sources	3,850,122,615	4.2	4,064,549,016	5.6	4,827,723,946	18.8
TOTAL NET REVENUE	$ 87,357,158,214	3.6 %	$ 94,270,889,849	7.9 %	$ 94,661,387,794	0.4 %

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

	2013	% Change	2014	% Change
TAX COLLECTIONS BY MAJOR TAX				
Sales Tax	$ 25,943,807,086	7.2 %	$ 27,385,709,242	5.6 %
Motor Vehicle Sales / Rental Taxes	3,878,379,684	9.0	4,209,952,925	8.5
Motor Fuel Taxes	3,221,502,038	1.6	3,315,952,089	2.9
Franchise Tax	4,798,699,188	5.1	4,732,261,872	(1.4)
Insurance Taxes	1,764,153,450	17.9	1,947,908,252	10.4
Natural Gas Production Tax	1,495,202,962	(2.6)	1,899,581,526	27.0
Cigarette and Tobacco Taxes	1,598,089,091	11.9	1,342,454,822	(16.0)
Alcoholic Beverages Taxes	976,893,685	5.1	1,053,231,009	7.8
Oil Production and Regulation Taxes	2,990,890,113	42.2	3,874,070,862	29.5
Inheritance Tax	(10,293,450)	2,028.7	11,543	100.1
Utility Taxes	434,870,937	(3.6)	478,188,876	10.0
Hotel Occupancy Tax	441,131,849	9.9	485,384,563	10.0
Other Taxes	247,719,032	(1.3)	267,853,959	8.1
TOTAL TAX COLLECTIONS	$ 47,781,045,666	8.4 %	$ 50,992,561,539	6.7 %
REVENUE BY SOURCE				
Total Tax Collections	$ 47,781,045,666	8.4 %	$ 50,992,561,539	6.7 %
Federal Income	32,530,326,029	(1.2)	34,266,042,884	5.3
Licenses, Fees, Permits, Fines and Penalties	7,919,704,761	4.1	8,497,084,352	7.3
Interest and Investment Income	1,182,874,186	7.6	1,463,131,137	23.7
Net Lottery Proceeds	1,893,285,121	3.4	1,878,111,901	(0.8)
Sales of Goods and Services	225,926,149	(37.7)	262,340,778	16.1
Settlements of Claims	609,960,852	9.0	575,202,495	(5.7)
Land Income	1,325,664,892	(3.4)	1,863,363,858	40.6
Contributions to Employee Benefits	86,521	(31.6)	86,983	0.5
Other Revenue Sources	5,574,338,463	15.5	5,144,367,991	(7.7)
TOTAL NET REVENUE	$ 99,043,212,641	4.6 %	$ 104,942,293,918	6.0 %

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.

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

Fiscal Year	State Tax Collections	State Population	Per Capita State Tax Collections	Percent Change	Taxes as a Percent of Personal Income
2010	$ 35,368,901,064	25,191,450	$ 1,404	(8.2) %	3.7 %
2011	38,856,175,733	25,592,790	1,518	8.1	3.8
2012	44,079,118,749	26,005,770	1,695	11.6	4.0
2013	47,781,045,666	26,399,510	1,810	6.8	4.2
2014	50,992,561,539	26,788,600	1,904	5.2	4.3

SOURCES: Tax collection data were compiled by the Texas Comptroller of Public Accounts from the Annual Cash Report, Table 4
Population estimates and personal income figures are from the Comptroller's Fall 2014 state economic forecast data bank.

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

	2010	% Change	2011	% Change	2012	% Change
General Government						
Executive	$ 3,211,531,452	29.7 %	$ 3,924,487,295	22.2 %	$ 2,622,286,326	(33.2) %
Legislative	131,134,280	(7.5)	138,916,998	5.9	121,712,840	(12.4)
Judicial	275,209,846	7.9	278,932,076	1.4	281,530,839	0.9
Total	3,617,875,578	25.9	4,342,336,370	20.0	$ 3,025,530,004	(30.3)
Education	32,417,865,207	(2.1)	33,558,059,096	3.5	33,702,731,818	0.4
Employee Benefits	3,342,199,847	14.1	3,410,610,368	2.0	3,320,609,573	(2.6)
Health and Human Services	36,300,566,652	8.4	38,718,145,379	6.7	38,127,434,438	(1.5)
Public Safety and Corrections	4,704,097,676	(6.7)	4,549,016,677	(3.3)	4,294,741,113	(5.6)
Transportation	5,972,091,701	(11.2)	6,706,420,175	12.3	6,889,846,846	2.7
Natural Resources/Recreational Services	1,813,346,873	(12.4)	1,808,419,674	(0.3)	2,163,123,685	19.6
Regulatory Services	332,560,491	(6.7)	312,396,315	(6.1)	335,761,544	7.5
Lottery Winnings Paid (1)	486,716,618	(0.9)	541,356,469	11.2	619,034,021	14.3
Debt Service – Interest	880,981,008	(12.4)	979,692,074	11.2	1,286,093,706	31.3
Capital Outlay	565,841,518	19.4	532,373,550	(5.9)	492,013,466	(7.6)
TOTAL NET EXPENDITURES	$ 90,434,143,170	2.1 %	$ 95,458,826,147	5.6 %	$ 94,256,920,213	(1.3) %

(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

	2013	% Change	2014	% Change
General Government				
Executive	$ 2,303,450,209	(12.2) %	$ 2,386,437,913	3.6 %
Legislative	135,437,227	11.3	129,077,528	(4.7)
Judicial	270,101,181	(4.1)	315,190,797	16.7
Total	$ 2,708,988,616	(10.5)	$ 2,830,706,238	4.5
Education	31,530,983,505	(6.4)	32,759,971,140	3.9
Employee Benefits	3,478,190,888	4.7	3,816,192,022	9.7
Health and Human Services	38,735,710,434	1.6	41,700,503,246	7.7
Public Safety and Corrections	4,295,903,947	0.0	4,360,158,907	1.5
Transportation	7,603,809,915	10.4	8,840,676,490	16.3
Natural Resources/Recreational Services	2,303,753,622	6.5	2,342,372,676	1.7
Regulatory Services	357,731,982	6.5	614,381,953	71.7
Lottery Winnings Paid (1)	661,198,706	6.8	602,686,641	(8.8)
Debt Service – Interest	1,334,549,422	3.8	1,292,905,123	(3.1)
Capital Outlay	556,153,797	13.0	494,548,661	(11.1)
TOTAL NET EXPENDITURES	$ 93,566,974,834	(0.7) %	$ 99,655,103,098	6.5 %

(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	2010	% Change	2011	% Change	2012	% Change
Public Assistance Payments	$ 33,484,170,555	8.6 %	$ 35,935,051,183	7.3 %	$ 34,916,037,739	(2.8) %
Intergovernmental Payments						
Foundation School Program Grants	16,293,092,453	(17.3)	17,674,668,169	8.5	19,222,015,479	8.8
Other Public Education Grants	7,629,111,731	54.5	7,536,111,081	(1.2)	6,329,470,849	(16.0)
Grants to Higher Education	1,152,576,833	(5.6)	1,193,358,218	3.5	1,143,310,454	(4.2)
Other Grants	2,963,539,728	(1.9)	2,941,083,735	(0.8)	2,628,761,369	(10.6)
Highway Construction and Maintenance	3,353,467,064	(21.1)	3,774,008,186	12.5	4,186,493,637	10.9
Capital Outlay	565,841,518	19.4	532,373,550	(5.9)	492,013,466	(7.6)
Cost of Goods Sold	420,583,612	(39.1)	491,485,471	16.9	466,004,486	(5.2)
Salaries and Wages	10,431,562,840	2.2	10,325,278,936	(1.0)	10,255,623,349	(0.7)
Employee Benefits						
Employee Benefit Payments	2,527,442,834	8.1	2,547,833,362	0.8	2,267,659,536	(11.0)
Payroll Related Costs	2,710,027,219	15.8	2,772,767,943	2.3	2,709,221,497	(2.3)
Professional Service and Fees	2,210,094,255	16.1	2,298,846,575	4.0	2,079,300,952	(9.6)
Travel	151,108,116	(6.4)	143,941,586	(4.7)	143,551,689	(0.3)
Supplies and Materials	999,590,844	7.2	1,028,045,704	2.8	1,079,339,070	5.0
Communication and Utilities	474,294,718	8.4	501,595,522	5.8	472,565,322	(5.8)
Repairs and Maintenance	762,653,007	5.5	834,847,239	9.5	927,318,700	11.1
Rentals and Leases	262,828,695	1.0	265,550,456	1.0	265,513,723	(0.0)
Printing and Reproduction	44,324,304	(4.3)	37,805,083	(14.7)	38,311,087	1.3
Debt Service–Interest	880,981,008	(12.4)	979,692,074	11.2	1,286,093,706	31.3
Lottery Winnings Paid (1)	486,716,618	(0.9)	541,356,469	11.2	619,034,021	14.3
Claims and Judgments	120,513,588	33.9	101,753,940	(15.6)	105,704,021	3.9
Other Expenditures	2,509,621,629	(0.6)	3,001,371,664	19.6	2,623,576,063	(12.6)
TOTAL NET EXPENDITURES	$ 90,434,143,170	2.1 %	$ 95,458,826,147	5.6 %	$ 94,256,920,213	(1.3) %

(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

EXPENDITURE CATEGORY	2013	% Change	2014	% Change
Public Assistance Payments	35,278,179,465.36	1.0 %	38,394,471,847.46	8.8 %
Intergovernmental Payments				
Foundation School Program Grants	18,377,961,414	(4.4)	19,449,620,788	5.8
Other Public Education Grants	5,093,224,305	(19.5)	5,191,099,146	1.9
Grants to Higher Education	1,108,973,166	(3.0)	1,142,128,238	3.0
Other Grants	2,709,068,572	3.1	2,863,947,131	5.7
Highway Construction and Maintenance	4,491,601,827	7.3	5,305,157,884	18.1
Capital Outlay	556,153,797	13.0	494,548,661	(11.1)
Cost of Goods Sold	632,350,393	35.7	655,985,866	3.7
Salaries and Wages	10,346,565,842	0.9	10,821,911,893	4.6
Employee Benefits				
Employee Benefit Payments	2,317,792,873	2.2	2,414,163,002	4.2
Payroll Related Costs	2,838,062,295	4.8	3,055,062,555	7.6
Professional Service and Fees	2,303,561,478	10.8	2,531,522,778	9.9
Travel	155,258,506	8.2	162,945,107	5.0
Supplies and Materials	1,075,658,705	(0.3)	1,088,134,316	1.2
Communication and Utilities	469,907,673	(0.6)	506,248,399	7.7
Repairs and Maintenance	946,547,331	2.1	898,526,905	(5.1)
Rentals and Leases	265,368,409	(0.1)	278,816,389	5.1
Printing and Reproduction	42,049,339	9.8	49,906,224	18.7
Debt Service–Interest	1,334,549,422	3.8	1,292,905,123	(3.1)
Lottery Winnings Paid (1)	661,198,706	6.8	602,686,641	(8.8)
Claims and Judgments	81,696,564	(22.7)	100,384,952	22.9
Other Expenditures	2,481,244,752	(5.4)	2,354,929,253	(5.1)
TOTAL NET EXPENDITURES	$ 93,566,974,834	(0.7) %	$ 99,655,103,099	6.5 %

(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

RECENT LEGISLATIVE AND STATE BUDGETS

2014-15 BUDGET:

In January 2013, the State Legislature began its Eighty-third Regular Session (the "83rd Legislature"). During the Regular Session, the 83rd Legislature passed H.B. 10 and H.B. 1025 which provided supplemental appropriations to fund the fiscal 2013 Medicaid shortfall, provided wildfire relief, and reversed the planned one-month deferral (August 2013 to September 2013) of a Foundation School Program payment. H.B. 1025, in conjunction with S.J.R. 1, also appropriated $2 billion from the Economic Stabilization Fund in fiscal 2014 to finance projects in the state water plan. In the 3rd Called Special Session, the 83rd Legislature passed S.J.R. 1 providing additional funding for transportation, contingent on voter approval in November 2014.

By the end of August 2013, the 83rd Legislature, both in the Regular Session and Special Sessions, adopted a budget totaling $200.4 billion in All Funds appropriations for the 2014-2015 biennium, resulting in a $9.7 billion, or 5.1 percent, overall budget increase. Each biennium there are circumstances which result in variances to state agency expenditures (i.e., expended and budgeted amounts) from the amounts appropriated by the Legislature. Typically these result from shifts in population, client demands, or unforeseen events such as natural disasters, changes to federal formulas, grant requirements, and/or additional or reduced available revenue or balances supporting legislative appropriations. Often, these incremental changes to the current biennial budget are authorized by existing law, either through the Texas Constitution or the General Appropriations Act, and do not require legislative action. However some expenditure changes require further action by the Legislature in the form of a supplemental appropriations bill.

Projected expended and budgeted amounts for the 2014–15 biennium increased by approximately $1,662.0 million in All Funds. This consists of an increase of $193.0 million in General Revenue Funds, and a net increase of $1,469.0 million in other funding sources (i.e., General Revenue–Dedicated Funds, Federal Funds and Other Funds). The most significant non-General Revenue increase occurs in Other Funds ($1.7 billion) and mainly consists of increases for the Texas Department of Transportation (net $1.1 billion in additional funding of $861.4 million for Proposition 1 and $402 million for energy sector projects and roadways, offset by various reductions) and the Available University Fund ($381.7 million associated with transfers due to increased value of the Permanent University Fund).

As of January 2015, the 2014–15 All Funds budget totals $202.1 billion and includes $95.2 billion in General Revenue Funds, $7.3 billion in General Revenue–Dedicated Funds, $68.5 billion in Federal Funds, and $31.1 billion in Other Funds. 2014-15 Other Funds appropriations (included in the All Funds total) exclude an estimated total of $6.1 billion in patient income from appropriations to health-related institutions of higher education. The receipt of these funds is not limited by the Legislature and institutions will continue to receive this revenue.

2012-13 BUDGET:

In January 2011, the State Legislature began its eighty-second regular session (the "82nd Legislature"). During the Regular Session, the 82nd Legislature passed H.B. 275 authorizing the transfer of $3.2 billion from the Economic Stabilization Fund to the General Revenue Fund in order to cover the budgetary shortfall for fiscal year 2011. By the end of June 2011, the 82nd Legislature, both in the regular session and one special session adopted a budget totaling $173.5 billion in all-funds appropriations for the 2012-2013 biennium, resulting in a $14 billion overall budget decrease. The decrease is attributable to negative cash flow created by the economic recession affecting fiscal year 2009 and 2010 and the loss of $16 billion in federal stimulus monies provided during the recession. The reductions primarily affected the budgets of the Health and Human Services agencies, reducing their appropriations by $11 billion. Public education funding reflected a $2.3 billion deferral of the August 2013 Foundation School Program payment until September 2013 (the first month of fiscal year 2014). The General Revenue Fund appropriations totaled $81.3 billion, which represents a 0.8% reduction from the 2010-2011 biennium.

Table A-9 compares the budget for the 2014-2015 biennium to the actual budgeted expenditures for the 2012-2013 biennium.

Table A-9
The Budget for Texas State Government for the 2014-2015 Biennium
Compared to Actual Budgeted Expenditures for the 2012-2013 Biennium
All Funds (In Millions)

All Functions	Expended/ Budgeted 2012–13 (1)	Appropriated 2014-15 (2) (3)	Biennial Change	Percentage Change
Article I – General Government	$4,918.0	$5,218.8	$300.8	6.1
Article II – Health and Human Services	68,829.6	74,513.4	$5,683.8	8.3
Article III – Agencies of Education	75,773.2	73,941.8	($1,831.4)	(2.4)
Public Education	52,400.0	55,403.8	$3,003.8	5.7
Higher Education	23,373.2	18,538.0	($4,835.2)	(20.7)
Article IV – The Judiciary	656.1	764.0	$107.9	16.4
Article V – Public Safety and Criminal Justice	11,709.0	11,765.2	$56.2	0.5
Article VI – Natural Resources	4,957.7	6,931.1	$1,973.4	39.8
Article VII – Business and Economic Development	22,859.2	27,447.6	$4,588.4	20.1
Article VIII – Regulatory	703.0	1,127.3	$424.3	60.3
Article IX – General Provisions	-	-	$0.0	N/A
Article X – The Legislature	348.9	374.0	$25.1	7.2
TOTAL, ALL FUNCTIONS	**$190,754.8**	**$202,083.1**	**$11,328.3**	**5.9**

Notes:

(1) Incorporates certain appropriation adjustments relating to House Bill 10, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; technical and/or reconciling adjustments; and the Governor's vetoes.

(2) Incorporates certain appropriation adjustments relating to agency riders, article-specific special provisions, and Article IX of Senate Bill 1, (Conference Committee Report), Eighty-third Legislature, Regular Session, 2013; House Bill 7, Eighty-third Legislature, Regular Session, 2013; House Bill 1025, Eighty-third Legislature, Regular Session, 2013; Senate Joint Resolution 1, Eighty-third Legislature, Third Called Session, 2013; other legislation passed by the Eighty-third Legislature which affects appropriations; technical and/or reconciling adjustments; and the Governor's vetoes. 2014-15 totals have been updated to include variances to state agency expenditures from the amounts appropriated by the Legislature and estimated supplemental appropriations.

(3) Appropriated amounts in All Funds and Other Funds for 2014–15 exclude an estimated total of $6.1 billion in patient income from the appropriations to health-related institutions of higher education. The receipt of these funds is not limited by the Legislature and institutions will continue to receive this revenue.

(4) Article totals exclude Interagency Contracts.

(5) Totals may not sum due to rounding.

Source: Legislative Budget Board, Fiscal Size-Up 2014-15 - February 2014, Figure 3 and Legislative Budget Board, Summary of Legislative Budget Estimates - January 2015, Figure 2.

Table A-10 sets forth information concerning estimated revenues for the State's 2015 fiscal year, along with actual collections for comparable revenues for the State's 2012 - 2014 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	2012 Actual	2013 Actual	2014 Actual (2)	2015 Estimated
Tax Collections				
Sales Taxes	24,191,241	25,943,807	27,385,709	29,071,387
Motor Vehicle Sales and Rental Taxes	3,559,231	3,878,380	4,209,953	4,622,391
Motor Fuels Taxes	3,169,240	3,221,502	3,315,952	3,402,711
Franchise Tax	4,564,731	4,798,699	4,732,262	4,498,985
Insurance Taxes	1,496,251	1,764,153	1,947,908	2,040,579
Natural Gas ProductionTax	1,534,630	1,495,203	1,899,582	1,613,458
Cigarette and Tobacco Taxes	1,428,103	1,598,089	1,342,455	1,409,728
Alcoholic Beverage Taxes	929,700	976,894	1,053,231	1,125,767
Oil Production and Regulation Taxes	2,103,268	2,990,890	3,874,071	2,763,386
Inheritance Tax	(484)	(10,293)	12	0
Utility Taxes	450,907	434,871	478,189	470,400
Hotel Occupancy Tax	401,411	441,132	485,385	530,870
Other Taxes	250,889	247,719	267,854	243,954
Total Tax Collections	**$44,079,119**	**$47,781,046**	**$50,992,562**	**$51,793,616**

Revenue By Source				
Tax Collections	44,079,119	47,781,046	50,992,562	51,793,616
Federal Income	32,922,040	32,530,326	34,266,043	37,451,318
Licenses, Fees, Fines, and Penalties	7,595,067	7,919,649	8,497,084	9,502,872
Interest and Investment Income	1,098,905	1,182,874	1,463,131	1,265,690
Lottery Proceeds	1,830,916	1,893,285	1,878,112	1,892,673
Sales of Goods & Services	362,749	225,926	262,341	631,702
Settlements of Claims	559,832	609,961	575,202	541,295
Land Income	1,372,264	1,325,665	1,863,364	1,367,876
Contributions to Employee Benefits	126	87	87	87
Other Revenue Sources	4,820,035	5,567,563	5,144,365	5,272,993
Total Net Revenue	**$94,641,053**	**$99,036,382**	**$104,942,290**	**$109,720,122**

Note: Excludes local funds and deposits by certain semi-independent agencies. Includes certain state revenues that are deposited in the State Treasury but not appropriated.
Totals may not sum due to rounding.
Sources:
(1) Texas Comptroller of Public Accounts, 2016-2017 Biennial Revenue Estimate.
(2) Monthly State Revenue Watch, Historical Data: http://www.texastransparency.org/State_Finance/Revenue/Revenue_Watch/

The revenue estimate released in January for the remainder of fiscal 2015 and the upcoming 2016-2017 biennium was prepared by the Comptroller as required by Article III, Section 49a of the Texas Constitution. This revised estimate is available on the Comptroller's website at http://www.texastransparency.org/State_Finance/Budget_Finance/Reports/.

The revenue estimate is 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 IHS Global Insight, which provide the national economic data used in the State forecast. Similar models have been used in preparing prior revenue estimates.

The State of Texas finished fiscal 2014 with an $11.0 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)

	2010	2011	2012	2013	2014
General Revenue Fund 0001	$ (3,541,584)	$ (2,697,785)	$ (3,705,935)	$ 2,750,862	$ 5,116,926
General Revenue Dedicated	5,492,872	5,327,200	5,694,693	5,805,564	5,852,474
Consolidated General Revenue	1,951,288	2,629,415	1,988,757	8,556,426	10,969,399
Non-consolidated Funds and Petty Cash Accounts	28,707,133	19,889,951	30,276,007	19,983,484	20,588,303
All Funds	$ 30,658,421	$ 22,519,366	$ 32,264,764	$ 28,539,911	$ 31,557,702
ANNUAL PERCENTAGE CHANGE IN ENDING CASH BALANCES					
General Revenue (Fund 0001)	(251.2) %	23.8 %	(37.4) %	174.2 %	86.0 %
General Revenue Accounts	11.9	(3.0)	6.9	1.9	0.8
Consolidated General Revenue	(50.0)	34.8	(24.4)	330.2	28.2
Non-consolidated Funds and Petty Cash Accounts	31.0	(30.7)	52.2	(34.0)	3.0
All Funds	18.8 %	(26.5) %	43.3 %	(11.5) %	10.6 %

Ending non-consolidated balances on August 31, 2010 include $7.8 billion in Tax and Revenue Anticipation Notes received on August 31, 2010.
Ending non-consolidated balances on August 31, 2012 include $9.8 billion in Tax and Revenue Anticipation Notes received on August 30, 2012.

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 supply casual 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 facilities 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 mature within the biennial budget period in which they were issued, are not deemed to be debt within the meaning of the State constitutional prohibition.

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. For self-supporting G.O. debt, no further legislative action is required after the legislature and voters authorize the debt issuance. For not self-supporting G.O. debt, the legislature must appropriate funds for debt service before the debt can be issued.

Various state agencies have the authority to issue G.O. debt. The Texas Veterans' Land Board (VLB) is authorized to issue G.O. bonds to finance the purchase of land and housing by veterans. The Texas Water Development Board (TWDB) is authorized to issue G.O. bonds to make funds available to municipalities and certain other governmental units for the conservation and development of water resources; the acquisition and development of water storage facilities for the filtration, treatment and transportation of water; water quality enhancement purposes; flood control purposes and water-efficient irrigation systems. Additionally, TWDB is authorized to incur unlimited contractual obligations to the United States (U.S.) for the acquisition and development of water storage facilities in reservoirs constructed by the U.S. These contractual obligations are declared by the Constitution to be general obligations of the State.

The Texas Agricultural Finance Authority (TAFA) is authorized to issue G.O. bonds to provide financial assistance for the expansion, development and diversification of production, processing and marketing of Texas agricultural products. Additionally, TAFA is authorized to issue G.O. bonds for a farm and ranch land acquisition program. The 81stLegislature transferred the TAFA issuance authority to the Texas Public Finance Authority (TPFA).The Texas Parks and Wildlife Department (TPWD) is authorized to issue G.O. bonds to finance the acquisition and development of State parks. The Texas Higher Education Coordinating Board is authorized to issue G.O. bonds to finance student loans.

The TPFA is authorized to issue G.O. bonds to finance the acquisition, construction and equipping of new facilities as well as major repair or renovation of existing facilities, for certain state agencies.

TPFA is also authorized to issue G.O. bonds on behalf of the Texas Parks and Wildlife Department, the Texas Military Preparedness Commission and the Cancer Prevention Research Institute of Texas.

The Texas Economic Development and Tourism Office, within the Office of the Governor, is authorized to issue G.O. bonds to provide loans to finance the commercialization of new or improved products or processes developed in Texas and to stimulate the development of small businesses in Texas.

The Texas Transportation Commission (TTC) is authorized to issue G.O. bonds on behalf of the Texas Department of Transportation (TXDOT) to finance 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.

Certain public colleges and universities are authorized to issue Constitutional Appropriation Bonds, the debt service for which is payable from the Higher Education Assistance Fund appropriations as required by the Constitution, without limitation as to principal amount, except that the debt service on the bonds may not exceed 50 percent of the amount appropriated each year.

STATE GENERAL OBLIGATION DEBT–ANNUAL DEBT SERVICE REQUIREMENTS

Much of the State’s outstanding general obligation bonded indebtedness is designed to be self-supporting, even though the full faith and credit of the State is pledged for its repayment. Revenues from land and housing programs are expected to be sufficient to repay principal and interest on all outstanding VLB bonds.

Although they are G.O. bonds, revenues from student loans are pledged to repay the principal and interest on outstanding THECB bonds. Debt service requirements for the Texas Economic Development bonds will be paid from revenues received from the program's loans and debt service requirements for the Texas Military Preparedness Commission’s Texas Military Value Revolving Loan Fund will be paid from revenues received from the program’s loans. The TXDOT G.O. bonds (Mobility Fund) will be paid from dedicated revenue; however, if revenues are insufficient, the debt will be paid from the State's general revenues.

The G.O. bonds issued by TPFA are not self-supporting. All debt service on these bonds is paid from the State’s general revenue fund. Although Constitutional Appropriation Bonds are not explicitly a general obligation or full faith and credit bond, the stated pledge has the same effect. Debt service for these bonds is paid from an annual constitutional appropriation to qualified institutions of higher education from the first monies coming into the State Treasury not otherwise dedicated by the Constitution.

STATE REVENUE BONDS

The TPFA is authorized to issue revenue bonds payable from general revenue including both lease-revenue bonds to finance the construction, acquisition or renovation of State office buildings as well as equipment revenue bonds. Additionally, the TPFA is authorized to issue revenue bonds payable from general revenue on behalf of the TPWD and the Military Facilities Commission. The 81stLegislature authorized the TPFA to issue up to $2.5 billion to finance excess losses of the Texas Wind Insurance Association resulting from a catastrophic event.

In addition to the foregoing revenue obligations issued by State agencies, other 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 or its taxing power. Among the State entities authorized to issue such revenue bonds are the TWDB, the Texas Agricultural Finance Authority, the Texas Department of Housing and Community Affairs, the Texas Department of Economic Development – Office of the Governor, the TPFA, VLB and Texas colleges and universities (described below). The TXDOT is also authorized to issue revenue bonds for the Texas Turnpike Authority and the State Highway Fund.

Texas colleges and universities are authorized to issue tuition revenue bonds 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 revenue bonds issued.

In addition to authorized tuition revenue bonds, The University of Texas System and The Texas A&M University System are authorized to issue Permanent University Fund (PUF) bonds payable from the interest in the Available University Fund.

RECENT DEVELOPMENTS AFFECTING STATE DEBT

The 83rd Legislature authorized, and the voters approved, the creation of the State Water Implementation Fund for Texas and the State Water Implementation Revenue Fund for Texas to assist in the financing of priority projects in the state water plan to ensure the availability of adequate water resources.

In September 2013, Standard & Poor's (S&P) raised its credit rating on Texas to AAA based primarily on its budgetary and cash management discipline, which allowed the state to preserve a strong level of reserves throughout the recession.

The 82ndLegislature authorized additional G.O. debt that was approved by the voters at the November 2011 general election. These include SJR 4 for $6.00 billion in evergreen bonding authority for water projects; and SJR 50 for $1.86 billion in evergreen bonding authority to finance educational loans to students.

In April 2010, Moody’s and Fitch recalibrated their municipal rating scales to align with their global rating scales. These recalibrations were not rating upgrades. Moody’s rating for the state’s GO was recalibrated from Aa1 to Aaa, and Fitch’s rating was recalibrated from AA+ to AAA. Moody’s recalibration was designed “to enhance the comparability of ratings across the Moody’s rated universe," and Fitch's "intent of the recalibration is to ensure a greater degree of comparability across Fitch's global portfolio of credit ratings." S&P announced that its municipal ratings were comparable and recalibration was not necessary.

The 80th Legislature authorized additional G.O. debt that was approved by the voters at the November 2007 general election. These include HJR 90 for $3 billion to finance cancer research; SJR 65 for $1 billion to finance capital projects for certain state agencies; SJR 57 for $500 million to finance student loans; SJR 64 to finance $5 billion for transportation projects and SJR 20 for $250 million for water projects.

During the 78th Legislature, SJR 55 and SB 652 were passed along with a constitutional amendment authorizing TPFA to issue up to $250 million in G.O. bonds or notes for the benefit of the Texas Military Preparedness Commission, in conjunction with the Office of Defense Affairs to fund loans for economic development programs that enhance the military value of military facilities in the State. HB 3324 authorized TPFA, at the request of the Texas Workforce Commission to issue up to $2 billion in revenue bonds secured by an assessment of certain businesses, if the cost of issuing bonds is less than the cost of borrowing from the federal government.

The 77th Legislature authorized the TTC, the governing Commission of the TXDOT, to issue debt for the Texas Mobility Fund, and voters approved the constitutional amendment in November, 2001 allowing the TXDOT to issue bonds secured by future revenue. The 77th Legislature also authorized the TTC to issue debt for the State Highway Fund in an amount not to exceed $3 billion with no more than $1 billion to be issued per year. This authority was amended by SB 792, Acts, 80th Legislature authorizing the program in an amount not to exceed $6 billion with no more than $1.5 billion to be issued per year.

Article III, Section 49-j of the Texas Constitution prohibits the Legislature from authorizing additional State debt payable from general revenues, including authorized but unissued bonds and lease purchase contracts in excess of $250,000 or for a term of greater than five years, if the resulting annual debt service exceeds five percent of an amount equal to the average amount of general revenue for the three immediately preceding years, excluding revenues constitutionally dedicated for purposes other than payment of debt service. The debt service ratio for outstanding debt was 1.20% as of August 31, 2014. With the inclusion of authorized but unissued debt, the ratio was 2.71%. 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 is therefore not expected to create a draw on general revenue.

SELECTED DATA CONCERNING STATE DEBT

Table A-12 (see following page), 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 2015 and beyond.

General Obligation Bond Debt Service and Revenue Bond Debt Service Payable from General Revenue (1)
Reported as of February 28, 2015 (2)
Table A-12
(in thousands)

Fiscal Year	General Obligation Bonds Self Supporting (3) Principal	General Obligation Bonds Self Supporting (3) Interest	General Obligation Bonds Payable from General Revenue Principal	General Obligation Bonds Payable from General Revenue Interest	Total G.O. Bonds (4)	Revenue Bonds Payable from General Revenue (5) Principal	Revenue Bonds Payable from General Revenue (5) Interest	Total Revenue Bonds	Total
2015	221,380	219,648	133,452	135,332	709,813	2,730	2,293	5,023	714,836
2016	298,943	462,181	334,558	259,105	1,354,787	26,565	3,850	30,415	1,385,202
2017	330,455	450,778	291,074	245,972	1,318,279	22,140	2,671	24,811	1,343,090
2018	337,465	438,638	290,345	234,012	1,300,461	19,415	1,678	21,093	1,321,554
2019	372,045	426,381	292,718	221,700	1,312,843	10,165	976	11,141	1,323,984
2020	363,270	412,289	266,881	209,741	1,252,181	5,960	616	6,576	1,258,757
2021	370,830	398,601	267,514	197,827	1,234,772	2,990	418	3,408	1,238,179
2022	374,610	384,576	269,828	185,473	1,214,487	2,715	289	3,004	1,217,491
2023	376,855	370,168	271,203	172,836	1,191,063	1,390	169	1,559	1,192,621
2024	419,490	354,331	269,359	160,079	1,203,259	1,435	104	1,539	1,204,797
2025	433,350	337,097	244,460	147,899	1,162,806	455	36	491	1,163,297
2026	446,345	318,972	239,922	136,298	1,141,537	455	12	467	1,142,004
2027	420,715	300,865	236,000	124,815	1,082,395	-	-	-	1,082,395
2028	427,990	284,490	236,479	113,253	1,062,212	-	-	-	1,062,212
2029	440,295	265,537	230,804	101,851	1,038,487	-	-	-	1,038,487
2030	428,215	248,240	208,544	90,732	975,731	-	-	-	975,731
2031	439,175	227,518	187,800	80,910	935,403	-	-	-	935,403
2032	429,460	210,826	158,879	72,681	871,846	-	-	-	871,846
2033	440,085	192,332	146,359	65,870	844,646	-	-	-	844,646
2034	502,800	172,757	141,945	59,465	876,967	-	-	-	876,967
2035	462,245	152,797	127,522	53,333	795,897	-	-	-	795,897
2036	463,275	134,380	128,480	47,152	773,287	-	-	-	773,287
2037	480,435	119,359	131,950	40,868	772,612	-	-	-	772,612
2038	526,285	96,591	135,565	34,415	792,856	-	-	-	792,856
2039	556,300	68,949	139,330	27,785	792,364	-	-	-	792,364
2040	190,920	36,212	143,260	20,972	391,364	-	-	-	391,364
2041	198,025	30,444	96,315	13,967	338,751	-	-	-	338,751
2042	169,855	27,083	99,030	9,152	305,119	-	-	-	305,119
2043	168,030	21,982	42,000	4,200	236,212	-	-	-	236,212
2044	169,365	14,291	42,000	2,100	227,756	-	-	-	227,756
2045	216,135	6,181	-	-	222,316	-	-	-	222,316
2046	1,330	140	-	-	1,470	-	-	-	1,470
2047	1,400	72	-	-	1,472	-	-	-	1,472
2048	-	-	-	-	-	-	-	-	-
2049	-	-	-	-	-	-	-	-	-
2050	-	-	-	-	-	-	-	-	-
2051	-	-	-	-	-	-	-	-	-
Total	$ 11,477,374	$ 7,184,706	$ 5,803,575	$ 3,269,796	$ 27,735,451	$ 96,415	$ 13,112	$ 109,527	$ 27,844,978

1 For capital appreciation bonds, the accretion amounts are shown as interest payments in the year the bonds mature.

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, 2015, the Texas Agricultural Finance Authority had outstanding $9 million in general obligation commercial paper. The debt service on the commercial paper is not included in the figures shown in this table. Debt service is not known since the paper will be refunded periodically. The Authority's program is not expected to rely on the state's general revenue for debt service.

Debt service figures for the Veterans Land and Housing Assistance Bonds include the estimated payments on $2.45 billion of variable-rate debt outstanding as of February 28, 2015

4 As of February 28, 2015, $14.06 billion of general obligation bonds were authorized but unissued, $9.70 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 On February 28, 2015, the Texas Public Finance Authority had $54.9 million in revenue commercial paper outstanding that is payable from general revenue.

Source: Texas Bond Review Board, Office of the Executive Director.

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 does not include debt service information (data) on outstanding G.O. or revenue bonds paid from 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. The State's Tax and Revenue Anticipation Notes do not constitute debt within the meaning of the State Constitution and are therefore not shown in the Table.

Table A-13
General Obligation Bonds and Revenue Bonds
Payable from General Revenue
Fiscal Year Ending August 31, 2014

	2010	2011	2012	2013	2014
Principal Amount Outstanding (Millions) (1)	$13,284	$14,368	$14,526	$15,574	$15,274
Principal Amount Per Capita (1)	$525	$561	$555	$599	$570
Principal Amount as a Percentage of Personal Income (1)	1.41%	1.44%	1.35%	1.36%	1.25%
Annual Debt Service Paid from General Revenue (Millions) (2)	$342	$360	$386	$416	$467
Debt Service Paid from General Revenue as a Percentage of Available General Revenue Fund Revenues (2)	1.01%	0.94%	0.91%	0.92%	0.97%
Annual Debt Service Paid from General Revenue Per Capita (2)	$13.51	$14.06	$14.76	$15.98	$17.43
Debt Service Paid from General Revenue as a Percentage of Personal Income (2)	0.036%	0.036%	0.036%	0.036%	0.038%

(1) Includes general obligation bonds which, although legally secured by the State's taxing authority, are expected to be repaid with sources outside of the State's general revenue fund. Due to statutory or contractual restrictions, these amounts are dedicated for specific purposes and are not considered available.
(2) Includes only that debt service which was paid out of the State's general revenue fund.
Source: Texas Comprehensive Annual Financial Report for the Year Ended August 31, 2014

Table A-14 shows the amount of General Revenue that is 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 are classified as constitutional on a separate line item and not attributable to any specific revenue source.

Article III, Section 49-j of the Texas Constitution provides that the maximum annual debt service in any fiscal year on state debt payable from the general revenue fund, including authorized but unissued bonds, shall not exceed 5 percent of an amount equal to the average of the amount of general revenue funds, excluding revenues constitutionally dedicated for purposes other than payment of state debt, for the three preceding fiscal years.

Table A-14
General Revenue Fund Revenues Available After
Constitutional Allocations and Other Restrictions
Years Ended August 31, 2014

REVENUE SOURCE	General Revenue Fund 0001 (1)	Restrictions From Constitutional Allocations	Other Restrictions (2)	Unrestricted Revenues Available
Sales Tax	$ 27,274,122,684	$ -	$ 79,319,519	$ 27,194,803,165
Motor Vehicle Sales/Rental Taxes	4,173,050,477	-	-	4,173,050,477
Motor Fuel Taxes	3,315,952,089	3,258,385,870	17,309,250	40,256,969
Franchise Tax	2,825,240,000	-	-	2,825,240,000
Insurance Taxes	1,947,065,171	453,552,614	141,423,325	1,352,089,231
Natural Gas Production Tax	1,899,581,526	459,911,179	-	1,439,670,348
Cigarette and Tobacco Products Taxes	569,698,818	-	-	569,698,818
Alcoholic Beverages Taxes	1,053,231,009	-	-	1,053,231,009
Oil Production and Regulation Taxes	3,874,070,862	950,314,658	-	2,923,756,204
Inheritance Tax	11,543	-	-	11,543
Utility Taxes	478,188,876	100,438,015	-	377,750,861
Hotel Occupancy Tax	485,384,563	-	40,039,922	445,344,641
Other Taxes	168,126,895	40,968,303	-	127,158,592
TOTAL TAX COLLECTIONS	$ 48,063,724,511	$ 5,263,570,639	$ 278,092,016	$ 42,522,061,856

Total Tax Collections (above)	$ 48,063,724,511	$ 5,263,570,639	$ 278,092,016	$ 42,522,061,856
Federal Income	22,608,948,185	-	22,549,943,843	59,004,341
Licenses, Fees, Permits, Fines and Penalties	4,295,667,433	26,907,814	340,457	4,268,419,163
Interest and Investment Income	19,221,145	-	-	19,221,145
Sales of Goods and Services	182,118,342	-	-	182,118,342
Settlements of Claims	557,618,882	-	-	557,618,882
Land Income	44,516,379	-	-	44,516,379
Contributions to Employee Benefits	86,983	-	-	86,983
Other Revenue Sources	2,813,606,446	-	-	2,813,606,446
Economic Stabilization Fund Transfer (3)	-	2,514,822,648	-	(2,514,822,648)
TOTAL NET REVENUE, ALLOCATIONS AND RESTRICTIONS	$ 78,585,508,306	$ 7,805,301,101	$ 22,828,376,316	$ 47,951,830,889

(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 judgment 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) As required by Article III, Section 49-g of the Texas Constitution, a transfer to the Economic Stabilization Fund 0599 in the amount of $2,514,822,648.21 was made in fiscal 2014.

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

Table A-15 contains information concerning the amount of short term obligation for cash management purposes issued by the Comptroller, and the amount of interfund borrowing utilized for the last eight fiscal years, including the current fiscal year. Tax and Revenue Anticipation Notes and commercial paper issued by the Comptroller, which mature within the biennial budget period in which they were issued, do not constitute "debt" within the meaning of the Constitution.

Table A-15

Cash Management

Fiscal Year	Series	Tax and Revenue Anticipation Notes Issued (in millions)	Commercial Paper Notes Issued (in millions)	Interfund Borrowing[1] (in millions)	Total (in millions)
2008	2007	4,900	-	-	4,900
2009	2008	6,400	-	-	6,400
2010	2009	5,500	-	-	5,500
2011	2010	7,800	-	-	7,800
2012	2011A/2011B	9,800	500	-	10,300
2013	2012	9,800	-	-	9,800
2014	2013	7,200	-	-	7,200
2015	2014	5,400	-	-	5,400

(1) Interfund borrowing has not been used due to the consolidation of numerous funds into the General Revenue Fund on August 31, 1993, but remains as an option, if needed, for cash-flow deficits. See "State Revenues and Expenditures-Identity of Funds" for a description of funds consolidation.
Source: Texas Comptroller of Public Accounts, Treasury Operations

5. ECONOMIC INFORMATION

PRINCIPAL BUSINESS ACTIVITIES

The State of Texas was identified in its early history with agriculture and ranching, and with the oil and gas industry through much of the last century. The growth of service-providing industries and exports has left a diversified Texas economy more similar to—and more subject to the ups and downs of—the national economy.

With diverse economic engines and a comparatively stable housing market, Texas has remained ahead of the nation in economic performance. However, even with diversification, Texas' mix of industries retains substantial concentration in energy. The Texas oil and gas sector remains five times more concentrated than the nation's, helping the state economy balance the negatives when energy prices are high. Texas avoided the nation's most recent recession longer, and emerged from it earlier, at least in part, because of energy exploration. During the recession, the nation lost 6.3 percent of its jobs from the peak in January 2008 to the low point in February 2010, while Texas' nonfarm employment fell by a comparatively mild 4.0 percent from its peak in August 2008 to its trough in December 2009. By November 2011, Texas had more than recovered all the jobs lost during the recession, while the nation had recovered only 30 percent. In April 2014, national employment finally surpassed its pre-recession employment peak of January 2008, 26 months after Texas did so. As of February 2015, Texas nonfarm employment was 1,129,800 more than its pre-recession peak.

Technology-based commerce and oil and gas have changed their relative importance over time. As in the national economy, the service-providing sectors, which include trade, transportation and utilities; information; financial activities; educational and health services; professional and business services; leisure and hospitality services; and government, maintained jobs much better than the goods-producing industries during the recent recession. However, since the low point of Texas employment in December 2009, goods-producing employment growth (19.6 percent) has been faster than that of service-producing employment (14.5 percent), mostly because of increases in oil and gas exploration and production. Mining, construction, and manufacturing have all added jobs in the state over this period, with growth mostly grounded in the demand for oil field machinery, rigs, and drilling equipment.

While Texas ranked seventh among the states in manufacturing employment during most of the 1980s, the state now ranks second, with 883,500 manufacturing jobs (California is first with 1,271,000 manufacturing jobs as of February 2015February 2015). Manufacturing employment had the lowest job growth of all the goods-producing industries over the past year, increasing by just 0.4 percent from February 2014February 2014 to February 2015February 2015. However, increasing productivity usually leads to rising manufacturing production even during years of flat or falling employment. The value of manufacturing as a part of the state's gross domestic product valued in 2009 dollars increased by 7.3 percent, from $189.8 billion in 2012 to $205.7 billion in 2013 (the latest year available), according to the U.S. Bureau of Economic Analysis. The Comptroller's econometric forecast predicts that the Texas economy will grow by 3.1

percent annually over the period from 2015 through 2041, outpacing forecasts of national economic growth from IHS Global Insight (2.4 percent).

GEOGRAPHIC VARIATIONS

The vast size of the State, together with cultural, climatic, and geological differences within its borders, has produced 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 mostly metropolitan, 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, economic developments—such as the strength of the U.S. economy, international politics and export markets, or changes in oil prices or defense spending—affect the economy of each region differently.

Table A-16
Texas Economic History and Outlook for Calendar Years
Fall 2014 Economic Forecast

TEXAS ECONOMY	2010	2011	2012	2013	2014	2015*	2016*
Real Gross State Product (Billion 2005$)	1,202.0	1,252.0	1,338.6	1,386.5	1,439.3	1,477.2	1,532.9
Annual % Change	3.0	4.2	6.9	3.6	3.8	2.6	3.8
Gross Domestic Product (Billion Current $)	1,248.5	1,357.3	1,463.0	1,535.1	1,618.2	1,657.2	1,765.7
Annual % Change	7.0	8.7	7.8	4.9	6.0	3.3	6.4
Personal Income (Billion Current $)	961.0	1,051.7	1,127.7	1,160.1	1,226.2	1,268.8	1,346.2
Annual % Change	4.9	9.4	7.2	2.9	5.7	3.5	6.1
Nonfarm Employment (Thousands)	10,335.8	10,566.5	10,874.1	11,191.9	11,550.8	11,722.8	11,999.6
Annual % Change	0.3	2.2	2.9	2.9	3.2	1.5	2.4
Resident Population (Thousands)	25,294.5	25,694.5	26,106.7	26,496.6	26,887.2	27,277.6	27,650.0
Annual % Change	1.8	1.6	1.6	1.5	1.5	1.5	1.4
Unemployment Rate (%)	8.2	7.9	6.9	6.3	5.2	5.1	5.0

U. S. ECONOMY	2010	2011	2012	2013	2014	2015	2016
Gross Domestic Product (Billion 2005$)	14,783.8	15,020.6	15,369.2	15,710.3	16,063.2	16,495.5	16,913.4
Annual % Change	2.5	1.6	2.3	2.2	2.2	2.7	2.5
Consumer Price Index (1982-84=100)	218.0	225.0	229.5	232.8	236.7	237.2	242.2
Annual % Change	1.6	3.2	2.0	1.4	1.7	0.2	2.1
Prime Interest Rate (%)	3.3	3.3	3.3	3.3	3.3	3.5	4.6

*Projected, based on actual or historical periods and growth rates from the Texas Comptroller's Fall 2014 Economic Forecast.
Values through 2013 include benchmark revisions.
Source: Texas Comptroller of Public Accounts and IHS Global Insight, Inc.

EMPLOYMENT AND UNEMPLOYMENT—HISTORICAL REVIEW

Texas employment rose from 9.3 million to 9.6 million during the first five years of the 2000s. From January 2005 until the state's nonfarm employment peaked in August 2008 at 10.64 million, Texas added more than one million additional nonfarm jobs, but the recent recession resulted in job losses of 430,200 from August 2008 until the employment trough in December 2009. Nonfarm employment has increased 1,560,000 since then, including 357,300 since last February, a year over year growth rate of 3.1 percent.

Since the end of the recession, Texas has generally added jobs at a faster rate than other large states. However, over the 12-month period ending February 2015, Texas employment growth was the fourth highest among the ten largest states. (See Table A-17).

Table A-17 only shows the 10 most populous states. Among all states, Texas ranked tenth in the rate of job creation over the past year. Among the ten largest states, Texas had the lowest unemployment rate, at 4.3 percent in February 2015. The remaining nine largest states had unemployment rates that ranged from 5.1 percent in Ohio to 6.7 percent in California.

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

State	Number of Nonfarm Jobs: Feb-14	Number of Nonfarm Jobs: Feb-15	Job Change: Jobs Added	Job Change: Annual Change (%)
Georgia	4,088.4	4,245.8	157.4	3.85%
Florida	7,723.6	7,990.2	266.6	3.45%
North Carolina	4,086.9	4,221.5	134.6	3.29%
Texas	11,412.4	11,769.7	357.3	3.13%
California	15,472.8	15,949.2	476.4	3.08%
Michigan	4,158.0	4,247.9	89.9	2.16%
New York	9,028.0	9,188.4	160.4	1.78%
Ohio	5,302.8	5,387.2	84.4	1.59%
Illinois	5,836.2	5,916.0	79.8	1.37%
Pennsylvania	5,756.1	5,829.2	73.1	1.27%

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

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

Year	Texas Civilian Labor Force (1)	Texas Total Employment (1)	Texas Unemployment Rate	U.S Civilian Labor Force (1)	U.S. Total Employment (1)	U.S Unemployment Rate
1998	10,095.8	9,603.0	4.9	137,673.0	131,463.0	4.5
1999	10,245.9	9,767.9	4.7	139,368.0	133,488.0	4.2
2000	10,374.1	9,929.4	4.3	142,583.0	136,891.0	4.0
2001	10,532.7	10,011.0	5	143,734.0	136,933.0	4.7
2002	10,748.8	10,065.9	6.4	144,863.0	136,485.0	5.8
2003	10,914.7	10,185.3	6.7	146,510.0	137,736.0	6.0
2004	10,992.4	10,338.5	5.9	147,401.0	139,252.0	5.5
2005	11,124.2	10,523.3	5.4	149,320.0	141,730.0	5.1
2006	11,328.0	10,774.5	4.9	151,428.0	144,427.0	4.6
2007	11,431.6	10,941.4	4.3	153,124.0	146,047.0	4.6
2008	11,664.4	11,104.1	4.8	154,287.0	145,362.0	5.8
2009	11,910.8	11,008.9	7.6	154,142.0	139,877.0	9.3
2010	12,242.0	11,244.6	8.1	153,889.0	139,064.0	9.6
2011	12,495.7	11,527.0	7.8	153,617.0	139,869.0	8.9
2012	12,678.9	11,827.5	6.7	154,975.0	142,469.0	8.1
2013	12,904.6	12,104.1	6.2	155,389.0	143,929.0	7.4
2014	13,111.5	12,447.6	5.1	155,922.0	146,305.0	6.2

(1) In thousands.

2014 data subject to benchmark revisions.
Source: U.S. Bureau of Labor Statistics

Texas avoided three of the nation's six recessions since the early 1970s, though the state had its own recession in 1986. In 2013, Texas' nominal gross domestic product (GDP) was estimated to be $1.53 trillion, a 4.8 percent increase from 2012, based on estimates from the U.S. Bureau of Economic Analysis (BEA). Texas, if it were a nation, would be the twelfth largest economy in the world.

While employment in the goods-producing sectors of the nation as a whole increased 2.8 percent from February 2014February 2014 to February 2015February 2015, Texas' goods-producing employment increased by 3.5 percent, adding 62,500 jobs and accounting for more than 13 percent of the nation's net goods-producing employment increase. Construction employment increased by 7.0 percent to add 44,600 jobs. Mining and logging added 14,200 jobs and grew by 4.8 percent. The fastest growing service-providing industry was leisure and hospitality, which expanded by 4.8 percent and added 55,500 jobs. Trade, transportation and utilities is the state's largest major industry and added 89,200 jobs over the past twelve months. No major sector had a net contraction of jobs over the period February 2014February 2014 to February 2015February 2015.

Largely because of the state’s comparatively youthful workforce and an international border region with particularly high unemployment rates, Texas’ statewide jobless rate exceeded the national average in most years from 1985 through 2006. However, with an economy that avoided the worst part of the nation’s downturn, the Texas unemployment rate inched below the national unemployment rate in early 2007 and has remained below the national rate since. The Texas unemployment rate, at 4.3 percent, is significantly lower than the February U.S. rate of 5.5 percent. Twenty-three of the state’s 25 metropolitan areas had unemployment rates at or below 7 percent (not seasonally adjusted) in February 2015February 2015. Midland (2.8 percent) had the lowest urban unemployment rate in the state, while McAllen-Edinburg-Mission, at 7.7 percent, had the highest rate.

Consumer confidence is key to economic health since it affects the sale of housing, automobiles, and other major purchases. The Consumer Confidence Index in the West South Central States (Texas, Oklahoma, Arkansas, and Louisiana) dropped precipitously from lofty levels in 2008 and early 2009 to its lowest level on record, 46.4 in March 2009 (1985=100). The U.S. index plummeted even more, dropping to a record low of 25.3 in February 2009. Because the West South Central region saw a gentler fall in its housing market and had a greater concentration of industries that benefited from oil and natural gas, its consumer confidence was more resilient than the national index and declined later. Consumer confidence in the West South Central states stood at 115.6 in March 2015, up 10.9 percent from its level in March 2014 of 104.2.

Table A-19 shows monthly Texas non-agricultural employment by industry and unemployment since January 2010.

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 Other Services	Government	Total	Unemployment Rate
2010	January	191	568	814	2,029	198	623	1,255	1,365	1,356	1,835	10,234	8.3
	February	193	562	813	2,029	197	623	1,258	1,369	1,358	1,840	10,242	8.3
	March	195	564	815	2,036	196	623	1,263	1,373	1,359	1,847	10,271	8.3
	April	198	564	813	2,037	197	623	1,269	1,375	1,359	1,858	10,292	8.2
	May	200	565	815	2,043	196	624	1,274	1,380	1,363	1,893	10,353	8.1
	June	202	564	815	2,046	196	624	1,279	1,384	1,364	1,881	10,355	8.0
	July	204	567	817	2,048	195	624	1,281	1,378	1,365	1,863	10,342	8.0
	August	206	566	818	2,051	195	625	1,286	1,383	1,369	1,857	10,354	8.0
	September	208	562	818	2,055	195	624	1,290	1,383	1,372	1,847	10,354	8.0
	October	210	564	821	2,061	195	629	1,300	1,392	1,383	1,853	10,407	8.0
	November	212	562	823	2,062	195	631	1,303	1,392	1,384	1,852	10,414	8.0
	December	214	563	824	2,066	195	632	1,311	1,394	1,390	1,851	10,440	8.0
2011	January	216	560	826	2,072	195	634	1,315	1,399	1,389	1,848	10,455	7.9
	February	219	559	828	2,075	195	634	1,320	1,397	1,387	1,841	10,456	7.9
	March	221	561	832	2,085	195	636	1,329	1,401	1,398	1,837	10,494	7.8
	April	224	559	836	2,097	195	638	1,339	1,407	1,403	1,835	10,532	7.8
	May	227	559	838	2,099	196	638	1,339	1,410	1,404	1,832	10,541	7.7
	June	231	560	840	2,102	195	638	1,342	1,412	1,405	1,836	10,562	7.7
	July	235	568	844	2,109	197	641	1,352	1,418	1,408	1,825	10,597	7.7
	August	239	567	847	2,115	196	643	1,355	1,419	1,414	1,816	10,611	7.7
	September	242	568	849	2,120	196	645	1,364	1,423	1,418	1,803	10,628	7.6
	October	246	567	851	2,123	196	646	1,361	1,424	1,423	1,793	10,629	7.5
	November	250	569	853	2,128	196	647	1,366	1,426	1,428	1,789	10,650	7.3
	December	253	570	855	2,133	197	649	1,374	1,430	1,431	1,789	10,680	7.2
2012	January	255	574	859	2,142	197	652	1,382	1,432	1,438	1,790	10,721	7.0
	February	258	573	862	2,145	197	653	1,389	1,434	1,440	1,792	10,742	6.9
	March	261	576	865	2,153	197	655	1,396	1,439	1,447	1,792	10,780	6.8
	April	263	579	868	2,159	197	657	1,403	1,436	1,453	1,792	10,807	6.8
	May	266	583	868	2,164	197	658	1,411	1,440	1,459	1,791	10,837	6.7
	June	268	583	870	2,172	197	660	1,414	1,445	1,466	1,791	10,865	6.7
	July	270	582	873	2,175	197	662	1,419	1,443	1,468	1,794	10,883	6.6
	August	271	586	874	2,179	197	663	1,428	1,451	1,478	1,797	10,922	6.5
	September	272	590	875	2,183	198	665	1,433	1,456	1,486	1,794	10,952	6.4
	October	275	596	875	2,189	198	669	1,436	1,460	1,490	1,797	10,983	6.4
	November	276	596	875	2,203	198	671	1,443	1,463	1,495	1,797	11,016	6.3
	December	277	597	876	2,202	198	673	1,445	1,468	1,505	1,801	11,041	6.3
2013	January	278	600	876	2,205	198	673	1,446	1,468	1,510	1,797	11,050	6.3
	February	280	607	877	2,214	198	676	1,456	1,475	1,519	1,802	11,104	6.3
	March	281	609	877	2,216	199	678	1,460	1,480	1,521	1,803	11,124	6.3
	April	283	609	876	2,224	200	679	1,460	1,482	1,523	1,804	11,142	6.2
	May	284	609	875	2,230	201	681	1,463	1,483	1,529	1,805	11,159	6.2
	June	286	614	876	2,234	201	684	1,472	1,486	1,535	1,807	11,194	6.1
	July	287	614	875	2,240	202	686	1,478	1,487	1,540	1,812	11,220	6.0
	August	288	616	874	2,246	202	687	1,482	1,492	1,543	1,812	11,242	5.9
	September	289	618	874	2,253	202	689	1,491	1,494	1,548	1,814	11,273	5.9
	October	290	619	876	2,260	203	690	1,497	1,498	1,552	1,816	11,299	5.8
	November	291	622	877	2,267	203	691	1,502	1,502	1,558	1,818	11,333	5.7
	December	292	624	877	2,273	204	691	1,505	1,502	1,559	1,817	11,342	5.6
2014	January	295	629	876	2,280	203	692	1,509	1,506	1,569	1,819	11,377	5.5
	February	298	634	880	2,285	203	693	1,516	1,510	1,574	1,820	11,412	5.4
	March	299	634	879	2,287	202	693	1,521	1,510	1,580	1,820	11,426	5.3
	April	301	642	881	2,292	203	695	1,533	1,514	1,583	1,822	11,468	5.2
	May	303	647	884	2,299	203	697	1,539	1,518	1,590	1,824	11,502	5.1
	June	305	648	885	2,306	203	699	1,544	1,520	1,594	1,830	11,533	5.0
	July	309	653	886	2,313	203	700	1,549	1,524	1,599	1,831	11,568	5.0
	August	312	655	887	2,319	203	703	1,553	1,528	1,602	1,830	11,591	4.9
	September	314	660	887	2,327	203	704	1,557	1,530	1,608	1,831	11,621	4.8
	October	316	665	889	2,339	202	707	1,551	1,540	1,623	1,833	11,665	4.7
	November	316	670	891	2,339	204	710	1,565	1,547	1,624	1,836	11,703	4.6
	December	320	678	891	2,348	204	713	1,576	1,553	1,625	1,841	11,750	4.6
2015	January	315	677	893	2,358	207	714	1,581	1,555	1,626	1,837	11,763	4.4
	February	312	679	884	2,374	205	714	1,577	1,555	1,636	1,834	11,770	4.3

Notes:
All figures are seasonally adjusted.
Data for 2014 are subject to revisions.
Source: Texas Workforce Commission

Information concerning historical average annual Texas non-agricultural employment by industry and unemployment rates is contained in Table A-20 and Table A-21.

Table A-20
Total Non-Agricultural 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
1990	162,400	345,800	946,300	1,575,000	176,800	458,500	641,100	675,900	856,200	1,261,000	7,098,900	6.3
1991	167,400	348,100	935,300	1,576,500	177,500	450,100	655,400	711,300	870,700	1,284,900	7,177,400	6.9
1992	156,700	345,600	927,300	1,584,200	175,400	447,400	665,900	744,300	894,300	1,331,800	7,272,900	7.6
1993	154,300	355,100	941,200	1,623,800	177,800	456,800	700,300	779,500	923,200	1,373,600	7,485,500	7.2
1994	152,700	379,200	965,300	1,675,400	183,200	469,400	752,200	811,600	955,000	1,411,800	7,755,600	6.5
1995	148,700	409,400	994,700	1,722,700	194,900	472,000	795,800	851,700	993,800	1,443,700	8,027,300	6.1
1996	149,000	437,100	1,016,400	1,759,800	205,700	483,700	843,800	887,800	1,021,800	1,455,100	8,260,200	5.7
1997	158,500	468,000	1,045,300	1,803,400	226,900	505,700	923,400	934,200	1,065,100	1,480,500	8,610,900	5.3
1998	159,100	505,100	1,078,800	1,865,100	239,600	535,300	997,300	961,100	1,097,900	1,501,200	8,940,500	4.9
1999	139,900	536,800	1,066,800	1,915,000	251,400	557,800	1,048,600	977,000	1,132,100	1,532,000	9,157,300	4.7
2000	142,700	566,800	1,072,100	1,971,200	272,000	567,500	1,109,300	1,002,600	1,165,500	1,559,100	9,428,900	4.3
2001	152,500	580,200	1,029,900	1,981,300	269,800	577,500	1,105,900	1,041,000	1,189,700	1,583,200	9,510,900	5.0
2002	144,800	567,800	952,200	1,943,600	249,300	579,700	1,067,500	1,082,600	1,202,700	1,622,700	9,412,700	6.4
2003	146,000	551,600	903,600	1,910,600	233,700	585,500	1,060,100	1,119,200	1,214,000	1,642,800	9,366,900	6.7
2004	151,800	544,500	894,300	1,939,900	224,900	595,400	1,103,100	1,150,200	1,237,900	1,652,200	9,494,100	5.9
2005	164,500	567,100	901,100	1,988,000	223,100	609,500	1,164,600	1,184,500	1,254,500	1,680,600	9,737,500	5.4
2006	184,000	605,600	928,400	2,043,200	221,700	628,200	1,244,500	1,216,600	1,288,200	1,703,400	10,063,600	4.9
2007	205,500	648,100	939,100	2,107,300	221,000	643,900	1,306,200	1,255,400	1,335,500	1,731,300	10,393,300	4.3
2008	227,100	673,300	929,100	2,137,600	217,200	647,000	1,341,500	1,289,500	1,369,400	1,775,700	10,607,300	4.8
2009	198,600	597,900	842,800	2,055,600	204,200	627,900	1,258,000	1,336,400	1,366,400	1,817,900	10,305,600	7.6
2010	202,600	564,400	817,000	2,047,000	195,700	625,400	1,280,800	1,381,000	1,368,200	1,856,600	10,338,700	8.1
2011	233,600	563,900	841,400	2,104,900	195,700	640,800	1,346,100	1,413,600	1,408,900	1,820,700	10,569,700	7.8
2012	267,700	584,300	870,100	2,172,500	197,400	661,600	1,416,700	1,447,000	1,469,000	1,794,100	10,880,300	6.7
2013	285,800	613,100	875,800	2,238,700	201,000	683,900	1,476,100	1,487,400	1,536,500	1,808,700	11,206,900	6.2
2014*	307,100	650,500	884,700	2,310,200	203,300	700,600	1,542,800	1,525,100	1,598,100	1,828,000	11,550,200	5.1

Notes:
2014 numbers are subject to revisions.
Totals may not sum due to rounding.
Source: Texas Workforce Commission

Table A-21
Distribution of Non-Agricultural Employment
(In Percent)

Year	Natural Resources & Mining	Construction	Manufacturing	Trade, Transportation, Utilities	Information	Financial Activities	Professional & Business Services	Education & Health Services	Leisure, Hospitality, & Other Services	Government	Total
1990	2.29	4.87	13.33	22.19	2.49	6.46	9.03	9.52	12.06	17.76	100.00
1991	2.33	4.85	13.03	21.96	2.47	6.27	9.13	9.91	12.13	17.90	100.00
1992	2.15	4.75	12.75	21.78	2.41	6.15	9.16	10.23	12.30	18.31	100.00
1993	2.06	4.74	12.57	21.69	2.38	6.10	9.36	10.41	12.33	18.35	100.00
1994	1.97	4.89	12.45	21.60	2.36	6.05	9.70	10.46	12.31	18.20	100.00
1995	1.85	5.10	12.39	21.46	2.43	5.88	9.91	10.61	12.38	17.98	100.00
1996	1.80	5.29	12.30	21.30	2.49	5.86	10.22	10.75	12.37	17.62	100.00
1997	1.84	5.43	12.14	20.94	2.64	5.87	10.72	10.85	12.37	17.19	100.00
1998	1.78	5.65	12.07	20.86	2.68	5.99	11.15	10.75	12.28	16.79	100.00
1999	1.53	5.86	11.65	20.91	2.75	6.09	11.45	10.67	12.36	16.73	100.00
2000	1.51	6.01	11.37	20.91	2.88	6.02	11.76	10.63	12.36	16.54	100.00
2001	1.60	6.10	10.83	20.83	2.84	6.07	11.63	10.95	12.51	16.65	100.00
2002	1.54	6.03	10.12	20.65	2.65	6.16	11.34	11.50	12.78	17.24	100.00
2003	1.56	5.89	9.65	20.40	2.49	6.25	11.32	11.95	12.96	17.54	100.00
2004	1.60	5.74	9.42	20.43	2.37	6.27	11.62	12.11	13.04	17.40	100.00
2005	1.69	5.82	9.25	20.42	2.29	6.26	11.96	12.16	12.88	17.26	100.00
2006	1.83	6.02	9.23	20.30	2.20	6.24	12.37	12.09	12.80	16.93	100.00
2007	1.98	6.24	9.04	20.28	2.13	6.20	12.57	12.08	12.85	16.66	100.00
2008	2.14	6.35	8.76	20.15	2.05	6.10	12.65	12.16	12.91	16.74	100.00
2009	1.93	5.80	8.18	19.95	1.98	6.09	12.21	12.97	13.26	17.64	100.00
2010	1.96	5.46	7.90	19.80	1.89	6.05	12.39	13.36	13.23	17.96	100.00
2011	2.21	5.34	7.96	19.91	1.85	6.06	12.74	13.37	13.33	17.23	100.00
2012	2.46	5.37	8.00	19.97	1.81	6.08	13.02	13.30	13.50	16.49	100.00
2013*	2.55	5.47	7.81	19.98	1.79	6.10	13.17	13.27	13.71	16.14	100.00
2014**	2.66	5.63	7.66	20.00	1.76	6.07	13.36	13.20	13.84	15.83	100.00

Notes:
*2014 numbers are subject to revisions.
Totals may not sum due to rounding.
Source: Texas Workforce Commission

PERSONAL INCOME

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

Table A-22
Personal Income of State Residents

Year	Personal Income (Millions)	Percent Change From Prior Year
1991	310,000	5.0%
1992	335,000	8.1%
1993	355,000	6.0%
1994	375,000	5.6%
1995	401,000	6.9%
1996	431,000	7.5%
1997	470,000	9.0%
1998	513,000	9.1%
1999	543,000	5.8%
2000	594,000	9.4%
2001	633,000	6.6%
2002	637,000	0.6%
2003	661,000	3.8%
2004	696,000	5.3%
2005	756,000	8.6%
2006	829,000	9.7%
2007	879,000	6.0%
2008	964,000	9.7%
2009	916,000	-5.0%
2010	961,000	4.9%
2011	1,052,000	9.5%
2012	1,128,000	7.2%
2013	1,160,000	2.8%

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.

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.
1990	$17,358	6.8%	$19,584	5.2%	88.6%
1991	17,806	2.6%	19,976	2.0%	89.1%
1992	18,869	6.0%	21,051	5.4%	89.6%
1993	19,525	3.5%	21,690	3.0%	90.0%
1994	20,194	3.4%	22,528	3.9%	89.6%
1995	21,154	4.8%	23,551	4.5%	89.8%
1996	22,291	5.4%	24,709	4.9%	90.2%
1997	23,794	6.7%	25,929	4.9%	91.8%
1998	25,463	7.0%	27,488	6.0%	92.6%
1999	26,418	3.8%	28,611	4.1%	92.3%
2000	28,341	7.3%	30,587	6.9%	92.7%
2001	29,686	4.7%	31,524	3.1%	94.2%
2002	29,350	-1.1%	31,800	0.9%	92.3%
2003	30,024	2.3%	32,677	2.8%	91.9%
2004	31,081	3.5%	34,300	5.0%	90.6%
2005	33,203	6.8%	35,888	4.6%	92.5%
2006	35,469	6.8%	38,127	6.2%	93.0%
2007	36,863	3.9%	39,804	4.4%	92.6%
2008	39,644	7.5%	40,873	2.7%	97.0%
2009	36,946	-6.8%	39,379	-3.7%	93.8%
2010	38,065	3.0%	40,144	1.9%	94.8%
2011	41,016	7.8%	42,332	5.5%	96.9%
2012	43,271	5.5%	44,200	4.4%	97.9%
2013	43,862	1.4%	44,765	1.3%	98.0%

Source: U.S. Bureau of Economic Analysis

Table A-24
Sources of Personal Income
Quarter IV of 2014

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	7,417.28	0.6	136,024.97	0.9
Mining	90,182.38	7.2	183,383.50	1.2
Utilities	9,896.05	0.8	85,479.20	0.6
Construction	75,880.56	6.1	620,778.40	4.2
Manufacturing	86,274.97	6.9	1,028,675.00	6.9
Trade	115,668.75	9.2	1,191,334.80	8.0
Transportation and Warehousing	45,865.75	3.7	364,347.50	2.4
Information	20,741.66	1.7	355,641.40	2.4
Finance and Insurance	55,082.51	4.4	766,413.60	5.1
Real Estate	20,419.46	1.6	229,257.10	1.5
Professional and Technical Services	89,903.71	7.2	1,087,917.30	7.3
Management Services	15,532.63	1.2	286,857.70	1.9
Administrative and Waste Services	42,248.44	3.4	440,474.90	2.9
Educational Services	9,025.97	0.7	181,060.00	1.2
Health Care and Social Assistance	84,944.74	6.8	1,174,556.20	7.9
Arts, Entertainment, and Recreation	6,374.54	0.5	120,218.90	0.8
Accommodation and food services	28,056.40	2.2	343,402.40	2.3
Other Services	35,722.94	2.9	398,630.40	2.7
Government				
Federal Civilian	19,667.49	1.6	299,506.60	2.0
Military	12,147.33	1.0	131,754.70	0.9
State and Local	96,252.02	7.7	1,328,530.30	8.9
Property and Interest Income	198,239.86	15.8	2,796,362.00	18.7
Transfer Payments	181,180.76	14.5	2,564,264.00	17.2
Contributions for Social Insurance	-92,949.01	-7.4	-1,176,579.00	-7.9
Residence Adjustment	-2,976.64	-0.2	3,512.60	0.0
Total Personal Income	**1,250,800.55**	**100.0**	**14,941,804.47**	**100.0**

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

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.

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	Texas Marketed Gas Production (Trillion SCF)	Percentage Change in Texas Gas Production	Percentage of US Gas Marketed Production	Average Taxable Price Per MCF
1993	619	(4.8)	24.8	16.23	4.97	3.3	26.2	1.89
1994	591	(4.6)	24.3	15.08	5.05	1.5	25.6	1.61
1995	560	(5.3)	23.4	16.45	5.05	0.0	25.9	1.45
1996	543	(2.9)	23.0	20.41	5.13	1.7	25.9	2.07
1997	537	(1.2)	22.8	18.76	5.17	0.7	26.0	2.17
1998	505	(5.9)	22.1	12.36	5.23	1.2	26.2	1.83
1999	449	(11.0)	20.9	17.39	5.05	(3.3)	25.5	2.08
2000	443	(1.3)	20.8	28.72	5.28	4.5	26.1	3.75
2001	424	(4.3)	20.0	23.74	5.28	0.0	25.7	3.85
2002	406	(4.4)	19.4	24.36	5.14	(2.7)	25.9	2.89
2003	401	(1.3)	19.4	29.38	5.24	2.0	26.3	4.71
2004	393	(2.0)	19.7	38.95	5.07	(3.4)	26.0	5.44
2005	393	0.0	20.8	52.77	5.28	4.1	27.9	7.27
2006	392	0.0	21.1	61.52	5.55	5.1	28.6	6.17
2007	391	(0.3)	21.1	68.53	6.12	10.4	30.3	6.30
2008	406	3.8	22.2	96.57	6.96	13.7	33.0	7.85
2009	399	(1.6)	20.5	57.48	6.82	(2.0)	31.5	3.32
2010	426	6.9	21.3	76.10	6.72	(1.5)	30.0	4.12
2011	529	23.9	25.7	91.72	7.11	5.9	29.6	4.27
2012	724	36.9	30.5	92.22	7.48	5.1	29.6	2.95
2013	924	27.6	34.0	96.23	7.55	0.9	29.4	3.67

Note: Oil Production includes condensates
MCF = 1,000 cubic feet
SCF = standard cubic feet
Sources:
Texas Comptroller of Public Accounts and U.S. Energy Information Administratior

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. In 1990, drilling activity showed a significant increase in Texas for the first time since 1984. This increase reflected the success of horizontal drilling in South Texas, but the level of rig activity declined again in 1991, to 315 operating rigs. In 1992, the Texas rig count dropped to historical lows bottoming out in June with 209 rigs. By December 1992, the rig count had risen to 328 because of a rush to drill before the yearend expiration of a federal tax break for certain natural gas wells. During January 1994, the Texas rig count fell to 253 before rising to 281 by December. In March 1995, the Texas rig count fell to a low of 233; the rig count peaked for the year in August with 265 rigs operating. The Texas rig count increased during the 1996-1997 time period, and in 1997 peaked in October at 386 after a minimum of 306 in January 1997.

The 1998 rig count topped out in February at 382 and dropped to a low of 218 in December as the taxable crude oil price dropped below $10 per barrel. The average Texas rig count for 1999 was 227 (see Table A-26). The rig count bottomed out in April 1999 at 180 and rebounded to a high of 293 in December 1999. The catalyst for the rebound was attributable to the taxable crude oil price that surpassed $24 per barrel by the end of the year. In 2000, the average rig count was 343 with a low of 285 in January and a high of 413 in December as the oil price continued to ascend toward the low $30 per barrel range. According to Baker Hughes, the rig count continued to climb each month in 2001 starting with an average of 429 in January and peaking with an average of 509 in July, even though oil prices had already begun to soften since the beginning of the year to the mid $20s. However, the September 11 event exerted downward pressure on the price, and it dropped below $20 by November 2001 before rebounding to the low $20s by March 2002 staying above $25 for the last half of 2002. Consequently, rig counts dropped to an average of 306 by April 2002 before rising again to an average of 369 in December 2002.

The prolonged Venezuelan crude oil supply disruption and the supply uncertainty before and during the war in Iraq primarily pushed the price of crude oil past $30 per barrel during the first quarter of 2003.

The crude oil price temporarily dropped back to the $26 range after the war in Iraq in April and May. However, prices quickly advanced and averaged more than $28 per barrel for the rest of 2003 when restoration of the Iraqi oil production to the pre-war level in the short term was out of reach. In the meantime, the rig count continued to climb and averaged 449 in 2003.

In 2004, continuing threats of oil supply disruption from Iraq, Saudi Arabia, Russia, Nigeria, and Norway, damages to the oil and gas infrastructure in the Gulf of Mexico from the Hurricane Ivan, and questionable availability of OPEC spare capacity to meet the stronger world oil demand led by China and United States largely pushed the average oil price above $49 per barrel in October before dropping back below $40 per barrel in December 2004.

In 2005, the growing belief of oil production peaking in the near future along with tight inventory, stronger demand, and losses of production from the Gulf of Mexico caused by Hurricanes Katrina and Rita, helped move Texas average oil price above $60 per barrel by August and the average for the year to $52.69. High oil prices also helped increase Texas rig count by 21 percent over 2004.

In 2006, steady demand growth and fear of losses of supplies from the Persian Gulf over the fighting in Lebanon and Iran’s pursuit of nuclear-arms inherently pushed oil prices to an all-time high of $69.82 per barrel by July. However, prices began to soften and averaged $61.53 for the year as risk premium diminished while inventory levels continued to build and remain above the historical norm. Contrary to the downward price movement since the all-time high, monthly rig counts steadily climbed higher to 780 by December and averaged 746 for the year, a 21 percent increase over 2005.

In 2007, the decline of the oil price that began in 2006 eventually bottomed in January and reversed its course aiming for the all-time high. Rising oil demand in spite of record prices since 2006, geopolitical pressure, declining inventory, and the precipitous drop of the dollar helped pushed prices closer to the century mark by the end of the year. At the same time, drilling activities continued the upward trend averaging 834 for the year, a 12 percent increase over 2006.

In 2008, NYMEX crude oil futures continued to set records after surpassing the psychological century-mark in February 2008. Unabated rising oil consumption from India, China, Russia, Middle East and other emerging markets, geopolitical tension over Iran's nuclear weapon program, and ongoing supply disruption in Nigeria working in concert with the decline of the U.S. dollar have been major contributors to record oil prices. However, after topping $145 in July, prices began a precipitous decline to a $33 range, a level last seen in 2004, by the end of the year in equally dramatic fashion because of a strengthening dollar, deepening credit crisis, looming recession, slowing demand, and growing excess supply. Texas rig counts also rose and fell in similar fashion after peaking in September at 946, a level last seen in December 1983, and closed out the year at 826 in December.

In 2009, NYMEX crude oil futures again dropped to the $33 level in February creating another steep contango since December 2008 with storage reaching capacity in the midst of a once in a lifetime credit crisis. The futures eventually recovered to the $70 range by the fourth quarter with the help of the OPEC production cuts, easing credit crisis, expected recovering demand with improving global economy led by the fast-resurging China and other emerging markets, and the much anticipated further decline of the U.S. dollar. Since September 2008, Texas active rig counts dropped by almost two third to average 329 by June 2009 but has since rebounded to 470 by December 2009.

In 2010, NYMEX crude oil futures managed to reach the $90 range by the end of the year drawing on the persistent weakness of the dollar and acknowledging the insatiable energy consumption of China who has taken the lead from the U.S. as the number one energy consumer. Because of the huge disparity in prices between oil and gas, oil rig counts continued to rise and reached parity with gas rigs by the year end. In turn, total Texas rig counts rose 52 percent from the 2009 level to 656 rigs.

In 2011, the disruption of Libya oil production along with rising demand that has tighten the global spare capacity, the unabated geopolitical turmoil in the Middle East and North Africa, diminishing excess storage levels, the narrowing differentials between the Brent and the West Texas Intermediate (WTI) pricing benchmarks on NYMEX crude oil futures, and the weakness of the dollar elevated NYMEX crude oil futures above $110 level by April. However, as the European financial crisis continues to deepen, fear of its contagion along with the possible slowing of China's economy brought oil prices down to the mid $70s by October. By this time, the threat of crude supply disruption through Strait of Hormuz intensified and caused prices to rise to $100 level by year's end.

In 2012, NYMEX crude oil futures continued to rise through spring 2012 to $110 level. As fear of supply disruption gave way to the on-going European financial crisis, prices subsequently declined and retested mid $70 level by June 2012 and remained below $100 through the first half of 2013. However, the continuing growth of global demand, tightening spare capacity, and the additional market access transporting crude oil in storage at Cushing, Oklahoma to the Gulf Coast refineries largely pushed prices beyond the $110 level for most of the third quarter of 2013. By the fourth quarter, concerns with the potential economic impact of the U.S. government shut-down in conjunction with the surging domestic oil production from unconventional oil plays brought prices back to the $90 level.

While concerns of the Iranian nuclear threat has abated, the risk of higher oil prices gained a short term momentum, ending the first quarter of 2014 above $100, as if the ongoing insurgency in Syria has begun to metastasize into a regional conflict that would disrupt a large portion of the Middle East crude oil supply to the rest of the world. In the second half of 2014, the weakened global demand growth, the return of the loss in output from certain geopolitical conflict countries, and the North American production surge, driven largely by the shale plays, helped create a supply imbalance that is currently driving oil prices below the $50 levels by January 2015. Given the nature of high initial volume and rapid declining production well profile of the shale plays, if a balanced drilling program that would be required to sustain the current production levels is not maintained, the current supply imbalance would be short lived and higher prices would return in the near future. However, if the current downward price move is a leading indicator of an impending global recession, a new price low may be ahead after a hopeful rebound.

The unconventional oil play of the Eagle Ford Shale in South Texas has been one of the two primary sources of the surging U. S. crude oil production as well as the dominant force behind the near tripling of Texas crude output in less than four years. Texas crude oil production began to grow in fiscal 2009, trended higher in 2010, and accelerated in 2011 confirming the reversal of a nearly four-decade production decline that began when Texas oil production peaked in 1972. In 2014, Texas production climbed to more than 2.7 million barrels per day, a production level not seen since 1979. However, Texas production growth may be reaching a plateau since the monthly year on year growth rate has been slowing substantially since the peak in first quarter of 2012 from the 50% levels to the 20% by the third quarter of 2014 even though NYMEX crude oil futures averaged more than $99 over the same period.

Although improvements to innovative drilling techniques such as extended and stacked lateral wellbores on a single well-pad as well as the increase of well-density continue to drive the development of the core areas of the Eagle Ford Shale and certain plays in the Permian Basin, the statewide production growth may experience a disruption caused by the recent price drop before reaching a certain stable production level at some point. If prices remained below the break-even levels for certain costly shale plays even for a short duration, the availability of cheap credits to fund such shale development may be over. Henceforth, the concern of the U.S. crude oil export ban that would suppress prices may finally be irrelevant.

The natural gas rig count and prices followed oil on the downward path that began in 2008 and remained in check. The number of operating natural gas drilling rigs in Texas swung from a high of 756 during September 2008 to a low of 243 during July 2009. With the accelerated development of the Barnett Shale, Texas natural gas production has been on an upward path since 2006 and exceeded 7 trillion cubic feet of gas in both 2008 and 2009, production levels not seen since the 70s. With production increases, (largely from technological advances), industrial consumption decline, and gas storage reaching capacity, NYMEX natural gas prices eventually declined from over $13 in July 2008 to less than $4 by the end of March 2009 and eventually touching $2 level by the end of August 2009. Prices subsequently rebounded to the $5 level by December 2009 as fear of a price collapse due to overflowing supply subsided along with reductions in storage levels helped by the much needed colder-than-normal weather. In 2010, NYMEX natural gas prices averaged $4.40 riding on the strong rebound of the industrial consumption and the electric power generation partly caused by a summer heat wave in certain populated areas of the U.S. and countered by a mild hurricane season with storage levels remaining above their 5-year average.

For 2011, NYMEX natural gas prices averaged near the $4.00 level. Although much of the US experienced record breaking temperatures during the summer, particularly in Texas, increased consumption was not enough to compensate for the increase in production nationwide. The production increase in combination with a mild winter ultimately led to record storage levels and suppressed prices to the just above the $3 level by the end of the year. Because of the steep discount relative to oil, natural gas rig counts remained in the low 300s, while rig counts for crude oil rose to just under 600. The relatively higher crude oil prices increased drilling for natural gas liquids and condensates, contributing to higher overall volumes of liquids production and associated tax revenues.

In 2012, NYMEX natural gas prices continued their downward trend averaging below the $3 level for the year. While the rig count for natural gas rebounded somewhat from the low seen in 2009, it subsequently fell to an average count of below 100 during 2014, and has remained below that level for 2015. However, due primarily to shale play activity (inclusive of casinghead gas), production has thus far remained stable with 2013 prices averaging near $3.75, and 2014 prices averaging near $4.25. With a late start to the 2014-2015 winter season, associated lower demand, and continued strong production, prices fell in December 2014 and have remained relatively low thus far. Although NYMEX prices have moved below the $3 level, the downward pressure has not abated leaving the possibility of lower prices ahead before the bottom is in.

In the interim, renewed interests from the power, transportation, and manufacturing sectors that take advantage of the price differential between oil and natural gas have given natural gas a hopeful future. With these supporting factors, along with the potential for liquefied natural gas (LNG) exports, prices should eventually be at a reasonable level relative to oil.

With oil prices still commanding a premium, although a much lower one, over natural gas, the development of high-volume natural gas plays and rich in liquids such as the Eagle Ford shale in Texas are expected to continue. While production from the Barnett Shale may have reached a plateau, production from the Eagle Ford Shale still has great potential. With abundant resources, natural gas has asserted itself as an ideal bridge fuel for power generation, transportation, petrochemical and agricultural feed stocks, as well as residential and commercial heating. At some point in the near future, LNG exports may provide a relief and bring prices closer to the international market. As such, production from shale formations such as Eagle Ford, Barnett, Haynesville and Marcellus is expected to compose a larger portion of overall U.S. production in the future.

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

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
1998	303	(15.4)	11,057	4,509	4,907
1999	227	(25.4)	6,658	2,049	3,566
2000	343	51.8	8,854	3,111	4,580
2001	462	34.7	10,005	3,082	5,787
2002	338	(26.8)	9,877	3,268	5,474
2003	449	32.8	10,420	3,111	6,336
2004	506	12.7	11,587	3,446	7,118
2005	614	21.2	11,726	3,454	7,197
2006	746	21.6	13,854	4,761	8,534
2007	834	11.8	13,778	5,084	8,643
2008	898	7.7	16,615	6,208	10,361
2009	432	(51.9)	14,585	5,860	8,706
2010	659	52.5	9,477	5,392	4,071
2011	838	27.5	8,391	5,380	3,008
2012	899	7.3	14,535	10,936	3,580
2013	835	(7.1)	24,166	19,249	4,917
2014	882	5.6	28,585	24,999	3,585

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 Proved Reserves (Million Bbl)	Producing Gas Wells	Estimated Dry Gas Proved Reserves (Trillion CF)
1988	196,580	7,043	49,577	38.167
1989	190,821	6,966	50,017	38.381
1990	194,962	7,106	49,989	38.192
1991	196,292	6,797	49,825	36.174
1992	193,310	6,441	49,839	35.093
1993	186,342	6,171	50,794	34.718
1994	179,955	5,847	52,614	35.974
1995	177,397	5,743	53,612	36.542
1996	175,277	5,736	55,052	38.270
1997	175,475	5,687	56,736	37.761
1998	170,288	4,927	58,436	37.584
1999	162,620	5,339	59,088	40.157
2000	161,097	5,273	60,486	42.082
2001	159,357	4,944	63,598	43.527
2002	155,865	5,015	65,686	44.297
2003	153,461	4,583	68,488	45.730
2004	151,205	4,613	72,237	49.955
2005	151,286	4,919	76,510	56.507
2006	151,832	4,871	83,218	61.836
2007	153,223	5,122	88,311	72.091
2008	156,588	4,555	96,502	77.546
2009	157,807	5,006	101,097	80.424
2010	158,451	5,674	101,653	88.997
2011	161,402	7,014	101,831	98.165
2012	167,864	9,614	102,218	86.924
2013	179,797	10,468	103,445	90.349
2014	n/a*	n/a*	n/a*	n/a*

MINING AND LOGGING

The mining and logging industry, dominated by oil and natural gas activity in Texas, lost 20 percent of its jobs from October 2008 (235,500) to October 2009 (187,400). Recovering oil prices and continuing exploration and production activities have helped the industry gain back all of those jobs and more. Industry employment was 311,800 in February 2015February 2015, an increase of 14,200 (4.8 percent) from February 2015February 2014.

Texas oil production peaked more than 40 years ago in 1972, when calendar year production reached 1,263 million barrels. After a decades-long decline in production volumes, reaching a low of 343 million barrels in calendar 2007, the trend reversed its course. Production reached 895 million barrels in 2014, largely due to the development of the Eagle Ford Shale in South Texas. In addition to the substantial exploration activities within the state and in the Gulf of Mexico, Texas is the headquarters for many of the nation's largest oil and natural gas refining and distribution companies, and has a large number of energy-related jobs in other industries associated with those activities.

The state's two fastest growing metropolitan areas from February 2014February 2014 to February 2015February 2015 were Odessa and Midland, both with economies dominated by the energy industry. Midland's employment increased by 8.8 percent and Odessa's by 7.9 percent, considerably above the statewide average employment growth of 3.1 percent.

CONSTRUCTION

The Texas construction industry lost over 17 percent of its workers from April 2008 to April 2011 with a rapid decline in employment during the early and middle months of the recession followed by approximately two more years with little job growth or mild losses. Employment began to recover in 2012, increasing by 27,200 followed by growth of 26,900 in 2013. Growth continued in 2014, with construction employment increasing by 54,100. Construction employment was 678,700 in February 2015, up 44,600 (7.0 percent) from February of 2014.February 2014February 2015

Housing activity has also increased substantially. Total single-family building permits issued in the year ending February 2015 were up 10.7 percent from the year ending February 2014, while multi-family permits were up 17.3 percent. According to Multiple Listing Service data from the Texas A&M Real Estate Center, the median sale price for an existing single-family home in Texas over the 12 months ending February 2015 was 7.1 percent higher than the corresponding value over the 12 months ending February 2014. In February 2015 the inventory of existing homes for sale was only 3.1 months, a substantial improvement from the recent high of 8.2 months in mid-2011.

The trade, transportation and utilities industry, the state's largest industry employer with 20 percent of total nonfarm jobs in February 2015, added 89,200 jobs (3.9 percent) during the year. Employment in all three industry sectors-- retail trade, wholesale trade, and transportation, warehousing, and utilities--experienced significant gains over the past year.

Employment in retail trade increased by 35,000 (up 2.8 percent), with the largest net increases in motor vehicle and parts dealers (11,200) and food and beverage stores (7,700)The largest percentage gainer was motor vehicle and parts dealers (6.7 percent). Employment in clothing and clothing accessories stores decreased by 0.7 percent over the year.

Employment in wholesale trade grew at a 5.4 percent rate over the past twelve months, to expand by 30,500. Wholesale electronic markets and agents and brokers was the sector with the largest employment gains (4,900), while chemical and allied products merchant wholesalers had the largest percentage gain (8.7 percent).

In the transportation, warehousing, and utilities sector, employment increased by 23,700 (5.1 percent). The largest percentage gains were seen in couriers and messengers (10.3 percent) and general freight trucking (8.5). Overall, the trade, transportation and utilities industry provided 2,374,300 Texas jobs in February 2015.

As evidence of the importance of trade to the state economy, the Port of Houston had total shipment volume of 238.2 million tons in the most recently reported year (2012). Houston's port nearly matched the Port of South Louisiana (252.1 million tons), the nation's busiest port. The Port of Houston is the nation's largest port for foreign trade, handling 36 percent more value than the second largest port. Among the ten busiest U.S. ports in 2012, three were in Texas. After Houston, the other two were Beaumont at 5th and Corpus Christi at 8th.

The Dallas/Fort Worth area is a major regional distribution center for Texas and surrounding states and has the fourth busiest airport in the nation and eighth busiest in the world, with 28.0 million passenger enplanements during 2012. Houston's IAH is the eleventh busiest airport in the U.S., with passenger enplanements of 19.0 million in 2012.

Sales tax collections, of which more than 50 percent come from households, are an indicator of retail sales activity in the state. Texas sales tax collections, after its first decline since 2002 in 2009, increased by 0.3 percent in 2010 and by 4.2 percent in calendar year 2011. Calendar 2012 Texas sales tax collections were up by a further 10.3 percent compared to 2011 and Sales tax collections continued their growth in calendar 2013, rising another 13.5 percent over the 2012 level. Calendar 2014 sales tax revenue was $28.1 billion, a 7.3 increase over 2013 collections.

Table A-28 shows annual historical retail sales data for 1995 through the third quarter of 2014. The Census Bureau no longer publishes retail sales numbers for states, so the Texas numbers below 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
1995	198,835	5.4
1996	216,302	8.8
1997	232,711	7.6
1998	244,911	5.2
1999	265,074	8.2
2000	298,614	12.7
2001	307,070	2.8
2002	290,719	(5.3)
2003	306,342	5.4
2004	340,363	11.1
2005	364,788	7.2
2006	380,303	4.3
2007	394,884	3.8
2008	435,256	10.2
2009	389,524	-10.5
2010	399,398	2.5
2011	432,915	8.4
2012	464,028	7.2
2013	516,373	11.3
2014*	375,139	7.3

Notes: Amounts and growth rates for 1995 through 2002 are based on the SIC-based definition of gross retail sales.

Amounts and growth rates from 2003 onward are based on the NAICS-based definition.

*First three quarters of 2014 gross retail sales and percentage change from first three quarters of 2013.

Source: Glenn Hegar, Texas Comptroller

Over the years, international trade has become increasingly important to the Texas economy, so changes in export markets are felt more acutely in Texas than ever before. Even when adjusted for inflation, Texas exports more than tripled in twenty years, increasing from 9.6 percent of gross state product in 1988 to 15.7 percent in 2008. The worldwide recession of 2009 halted this growth, and exports from Texas declined 15.1 percent, with the nation's exports down even more, by 17.9 percent. Despite the one-year drop in 2009, the resumption of robust growth in 2010 and 2011 led Texas exports to reach a record of $251 billion in 2011, or 19.2 percent of Texas gross domestic product. Growth continued in 2012, with total exports up another 5.7 percent to reach a new record of $265 billion. In 2013, Texas exports increased by a further 5.4 percent over the 2012 total. Texas exports were $289 billion in 2014, a 3.3 percent increase from 2013. Chemicals, computers and electronics, petroleum products, industrial machinery, and transportation equipment comprise more than three-quarters of the state's exports.

Texas' exports to neighboring Mexico, at $102.6 billion in 2014, comprised 36 percent of all Texas exports and 43 percent of total U. S. exports to Mexico. Some major U.S. corporations have sister plant operations known as maquiladoras along the Texas-Mexico border, where goods are partly manufactured in Mexico and partly in the United States, and these substantially affect Texas/Mexico export trade. Exports to Canada were just under 11 percent of Texas exports, and exports to China and Taiwan totaled 5.2 percent in 2014.

MANUFACTURING

The manufacturing segment of the State's economy has diversified substantially, but the predominant sectors remain technology manufacturing and the recovery and processing of natural resources, including oil and gas instruments and equipment. In general, manufacturing employment shifted toward computer and electronics industries in the 1990s and back toward energy-focused activities after 2000.

Productivity gains have allowed Texas manufacturers to produce more with fewer workers, allowing it to grow even with the outsourcing of jobs to lower-wage countries and recent international recessions. Manufacturing production in Texas, as measured by real gross state product, rose 69 percent from 2003 to 2013. This growth occurred despite a 3.1 percent decline in Texas manufacturing employment over this period. Productivity improvements advanced about twice as fast for Texas manufacturing as nationally, based on per-worker real gross domestic product estimates. Much of this is because energy-related manufacturing, of which Texas has a comparatively large share, is high in the value added per unit of production.

Texas manufacturing employment increased by 0.4 percent over the past twelve months. Durable goods employment was up 2,000, led by gains fabricated metals manufacturing (2,400) and machinery manufacturing (1,900). Overall, durable goods employment grew by 0.3 percent. Nondurable goods manufacturing saw an employment increase of 1,700 (0.6 percent), with chemical manufacturing showing the largest increase (900).

Manufacturing sector employment was 883,500 in February 2015.

Table A-29 shows Texas manufacturing employment by industry in February 2015.

Table A-29
Manufacturing Employment by Industry

Manufacturing Sector	Employment (Thousands)	Percentage of Manufacturing Employment
Durable Goods		
Wood Products	21.2	2.4
Minerals (nonmetallic) and Concrete	35.8	4.1
Primary Metals	23.7	2.7
Fabricated Metals	141.7	16.1
Machinery, except Computers	108.1	12.3
Computers and Electronics	94.1	10.7
Electrical Equipment & Appliances	19.8	2.2
Transportation Equipment	88.5	10.0
Furniture	21.7	2.5
Miscellaneous Durables	30.1	3.4
Total Durable Goods	**584.7**	**66.4**
Nondurable Goods		
Food Manufacturing	84.9	9.6
Beverages	12.6	1.4
Paper	16.7	1.9
Printing	25.4	2.9
Petroleum and Coal Products	22.8	2.6
Chemicals	77.4	8.8
Plastics and Rubber	38.5	4.4
Other Nondurables, incl. Apparel	17.7	2.0
Total Nondurable Goods	**296**	**33.6**
Total	**880.7**	**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 (cellular telephone providers, Internet and DSL providers, and software). During the second half of the 1990s the international speculative internet stock (or the "dot-com") boom took off, and as a result, at its peak in 2000 the Texas information industry had increased its employment by over 50 percent to reach 270,000. In that year the bubble burst. Over the next decade, employment fell by a third. Industry employment growth resumed in 2011, and over the past 12 months employment increased by 1.1 percent (2,300). Total information industry employment in February 2015 was 205,200.

PROFESSIONAL AND BUSINESS SERVICES

Professional and business services was the industry with the second largest employment increase over the 12 month period ending February 2015. Industry employment increased by 61,300 (4.0 percent). The industry, with 13 percent of the state's nonfarm employment, accounted for 17 percent of the job growth over the year. Employment in the professional, scientific, and technical services sector increased at a rate of 5.7 percent, adding 37,800 jobs. The management, administrative, support, waste management, and remediation services sector grew at a rate of 2.5 percent, to add 18,700 jobs. This sector includes temporary help agencies, and many of its jobs are temporary and/or part-time positions. Total industry employment was 1,576,900 in February 2015.

EDUCATION AND HEALTH SERVICES

The education and health services industry, composed of the private education, and the health care, social assistance, and child day care services sectors, added 44,300 jobs over the past 12 months, a growth rate of 2.9 percent. The relatively small private education services sector added 6,500 jobs (3.6 percent), while the much larger health care and social assistance sector grew at a 2.8 percent rate and added 37,800 jobs. Overall, education and health services employment in Texas reached 1,554,700 in February 2015.

FINANCIAL ACTIVITIES

Over the past twelve months, overall employment in the financial activities industry grew by 3.0 percent, adding 21,100 jobs. Employment growth was led by the insurance carriers and related activities sector, which grew by 6.1 percent (11,100). Depository credit intermediation (financial institutions such as banks) is the industry's largest sector, employing 252,200 as of February 2015. According to the Federal Deposit Insurance Corporation, only 2.8 percent of Texas depository institutions were unprofitable during 2014, substantially less than the national average of 5.1 percent. In addition, Texas banks had an average return on equity of 10.4 percent, compared to 9.0 percent nationally. The gap was even wider for savings institutions, where Texas institutions had a 12.1 percent return on equity, compared to 9.9 percent nationally. Financial activities industry employment in Texas totaled 713,900 in February 2015.

LEISURE AND HOSPITALITY SERVICES

The leisure and hospitality industry experienced strong employment growth over the 12 months ending February 2015, adding 55,500 jobs (4.8 percent). Most of the industry's employment gains were in the accommodations and food services sector (54,600); the arts, entertainment, and recreation sector gained just 900 jobs over the past 12 months. Total leisure and hospitality employment reached 1,223,800 in February 2015, more than 10 percent of total nonfarm employment.

OTHER SERVICES

The "other services" industry is a varied mix of business activities encompassing repair and maintenance services; laundry services; religious, political, and civic organizations; funeral services; parking garages; beauty salons; and a wide range of personal services. Other services industry employment increased by 6,500 (1.6 percent) over the past 12 months to reach 412,600 in February 2015.

GOVERNMENT

After two years of job losses in 2011 and 2012, government employment in Texas expanded by 1.0 percent (17,200) in 2013. Employment growth continued in 2014 and into 2015, with total government employment up by 0.8 percent (14,600) over the 12 month period ending February 2015. Employment in federal government increased by 700 and local government employment increased by 15,100. State government employment, however, decreased by 1,200 jobs (0.3 percent). Total government employment in Texas was 1,834,300 in February 2015.

Fifty-five percent of government employment in Texas is in either local school districts or state colleges and universities. Local government accounts for two-thirds of all government jobs in Texas, and school district employment accounts for nearly two-thirds of local government employment. Local government education employment was up 11,100 (1.3 percent) to 857,600, while that of state government education increased 0.5 percent to 197,000. Total government employment in Texas increased by 14,600, to reach 1,834,300 in February 2015.

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.

The Houston economy has mostly fared better than the State's overall economy over the past three years, boosted largely by its relatively greater mix of oil and gas firms that benefited from strong oil prices, as well as from bustling health care and import/export industries. Job growth over the past twelve months was led by the leisure and hospitality (6.1 percent) and mining and logging (5.4 percent, mostly oil and natural gas related activity) industries. Every industry in the metropolitan area added jobs over the year ending February 2015, with the largest absolute gains in the trade, transportation, and utilities (19,000) industry. Compared with other large cities, the Houston area continues to rank favorably for low costs by the ACCRA Cost of Living Index.

The Dallas/Fort Worth area grew at a faster rate than the state as a whole over the past year (4.1 percent). Employment in the Fort Worth MSA grew at a rate of 3.4 percent while Dallas MSA employment grew at 4.5 percent. Dallas area growth was led by particularly strong percentage gains in mining, logging, and construction employment (11.0 percent) and professional and business services (6.4 percent). The Fort Worth area had its best job growth rates in leisure and hospitality (6.2 percent). Fort Worth area information (down 5.9 percent) employment suffered notable decreases over the past twelve months.

The Austin economy grew at a 3.0 percent rate over the past year, led by 6.1 percent increases in mining, logging, and construction. No major industry saw a reduction in net employment over the past twelve months; the smallest increase was in the manufacturing sector, which grew by 0.9 percent over the year. An educated workforce matching available jobs has held down the unemployment rate, although transportation infrastructure has expanded more slowly than growth. The Austin area was the state's fastest-growing metropolitan area over the past decade, according to the U.S. Census Bureau.

San Antonio saw job growth in every major industry except manufacturing (down 0.2 percent) from February 2014 to February 2015. Growth was led by the mining and logging (up 13.5 percent) and financial activities (6.9 percent) sectors. Professional and business services employment growth was also strong, increasing at a rate of 6.7 percent (7,900).

El Paso's employment generally declines less than the state average during recessions and grows more slowly during strong economic times. El Paso's employment grew at a rate of 0.4 percent over the year, with the largest percentage increase in the leisure and hospitality industry. Mining, logging, and construction employment decreased over the year, down by 5.8 percent (800 jobs).

Among all the state's metropolitan areas, Midland (at 2.8 percent), Amarillo (3.1), and Lubbock (3.3) had the state's lowest unemployment rates in February 2015. Of the state's six largest metropolitan areas, Austin had the lowest rate, at 3.4 percent, followed by San Antonio (3.8 percent), and Dallas-Fort Worth at 4.1 percent. El Paso, in keeping with a history of higher rates along the Texas/Mexico border, had the highest unemployment rate of the largest metros, at 5.4 percent. The metropolitan areas with the highest unemployment rates were Beaumont-Port Arthur (6.3 percent), Brownsville-Harlingen (7.2 percent), and McAllen-Edinburg-Mission (7.7 percent).

PROPERTY VALUES

State-wide property values in Texas increased in 2014. Taxable values increased 8.73 percent from 2013 to 2014. The total taxable property value in Texas on January 1, 2014, was $2.04 trillion according to records maintained by the Comptroller's Property Tax Assistance Division.

Property value changes from 2013 to 2014 were varied from property category to property category. The total market value of single-family homes increased by 9.28 percent, to $1.08 trillion. Multi-family residential property values increased by 14.66 percent from 2013, to

$119.4 billion. The value of residential inventory – new, unsold homes held for sale – decreased 0.05 percent from 2013 to 2014 reflecting absorption of these residential properties due to increased demand and low inventories.

The value of commercial and industrial real property was $453.1 billion, an increase of 7.34 percent. Commercial and industrial personal property increased 4.73 percent to $266.6 billion. The value of oil and gas reserves increased from $133.3 billion in 2013 to $157.9 billion in 2014, an 18.48 percent increase.

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

Year	Billions	Percent Change
1995	660.47	3.44%
1996	691.49	4.70%
1997	694.85	0.49%
1998	736.46	5.99%
1999	779.01	5.78%
2000	847.82	8.83%
2001	943.29	11.26%
2002	1,000.72	6.09%
2003	1,043.82	4.31%
2004	1,109.85	6.32%
2005	1,204.54	8.53%
2006	1,355.22	12.51%
2007	1,505.45	11.09%
2008	1,668.89	10.86%
2009	1,686.05	1.03%
2010	1,654.84	-1.85%
2011	1,689.00	2.06%
2012	1,769.85	4.79%
2013	1,877.05	6.06%
2014	2,040.90	8.73%

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

Texas has been identified since early in its history as a state that has plentiful grain and large herds of cattle being taken to market. Even with the state's diversification and mix of industries, agriculture still impacts the state's economy significantly. In recent years, large swaths of the state's agricultural industry have been challenged due to drought and the frequent downpour of rain in recent months.

Commercial red meat including beef, veal, pork, lamb and mutton production in Texas in March 2015 was the fourth largest in the U.S. with nearly 320 million pounds, just behind Iowa, Nebraska, and Kansas. The production in March 2015 was 5.1 percent below March 2014 at about 337 million pounds.[1] In March 2015, Texas was ranked third nationally with 404,000 commercial cattle slaughtered, behind Nebraska (524,000) and Kansas (479,000). Also, Texas slaughtered 7.1 percent less commercial cattle in 2015 compared to 435,000 in 2014.[2]

In March 2015, Texas was ranked fifth nationally with approximately 52 million slaughtered young chickens, behind Georgia (108 million), Alabama (91 million), North Carolina (65 million) and Mississippi (60 million). Texas has slaughtered approximately 14 percent more young chickens in March 2015 compared to 45 million young chickens in February 2015.[3] Texas is ranked sixth in the U.S. with nearly 241 million pounds of chilled and frozen young chickens for a 12.9 percent increase compared to February 2015.[4]

In March 2015, Texas had the fifth highest number of milk cows in the country, after California, Wisconsin, New York, Idaho and Pennsylvania with about 463,000, a 1.8 percent increase over March 2014. Texas farmers generated 1,920 pounds of milk per cow in March 2015 compared to 1,965 pounds of milk per cow in March 2014, down 2.36 percent. Texas is the fifth leading state in the U.S. in milk production with 889 million pounds of milk in March 2015, a decrease of 0.5 percent over the March 2014 levels of 894 million pounds of milk produced.[5]

According to the April 2015 Quick Stats Survey from the United States Department of Agriculture (USDA), Texas harvested 5.4 million acres of land that yielded 2.2 tons/acre of hay, producing 11.7 million tons of hay with a value of $978.2 million. The USDA April 2015 report indicates that Texas planted 6 million acres of wheat, harvested about 2.3 million acres of land that yielded 30 bushels/acre of wheat, producing 67.5 million bushels of wheat with a value of $432 million. The USDA also indicates that Texas planted 6.2 million acres of cotton, harvested nearly 5 million acres of land that yielded 581 tons/acre of cotton, producing more than 6 billion lb. bales of cotton with a value of in excess of $2 billion.[6]

The importance of cotton to the Texas economy is significant. Texas is the leading state in the U.S. in producing cotton for products such as jeans, shirts, window shades, towels, wall coverings, bookbindings, U.S. paper money, bedsheets and much more.[7] U.S. paper money is made up of 75 percent cotton and the one bale of cotton can make 249 bedsheets.[8] Technology and biotechnology have made Texas more competitive globally. Technological advancements make farmers more efficient in producing and harvesting cotton while new biotechnological means allows farmers to use less chemicals and increase the health of the plant.[9] Because of the recent rains, the fields across much of Texas is sketchy, with areas being too wet, too dry or just fine. [10]

Most of Texas has eased out of the drought due to the recent rains. According to the Texas Farm Bureau, about 35 percent of the state is still considered to be in moderate to exceptional drought. Those areas still considered to be in a drought primarily ranged from North Texas to Wichita Falls and through Childress.[11] With the heavy rains come some concerns such as delayed planting of crops which could lead to smaller yields if they have to wait beyond April 15 and cattle trotting around in mud excessively which could cause foot rot or having to use extra energy to make their way through the muddy fields which can lead to an increase feed bill. Other concerns associated with the wet weather that can affect cattle could be worms, vaccinations and vet bills.[12]

One crop that can take the heat in Texas better than most is sorghum. Texas farmers have increased their plantings and harvesting of sorghum to meeting the increased Chinese demand. The Chinese demand for sorghum is the result of internal politics such as inflated domestic corn prices and a tariff quota that restricts how much U.S. corn can be imported. Mexico was at one time the largest importer of sorghum from the U.S. and Texas but now China and Japan are the two largest importers of U.S. and Texas sorghum. Texas sorghum production is ranked second behind Kansas.[13]

Texas Tech toxicologist, Dr. Phil Smith, and microbiologist, Dr. Greg Mayer, are studying the concerns of antibiotic resistant bacteria caused by a congested feedlot. The study raises the prospect that the antibiotic resistant bacteria can be spread into humans. Smith and Mayer indicate that the study could take many years to complete, but they verified that research thus far suggests that antibiotic use in feedlots over an extended period of time can produce a host of superbugs capable of airborne transmission manipulated by the shifting of the winds.[14]

Texas A&M AgriLife Research scientist says that eating ground beef is a healthy choice. Industry leaders inside Texas and around the world are monitoring how to regularly cultivate a product with these features. The desire to improve the eating experience was addressed by Smith and co-author Dr. Brad Johnson of Texas Tech University in their research paper titled, "Marbling: Management of cattle to maximize the deposition of intramuscular adipose tissue." [15] The research was funded by funded by the National Cattlemen's Beef Association Beef Checkoff Program. Consumers in Korea, Japan, and the U.S. have appreciated deeply marbled beef for close to a century. Australian and Korean consumers have had access to deeply marbled beef while China has recently started to grain feed their cattle to satisfy the increased domestic demand for highly marbled beef. Despite the burgeoning interest in grass-fed or pasture-fed beef, a significant percentage of consumers still prefer beef that is fairly juicy and marbled. Oleic acid also known as monounsaturated fatty acids, were positively tied to flavor. The research has indicated that grain-based diets are needed to bolster the growth of marbling.[16] Smith and Davis in their research said, "grain-based diets increase the healthfulness and juiciness of beef by promoting the production of oleic acid in marbling and other fat depots."[17]

According to the Texas Beef Council (TBC), "Research shows the millennial demographic is the largest consumer audience (of beef), even surpassing the baby-boomers." The TBC suggests that millennials are influential because of their buying power which can impact other demographic groups. Millennials want a healthy, protein-based diet which can include beef. Despite the recent price increases in beef, consumers still see value in it. Approximately 60 percent of the beef that is consumed is hamburger in the U.S. market.[18]

Drones are now the latest asset that agriculture can use to impact quality and prices. Unmanned Aerial Vehicle (UAV) producer PrecisionHawk says that their drones can take the temperature of cattle in the field based on thermal colored sensors. A rancher could use the drone to determine if an animal has a fever or in heat. Drone industry experts also claim that their vehicles can find fish in the ocean and spray small amounts of chemicals on crops when exploring the field.[19]

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6. DEMOGRAPHIC INFORMATION[1]

GEOGRAPHY AND CITIES

The State of Texas is located 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.

The capital of Texas is Austin (with a population of 885,000 as of July 2013), and the largest city is Houston (2,196,000). Other major cities include Arlington (380,000), Corpus Christi (316,000), Dallas (1,258,000), El Paso (674,000), Fort Worth (793,000), Laredo (248,000), Plano (274,000), and San Antonio (1,409,000). Houston, San Antonio, Dallas, and Austin are respectively the fourth, seventh, ninth, and eleventh most populous cities in the United States.

Almost two-thirds of Texas' population (66 percent) in July 2014 resided in the four largest Metropolitan Statistical Areas: Dallas-Fort Worth-Arlington (population 6,954,000), Houston-The Woodlands-Sugar Land (6,490,000), San Antonio-New Braunfels (2,329,000) and Austin-Round Rock (1,943,000).

STATE POPULATION

Texas' population grew by 2.8 million between the April 1980 census and April 1990 census, an average annual growth rate of 1.8 percent, twice the national rate of 0.9 percent. Estimates prepared by the Texas State Data Center show that migration accounted for 34 percent of Texas' population growth during the 1980s, while in the preceding 1970-1980 decade migration accounted for 58 percent of the growth.

Between April 1990 and April 2000, Texas' population grew by 3.9 million, an average of 2.1 percent per year, compared to United States growth of 1.2 percent per year. Migration was a more important growth factor for Texas in the 1990s, accounting for 50 percent of the decade's population gains.

Between April 2000 and April 2010, Texas' population grew by 4.3 million to reach 25.1 million, an average annual increase of 1.9 percent, compared to the United States' population in April 2010 of 308.7 million and its average annual growth rate of 0.9 percent. Migration accounted for 46 percent of Texas' population gains during the decade.

As of July 2014, Texas' population was 26,957,000, an average annual increase of 1.7 percent from April 2010. The United States' population was 318,857,000, an average annual increase of 0.8 percent from April 2010. According to the U.S. Census Bureau, migration accounted for 47 percent of Texas' population gains between April 2010 and July 2013.

Twenty years ago, in July 1994, Texas surpassed New York to become the nation's second most populous state, which was made official with the release of the 2000 census figures. As of July

2014, Texas had 7.2 million more residents than New York State. Table A-31 provides an historical review of the total Texas population since 1970.

According to Census Bureau estimates for July 2013, the median age of Texas' population was 34.0 years, 3.6 years younger than the national median of 37.6 years. Only Utah (30.2 years) and Alaska (33.2) 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 2013 was 7,042,000, the second largest population in this age group among the states. This rank applies as well for the college-age population (18 to 24), which stood at 2,714,000; the young adult population (25 to 44) at 7,406,000; and the older adult population (45 to 64) at 6,320,000. Texas' population of persons age 65 and older, at 2,966,000, ranked 3rd among the states.

Texas' population has become increasingly urban. In the year 1900, the Census Bureau categorized 17 percent of Texas' residents as urban, compared to a national average of 40 percent. By 2010, 85 percent of Texas' residents lived in urban areas, while a smaller share of the nation's population—81 percent—was categorized as urban. As of July 2014, almost 89 percent of Texas' population lived in its 25 metropolitan statistical areas.

The Texas State Data Center at the University of Texas at San Antonio estimated that the racial and ethnic population shares for Texas in July 2012 were as follows: 44 percent Non-Hispanic White, 38 percent Hispanic, 12 percent Non-Hispanic Black, and 6 percent Non-Hispanic "Other." Between April 2000 and July 2012, the number of non-Hispanic "Other" Texans (primarily Asian and Pacific Islanders and Native Americans) increased by 119 percent (an average of 7 percent per year), and the number of Hispanic Texans increased by 50 percent (4 percent per year).

Table A-31 sets forth information concerning Texas' population since 1970.

Table A-31
Historical Review of Texas Population

Month	Year	Texas Resident Population	Average Annual Percent Change	Population Rank Among States
April	1970	11,196,730	1.6	4
April	1980	14,229,191	2.4	3
April	1990	16,986,510	1.8	3
April	2000	20,851,820	2.1	2
April	2010	25,145,561	1.9	2
July	2010	25,246,000	1.6	2
July	2011	25,657,000	1.6	2
July	2012	26,094,000	1.7	2
July	2013	26,506,000	1.6	2
July	2014	26,957,000	1.7	2

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 1990	Texas Share April 2000	Texas Share April 2010	Texas Share July 2013	U.S. Share April 1990	U.S. Share April 2000	U.S. Share April 2010	U.S. Share July 2013
0-4	8.4%	7.8%	7.7%	7.3%	7.5%	6.8%	6.6%	6.3%
5-17	20.2%	20.4%	19.6%	19.3%	18.2%	18.9%	17.5%	17.0%
18-24	11.2%	10.6%	10.2%	10.3%	10.8%	9.7%	9.9%	10.0%
25-44	33.1%	31.1%	28.1%	28.0%	32.4%	30.2%	26.6%	26.4%
45-54	9.5%	12.5%	13.7%	13.0%	10.1%	13.4%	14.6%	13.8%
55-64	7.6%	7.7%	10.3%	10.9%	8.5%	8.6%	11.8%	12.4%
Over 64	10.1%	9.9%	10.4%	11.2%	12.5%	12.4%	13.0%	14.1%

1. Sources: 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 February 2013.

7. EDUCATION

PRIMARY AND SECONDARY EDUCATION

Primary and secondary public education in the State is provided by 1,025 school districts and 202 charter districts, which in the 2013-14 school year operated 8,571 campuses, including 4,558 elementary schools, 1,490 high schools, 1,354 middle schools, 872 combined elementary and secondary schools, 295 junior high schools, and 2 campuses with other grade groupings. These numbers do not include private schools.

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. 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, and confirmed by the Senate and is the executive head of the Texas Education Agency.

According to the Texas Education Agency, student enrollment for the 2013-14 year totaled 5,135,880 of which: 51.8 percent of students were Hispanic, 29.4 percent were White, 12.7 percent were African American, 3.7 percent were Asian, 1.9 percent were of two or more Races, 0.4 percent were American Indian, and 0.1 percent were Pacific Islander.

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.

For the 2013-14 school year, there were 334,511 full-time equivalent teachers, 61,075 professional support staff, 19,207 campus administrators, 6,785 central administrators, 62,010 educational aides in the public schools, and 172,954 auxiliary staff. The average teacher salary for 2012-13 was $49,692.

For the 2013-14 school year, total actual revenues for public education from state, local, federal, and other sources were $53.4 billion. Of that total, $22.1 billion came from state sources, $23.5 billion from local tax revenues, $5.6 billion from federal sources, and $2.1 billion from other local and intermediate sources.

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. 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, a guaranteed yield school finance system comprised of state revenues and local property tax funds. The Foundation School Program 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 $35.00 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. No new grants under this program have been awarded since 2010. For Existing Debt Allotment, 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. Appropriations for both of these programs are $1.268 billion for the 2014-15 biennium.

On November 22, 2005 the state Supreme Court found that Texas' school finance system constituted a statewide property tax prohibited by the state constitution because so many school districts were taxing at or near the maximum allowable maintenance and operations tax rate—$1.50 for most districts. The legislature, in an attempt to return to school districts "meaningful discretion" in setting local tax rates met in a special legislative session April 17, 2006 to change the school finance system before the Court's June 1, 2006 injunction to cut off state aid to schools could go into effect. During the 79th Third Called Session, in House Bill 1, the Legislature significantly reduced school district maintenance and operations tax rates—approximately 11 percent in 2007 and 33 percent in 2008. After the special session, plaintiffs agreed with attorneys for the state that new school funding, and the difference—created in House Bill 1—between the new lower compressed tax rates and the maintenance and operations rate cap was large enough to merit dissolution of the Supreme Court injunction.

In 2013, the Legislature appropriated $42.4 billion in state funds and $10.3 billion in federal funds to public schools for the 2014-2015 biennium. The Legislative Budget Board estimates that the local property tax revenue portion of the total Foundation School Program entitlement will be $42.8 billion for the 2014-15 biennium.

In 2011 and 2012 there were five lawsuits and a Plea in Intervention filed in the Travis County District Court which challenged the constitutionality of the public school finance system in Texas. In 2014, the District Court ruled in favor of the plaintiffs, and the case is currently pending before the Texas Supreme Court. See "Litigation" for a discussion and current status on school finance litigation.

EDUCATIONAL ACHIEVEMENT

According to the U.S. Census Bureau, 2010 American Community Survey, 80.7 percent of the State's population, age 25 and older, were high school graduates, as compared to an 85.6 percent share for the nation. In addition, 25.9 percent of the State's population age 25 and older had received a bachelor's degree, as compared to a national share of 28.2 percent.

HIGHER EDUCATION

The State of Texas has 148 public and independent institutions of higher education:

- 50 public community college districts (with multiple campuses),
- 38 public four-year universities and upper division centers,
- four campuses in the Texas State Technical College System (including three extension centers),
- nine public health-related institutions,
- three public two-year, lower-division Lamar state colleges,
- 39 independent four-year colleges and universities,
- one independent medical school,
- two independent junior colleges, and
- two 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.

During the 83rd regular session of the Texas Legislature, lawmakers granted authorization to the University of Texas System (The UT System) to make changes to its institutional structure. The UT System has elected to merge two institutions in South Texas (UT-Brownsville and UT-Pan American); the merged institutions will be known as UT-Rio Grande Valley, though they currently still operate as separate entities, and will do so until the newly formed institution gains full Southern Association of Colleges and Schools accreditation. The UT System is also authorized to establish a new medical school as part of the UT-Rio Grande Valley institution.

Statewide enrollment in all colleges and universities in the fall of 2013, the most recent semester for which data are available, was 1,452,162. 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.

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 the Permanent University Fund, appropriations made by the Legislature, and tuition revenue bonds. In 2003, the State ended legislative control over designated tuition rates at public universities effective with the 2003 fall semester.

In the past, governing boards of institutions of higher education could set a rate within statutory limits set by the Legislature. Effective with the 2003 fall semester, Section 54.0513, Education Code, allows the governing boards to charge any amount 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."

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.

According to the Legislative Budget Board, the 83rd Legislature appropriated $16.6 billion to support higher education for the 2014-2015 biennium. Excluding benefits, the Legislature appropriated $16.6 billion in All Funds, including $14.5 billion in General Revenue Funds and General Revenue-Dedicated Funds. These funding levels reflect a net decrease of $3.2 billion in All Funds, but an increase of $4.3 billion in General Revenue from the 2012-2013 biennium. Funding levels for 2014-2015 include:

- TEXAS Grant Program, $724.6 million
- Tuition Equalization Grant Program, $180 million
- Professional Nursing Shortage Reduction Program, $33.8 million
- B-On-Time Program, $112.0million
- Adult Basic Education Community College Grants, $4.0 million
- Texas Educational Opportunity Grant Program, $27.8 million
- Baylor College of Medicine Undergraduate Medical Education, $73.7 million
- Joint Admission Medical Program, $10.2 million
- Developmental Education Program, $4.0 million
- Teach for Texas Loan Repayment Program, $4.4 million
- Baylor College of Medicine Graduate Medical Education formula allocation, $11.9 million

The Legislature appropriated $39.6 million for Top Ten Percent Scholarships in the 2014-2015 biennium, maintaining appropriation levels from the 2012-2013 biennium. General academic enrollment growth for 4-year and 2-year institutions received no funding for the 2014-2015 biennium. There was also no funding for new community college campuses or alternative teaching certification programs at community colleges.

The 82nd Legislature enacted House Bill 9, which requires 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 through House Bill 3015, 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 aside 20 percent of designated tuition charged above $46 per semester credit hour for resident undergraduate and graduate financial assistance. The assistance may include grants, scholarships, work-study programs, student loans, and student loan repayment assistance. The following is a list of set-aside programs and their corresponding statutory authority in the Texas Education Code:

- Be-On-Time Loan, 56.465(a)
- Dental School Tuition, 61.910(a)
- Doctoral Incentive Loan Repayment, 56.095(b)
- House Bill 3015 (Designated Tuition) Graduate, 56.012(a)
- House Bill 3015 (Designated Tuition) Undergraduate, 56.011(a)
- Medical School Tuition, 61.539(a)
- TPEG Graduate, 56.033
- TPEG Undergraduate, 56.033

In 2003, the State also enacted Subchapter Q, Chapter 56, Education Code, creating the Texas B-On-Time Loan program, referenced as a recipient of set-asides funds above. Under this program, students at public and private institutions of higher education may receive no-interest student loans, provided that they complete the recommended or advanced high school program; the 80th Legislature through House Bill 1250 extended the eligibility to include students that complete an equivalent program. If a student who receives a loan graduates from an institution of higher education in the customary amount of time allotted for the degree (i.e. four years for most bachelor degree programs) and has a cumulative grade point average of 3.0 on a four-point scale, the loan will be forgiven.

The 80th Legislature passed House Bill 3900 adding Subchapter H to Chapter 54, Texas Education Code, establishing the Texas Tuition Promise Fund, also known as the Texas Tomorrow Fund II. 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, 2014, the Texas Tuition Promise Fund (Plan) had approximately 28,000 active contracts and had a surplus of Assets over Liabilities of $122,567,382 with a funded ratio of 121.2%. As of August 31, 2013, the surplus was $70,908,660.

Approved at the November 7, 1997 general election, Article VII, Section 19 was added to the Texas Constitution creating the Texas Tomorrow Fund, also known as the Texas Guaranteed Tuition Plan. The Texas Guaranteed Tuition Plan opened for enrollment in 1997 and plan benefits are guaranteed by the full faith and credit of the State of Texas. The plan closed for new enrollment in 2003 when tuition was deregulated; however, there were approximately 72,000 active contracts as of August 31, 2014. The fund’s unfunded liability at August 31, 2013 was ($612,496,449.33) compared to ($568,170,793.80) at August 31, 2014.

The Permanent University Fund (PUF) is a permanent endowment fund with a market value of $18,043,442,921 (unaudited) as of February 28, 2015, 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 $14,668,941,353 (unaudited) as of February 28, 2015. 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.

Under Section 66.08, Texas Education Code, the UT System Board of Regents may delegate investment authority and contract with a nonprofit corporation, allowing them to invest funds under the control and management of the board, including the PUF. The corporation may not engage in any business other than investing funds designated by the board under the contract. In March 1996, the University of Texas Investment Management Company (UTIMCO) was created as a 501(c) (3) investment-management corporation whose sole purpose is the management of investment assets under the fiduciary care of the UT System Board of Regents. UTIMCO, the first external investment corporation formed by a public university system, oversees investments of approximately $35.7 billion (unaudited) as of February 28, 2015, including the PUF. UTIMCO is governed by a nine-member Board of Directors appointed by the UT System Board of Regents.

In November 1999, voters approved a constitutional amendment designed to increase the amount of money available to 17 campuses of the UT and TAMU systems. As a result of the amendment's passage, the UT System Board of Regents is able to increase the income from the PUF that is placed into the Available University Fund. The amendment allows the UT System Board of Regents to transfer the income from the PUF into the Available University Fund, including the gains from the sale of securities. The amendment includes safeguards designed to ensure that this change in policy does not affect the long-term ability of the PUF to support the two university systems. Another change in the investment policy involves the type of investments that the UT System Board of Regents may acquire for the PUF. The approved language authorizes the UT System Board of Regents to manage any kind of investment of the PUF in accordance with the standards of a "prudent investor." This change allows the UT System Board of Regents to take into consideration the investment of all the assets of the Fund, rather than a single investment, when making investment decisions. This allows the Fund to increase its earnings over time without risking the Fund's principal.

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, and library books and library equipment. The 2014-2015 General Revenue appropriation for the HEF is $525 million.

In 2003, the State enacted Subchapter E, Chapter 62, Texas Education Code, which merged the Texas Excellence Fund and the University Research Fund into a new Research Development Fund (RDF) beginning with the 2005 fiscal year; the RDF, however, was never created as a stand-alone fund. Instead, the Legislature appropriates general revenue to each affected institution in a line item named "Research Development Fund." RDF appropriations for the 2014-2015 biennium total $73.1 million. The RDF is intended to promote increased research capacity at universities other than the University of Texas at Austin, Texas A&M University (College Station) and Prairie View A&M University.

In a constitutional amendment election held in November 2009, Proposition 4 created the National Research University Fund. This change was designed to assist the state in developing more public universities into national research universities. The balance of the National Research University Fund was $668,508,768.13 (unaudited) as of March 31, 2015.

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 may be found in Note 9 of the Comprehensive Annual 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, with 1,051,425 current members and 363,182 retirement recipients as of August 31, 2014. TRS provides 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 Law Enforcement and Custodial Officers System (LECOS) and, as of August 31, 2014, had 134,162 active contributing members for ERS and 37,084 for LECOS. ERS had 95,840 annuitants and LECOS had 10,024 annuitants. 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. JRS provides benefits to judicial officers of the State and, with 566 active contributing members and 673 annuitants for JRS Plan One and Two. JRS is administered by ERS although, technically, it is a separate legal entity.

TRS and ERS are maintained on an actuarial basis. As of August 31, 2014, the unfunded actuarial accrued liability of TRS was $31.6 billion. ERS had an unfunded actuarial accrued liability of $7.5 billion for funding purposes with a $14.5 billion net pension liability for GASB 67 reporting purposes. The TRS fair value of investments, as of August 31, 2014, was $131.6 billion. The ERS fair value of pooled investments as of August 31, 2014, was $26.2 billion.

Prior to 1985, JRS was maintained on a pay-as-you-go basis. However, 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 unfunded actuarial liability of JRS Plan Two as of August 31, 2014, was $37.9 million for funding purposes with a net pension liability of $21.0 million for GASB 67 reporting purposes. 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.

Contributions to the retirement systems are made by both the State and covered employees. The Constitution mandates a State contribution rate of not less than 6 percent or more than 10 percent of payroll for ERS and TRS; member contributions may not be less than 6 percent of payroll. The Legislature, however, may appropriate additional funds as are actuarially determined to be needed to fund benefits authorized by law.

For the 2014-2015 biennium, the Legislature set the State's contribution rates to the retirement systems at the following rates: ERS at 8.0 percent, TRS at 6.8 percent, and JRS Plan Two at 15.663 percent of payroll. Member contribution rates for 2014-2015 are 6.6 percent and 6.9 percent, respectively, for ERS and JRS Plan Two and 6.4 percent in 2014 and 6.7 percent in 2015 for TRS.

State laws prohibit by statute the implementation of changes in the ERS, JRS and TRS systems that would cause the period required to amortize the unfunded actuarial liability of the plans to exceed 30 years by one year or more.

Table A-33 sets forth selected financial information concerning each of the three State-operated retirement systems for the fiscal year ended August 31, 2014.

Table A-33
Selected Financial Information Regarding State-Operated Retirement Systems

	Teacher Retirement System	Employees Retirement System	Judicial Retirement System Plan II
Contributions, Investment Income & Other Revenue	$24,474,683,939	$4,245,610,243	$63,591,898
Benefits and Refunds Paid	$9,041,680,523	$2,043,555,788	$16,419,717
Plan Net Assets Available for Benefits[1]	$132,779,243,085	$25,050,116,469	$365,290,077
Plan Net Assets Available for Benefits to Benefits and Refunds Paid Ratio	14.69:1	12.26:1	22.25:1
Revenue to Payout Ratio	2.71:1	2.08:1	3.87:1

(1) Due to implementation of GASB 25, investments are now reported at fair value instead of book value.
Sources: Audited Comprehensive Annual Financial Report for Fiscal Year ended August 31, 2014 Employees Retirement System of Texas; Audited Comprehensive Annual Financial Report for Fiscal Year ended August 13, 2014 and Actuarial Valuation report for Fiscal Year ended August 31, 2014, 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 and such other aspects 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.

POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

In addition to providing pension benefits, the State administers four programs 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 Employees Retirement System (ERS) administers the program for State retirees with at least 10 years of state service under the retirement programs of ERS or the Teacher Retirement System (TRS). Retirees who elected to participate in the Optional Retirement Program are eligible for these benefits, providing that contributions have not been withdrawn. Public school district retirees that are members of TRS are also eligible for the health care benefits.

The University of Texas System and the Texas A&M University System provide separate postemployment health care and life insurance coverages to their retirees, surviving spouses, and beneficiaries. Substantially all of the employees under the university systems that reach normal retirement age while working for the State may become eligible for the health and life insurance benefits.

For the year ended August 31, 2014, the State made monthly contributions for health care and life insurance. Contribution rates are shown below. 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
For the Fiscal Year Ended August 31, 2014

Level of Coverage	TRS	ERS	Texas A&M University	University of Texas
Retiree Only	$538	$503	$457	$498
Retiree/Spouse	$846	$791	$694	$758
Retiree/Children	$744	$696	$623	$664
Retiree/Family	$1,052	$984	$788	$927

TRS administers a program that provides benefits to public school district retirees with at least 10 years of service. The Texas Public School Retired Employees Group Insurance Program (TRS-Care) provides a free 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. The deductible is $1,800 for those eligible for Part A, $3,000 for those not eligible for Part A but eligible for Part B, and $4,000 for those not eligible for either Part A or Part B. Funding for free basic coverage is provided based on public school district payroll. For fiscal year 2014, the State of Texas, active school employee and school districts contribution rates are 1.0%, 0 .65%, and 0.55% of school district payroll, respectively.

The cost of state retirees' health care and life insurance benefits and TRS-Care 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.

Expenditures recognized for fiscal year 2014 for retiree health and life insurance benefits paid for by the State are shown below in Table A-35.

Table A-35

Postemployment Health Care and Life Insurance

Benefits Provided Through:	**Number of Retirees**	**Cost (Thousands)**
Employees Retirement System	104,770	$605,512
University of Texas System	23,276	$67,230
Texas A&M University System	7,916	$50,099
Teacher Retirement System*	189,028	$303,556
Total	**324,990**	**$1,026,397**

*Public School District Employees

Administrators of the ERS' and TRS' plans for Other Postemployment Benefits (OPEB) began reporting additional information concerning those plans in fiscal year 2007. As of August 31, 2014, the unfunded actuarial accrued liability of TRS was $33.3 billion. The State of Texas began including similar information in its financial statements in fiscal year 2008. As of August 31, 2014, the unfunded actuarial accrued liability of ERS was $24.70 billion. The inclusion of this additional information 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. However, obtaining this additional information will require actuarial valuations and a calculation, for information purposes only, of an amount in excess of the annual contributions based on current funding methods. These disclosures are for informational purposes only and will not impact the net assets of the State.

9. LITIGATION

The State of Texas is a party to various legal proceedings concerning its operations and governmental functions but unrelated to the security for the Bonds. In the opinion of the State Comptroller of Public Accounts, based on information provided by the State Attorney General as to the existence and legal status of such proceedings, none of such proceedings, except for the five school finance lawsuits, and the *M.D., by her next friend, Sarah R. Stukenberg, et al. v. Rick Perry, in his official capacity as Governor of the State of Texas, et al.* case, as discussed below, if finally decided adversely to the State, could possibly have a materially adverse effect on the long term financial condition of the State.

In 2011 and 2012 there were five lawsuits and a Plea in Intervention filed in the Travis County District Court which challenged the constitutionality of the public school finance system in Texas: *The Texas Taxpayer & Student Fairness Coalition, et al. v. Michael Williams, Commissioner of Education, et al.*; *Calhoun County Independent School District, et al. v. Michael Williams, Texas Commissioner of Education, et al.; Edgewood Independent School District, et al. v. Michael Williams, in his Official Capacity as Commissioner of Education, et al.; Fort Bend Independent School District, et al. v. Michael Williams, Texas Commissioner of Education, et al.; Mario Flores et al. and Texas Charter School Association v. Michael Williams*, *et al*.; and the Plea in Intervention filed by Texans for Real Efficiency and Equity in Education, the Texas Association of Business and other "Efficiency Intervenors."

After an initial trial and a ruling from the bench, Judge Dietz reopened the evidence in the school finance litigation to evaluate actions by the 83rd Texas Legislature. On August 28, 2014, the District Court ruled that the school finance system fails to make suitable provisions for an efficient system of free public schools to achieve a general diffusion of knowledge and that it effectively imposes a statewide property tax, in violation of Texas Constitution Arts. VII, § 1 and VIII, §1-e. On September 26, 2014, the State appealed the District Court's judgment directly to the Texas Supreme Court and on January 23, 2015, the Texas Supreme Court granted the direct appeal. The Court has issued a briefing schedule for the appeal, with reply briefs due on August 11, 2015.

M.D., by her next friend, Sarah R. Stukenberg, et al. v. Rick Perry, in his official capacity as Governor of the State of Texas, et al. This is a class action lawsuit filed in United States District Court on behalf of foster children in Texas. Plaintiffs allege that the current foster care system fails to adequately care for and serve the foster children in violation of various constitutional and federal statutory rights. The District Court certified the class, but on March 23, 2012, the U.S. Court of Appeals for the Fifth Circuit vacated the class certification order and remanded the case to the District Court for further proceedings. On August 27, 2013, the Court certified a class of foster children, including three sub-classes. The trial took place in December, 2014, and post-trial briefing is on-going.

In addition, the State Comptroller of Public Accounts is a party to various State tax law proceedings that are unrelated to the security for Bonds. None of the individual tax cases, if finally decided against the state, would have a materially adverse effect on the long term financial condition of the State. However, if a negative precedent were applied to all similarly situated taxpayers, then there could possibly be an adverse effect on the financial condition of the State. The following cases, discussed below, are an example of this type of state tax law proceeding: *Southwest Royalties, Inc. v. Hegar, et al.; Graphic Packaging Corporation v. Hegar, et al*.; and *American Multi-Cinema, Inc. v. Hegar et al*.

In *Southwest Royalties, Inc. v. Hegar, et al*., the plaintiff requested a refund of sales tax paid to purchase certain drilling or mining equipment, claiming that it was exempt from sales tax based upon the manufacturing exemption in §151.318, Tax Code. The Comptroller denied the refund request and plaintiff filed suit in District Court. The District Court ruled in favor of the State and the plaintiff filed its appeal to the Third Court of Appeals on July 30, 2012. On August 13, 2014, the Third Court of Appeals upheld the District Court ruling that the manufacturing sales tax exemption does not apply to oil and gas extraction. The plaintiff filed its petition for review to the Texas Supreme Court in December 2014, and the Comptroller's filed its response on April 20, 2015.

In *Graphic Packaging Corporation v. Hegar, et al.*, the plaintiff requested a refund of franchise taxes, based on apportioning its revenue using the three-factor apportionment method outlined in the Multistate Tax Compact, rather than using the single-factor apportionment method specified in §171.106(a), Tax Code. The Comptroller denied the refund request and the plaintiff filed suit in District Court. The District Court ruled in favor of the State. The plaintiff filed its appeal with the Third Court of Appeals on April 2, 2014. Briefing by the parties is ongoing and oral argument is set on June 3, 2015.

In *American Multi-Cinema, Inc. v. Hegar et al*, the plaintiff filed suit in District Court, seeking a refund of franchise taxes paid under protest for two reporting years, based upon the Comptroller's disallowance of AMC's costs of goods sold ("COGS") deduction for the cost of acquiring and using motion picture films, under §171.1012, Tax Code. The District Court ruled that the plaintiff was allowed a COGS deduction, but limited the recovery to the Comptroller's interpretation of the amount of the COGS deduction. The Comptroller appealed the District Court's inclusion of exhibition costs in the COGS deduction to the Third Court of Appeals and AMC appealed the limited deduction allowed by the District Court. On April 30, 2015, the Third Court of Appeals held the taxpayer may deduct the COGS for costs to exhibit films to moviegoers to determine its taxable margin for franchise tax purposes. The Comptroller will file a motion for rehearing in this case.

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OFFICIAL STATEMENT DATED APRIL 14, 2015

NEW ISSUES - Book-Entry-Only

RATINGS: Fitch: "AAA"
Moody's: "Aaa"
Standard & Poor's: "AAA"
(See "RATINGS" herein)

In the opinion of Norton Rose Fulbright US LLP, Bond Counsel, interest on the Bonds (defined herein) will be excludable from gross income for federal income tax purposes under existing law, subject to the matters described under "TAX MATTERS" herein, including a description of alternative minimum tax consequences for corporations.

TEXAS PUBLIC FINANCE AUTHORITY

$129,845,000
State of Texas
General Obligation Refunding Bonds,
Series 2015A

$5,260,000
State of Texas
General Obligation Park
Development Refunding Bonds,
Series 2015B

Interest Accrues from Date of Delivery **Due: October 1, as shown on pages ii and iii**

The Texas Public Finance Authority State of Texas General Obligation Refunding Bonds, Series 2015A (the "Series 2015A Bonds") and the Texas Public Finance Authority State of Texas General Obligation Park Development Refunding Bonds, Series 2015B (the "Series 2015B Bonds" together with the Series 2015A Bonds, collectively referred to as the "Bonds"), are general obligations of the State of Texas (the "State") being issued by the Texas Public Finance Authority (the "Authority") under the authority of the State Constitution and general laws of the State. See "PLAN OF FINANCE — Authority for Issuance" herein.

The Bonds are being issued for the purpose of (i) refunding certain outstanding bonds of the State issued by the Authority (the "Refunded Bonds"), as further identified on Schedule I attached hereto, in order to provide debt service savings and (ii) paying the Costs of Issuance (defined herein) of the Bonds. See "PLAN OF FINANCE" herein.

Interest on the Bonds will accrue from the Date of Delivery, will be payable on October 1, 2015, and on each April 1 and October 1 thereafter until maturity or prior redemption, as applicable, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The Bonds will be issued in principal denominations of $5,000 or any integral multiple thereof within a maturity. The Bonds are initially issuable only to Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC") pursuant to the book-entry-only system (defined herein). Beneficial ownership of the Bonds may be acquired in denominations of $5,000 or integral multiples thereof within a maturity. No physical delivery of the Bonds will be made to the initial purchasers named below (the "Underwriters") or the beneficial owners of the Bonds. Interest on and principal of the Bonds will be payable by the Authority (which will act as the initial Paying Agent/ Registrar) to Cede & Co., which will make distribution of the amounts so paid to the beneficial owners of the Bonds. See "DESCRIPTION OF THE BONDS — Book-Entry-Only System." The Bonds are subject to redemption prior to maturity as set forth in the section "DESCRIPTION OF THE BONDS — Optional Redemption."

The Bonds are general obligations of, and are secured by the full faith and credit of, the State. See "DESCRIPTION OF THE BONDS — Source of Payment." For general information regarding the State, including information concerning outstanding general obligation debt of the State, see "GENERAL INFORMATION REGARDING THE STATE OF TEXAS" and "APPENDIX A — The State of Texas" hereto.

MATURITY SCHEDULE, INTEREST RATES, PRICES AND OTHER TERMS FOR EACH SERIES OF BONDS
See Pages ii and iii

The Bonds are offered for delivery when, as and if issued and received by the Underwriters, subject to approval of legality by the Attorney General of the State and the approving opinion of Norton Rose Fulbright US LLP, Dallas, Texas, Bond Counsel, as to the validity of the issuance of the Bonds under the Constitution and laws of the State. Certain legal matters will be passed upon for the Authority by the General Counsel to the Authority and by McCall, Parkhurst & Horton L.L.P., Austin, Texas, Disclosure Counsel to the Authority. Certain legal matters will be passed upon for the Underwriters by their counsel, Andrews Kurth LLP, Austin, Texas. It is expected that the Bonds will be delivered on or about May 5, 2015 (the "Date of Delivery") through the facilities of DTC.

MORGAN STANLEY **RAYMOND JAMES**

Hutchinson, Shockey, Erley & Co. **SAMCO Capital Markets, Inc.** **Siebert Brandford Shank & Co., L.L.C.**

CUSIP No. Prefix [1]: 882723

MATURITY SCHEDULES, INTEREST RATES, PRICES AND OTHER TERMS FOR EACH SERIES OF BONDS

$129,845,000
TEXAS PUBLIC FINANCE AUTHORITY
STATE OF TEXAS
GENERAL OBLIGATION REFUNDING BONDS,
SERIES 2015A

Maturity (October 1)	Principal Amount	Interest Rate	Initial Yield	CUSIP No. Suffix[1]
2017	$5,210,000	5.000%	0.770%	VF3
2017	5,000,000	4.000	0.770	VT3
2018	14,630,000	5.000	1.030	VG1
2019	15,335,000	5.000	1.240	VH9
2020	15,235,000	5.000	1.420	VJ5
2021	15,150,000	5.000	1.630	VK2
2022	15,055,000	5.000	1.800	VL0
2023	14,785,000	5.000	1.950	VM8
2024	11,155,000	5.000	2.080	VN6
2025	8,420,000	5.000	2.180	VP1
2026[2]	5,275,000	5.000	2.310	VQ9
2027[2]	3,845,000	5.000	2.400	VR7
2028[2]	750,000	5.000	2.510	VS5

(Interest accrues from Date of Delivery)

OPTIONAL REDEMPTION…The Series 2015A Bonds maturing on and after October 1, 2026 are subject to redemption prior to maturity at the option of the Authority on October 1, 2025 or on any date thereafter, in whole or in part from time to time, in principal amounts of $5,000 or any integral multiple thereof (and, if in part within a maturity, the particular Series 2015A Bonds or portion thereof to be redeemed will be selected by the Paying Agent/Registrar) at a redemption price of par plus accrued interest from the most recent interest payment date to the date fixed for redemption. See "DESCRIPTION OF THE BONDS — Optional Redemption."

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(1) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by Standard & Poor's Financial Services LLC on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP services. None of the Authority, the Financial Advisor or the Underwriters shall be responsible for the selection or the correctness of the CUSIP numbers shown herein.

(2) Yield calculated based on the assumption that the Series 2015A Bonds denoted will be redeemed on the first optional redemption date for such Series 2015A Bonds at a redemption price of par plus accrued interest to the redemption date.

CUSIP No. Prefix (1): 882723

$5,260,000
TEXAS PUBLIC FINANCE AUTHORITY
STATE OF TEXAS
GENERAL OBLIGATION PARK DEVELOPMENT REFUNDING BONDS, SERIES 2015B

Maturity (October 1)	Principal Amount	Interest Rate	Initial Yield	CUSIP No. Suffix(1)
2015	$1,535,000	2.000%	0.130%	VU0
2016	1,505,000	3.000	0.410	VV8
2017	755,000	4.000	0.770	VW6
2018	740,000	5.000	1.030	VX4
2019	725,000	5.000	1.240	VY2

(Interest accrues from Date of Delivery)

OPTIONAL REDEMPTION…The Series 2015B Bonds are not subject to optional redemption. See "DESCRIPTION OF THE BONDS — Optional Redemption."

(1) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by Standard & Poor's Financial Services LLC on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP services. None of the Authority, the Financial Advisor or the Underwriters shall be responsible for the selection or the correctness of the CUSIP numbers shown herein.

STATE OF TEXAS

Greg Abbott
Governor

Dan Patrick
Lieutenant Governor

Ken Paxton
Attorney General

Glenn Hegar
Comptroller of Public Accounts

TEXAS PUBLIC FINANCE AUTHORITY

BOARD OF DIRECTORS

Billy M. Atkinson, Jr. – Chair
Ruth C. Schiermeyer – Vice-Chair
Gerald Alley – Secretary
Mark W. Eidman – Member*
Rodney K. Moore – Member*
Robert T. Roddy, Jr. – Member
Walker N. Moody – Member

*Mr. Eidman and Mr. Moore's respective terms expired on February 1, 2015. State law provides that a Board member continues to serve until such Board member's replacement is appointed, qualified and takes the oath of office.

CERTAIN OFFICERS

Lee Deviney, Executive Director
John Hernandez, Deputy Director
Pamela Scivicque, Director, Business Administration
Kevin Van Oort, General Counsel

CONSULTANTS AND ADVISORS

Financial Advisor……………………………………..................Coastal Securities, Inc.
Bond Counsel………………………………………..Norton Rose Fulbright US LLP
Disclosure Counsel………………………………McCall, Parkhurst & Horton L.L.P.

FOR ADDITIONAL INFORMATION REGARDING THE AUTHORITY, PLEASE CONTACT:

Lee Deviney Executive Director 300 W. 15th Street, Suite 411 Austin, Texas 78701 (512) 463-5544	or	Jorge Rodriguez or Daniel Rodriguez Coastal Securities, Inc. 2526 N. Loop 1604 West, Suite 150 San Antonio, Texas 78248 (210) 487-7000

SALE AND DISTRIBUTION OF THE BONDS

This Official Statement, which includes the cover page, schedule and the appendices attached hereto, does not constitute an offer to sell or the solicitation of an offer to buy in any jurisdiction to any person to whom it is unlawful to make such offer, solicitation or sale.

Use of Official Statement

No dealer, broker, salesman or other person has been authorized by the Authority or the Underwriters to give any information or to make any representation other than those contained in this Official Statement, and, if given or made, such other information or representation must not be relied upon as having been authorized by the Authority or the Underwriters. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person, in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement, nor any sale made hereunder, shall, under any circumstances, create the implication that there has been no change in the affairs of the Authority or the State of Texas since the date hereof. This Official Statement is submitted in connection with the sale of the Bonds and in no instance may this Official Statement be reproduced or used for any other purpose.

Each Series of the Bonds is separate and distinct securities offered, issued and sold independently, except for use of this common Official Statement in connection with such offering and sale. While the Bonds share certain common attributes, each issue is separate from the other and each issue should be reviewed and analyzed independently, including the type of obligation being offered, its terms for payment, the security for its payment, and the rights of the holders.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement pursuant to their respective responsibilities to investors under the federal securities laws, but the Underwriters do not guarantee the accuracy or completeness of such information.

THIS OFFICIAL STATEMENT IS INTENDED TO REFLECT FACTS AND CIRCUMSTANCES ON THE DATE OF THIS OFFICIAL STATEMENT OR ON SUCH OTHER DATE OR AT SUCH OTHER TIME AS IDENTIFIED HEREIN. NO ASSURANCE CAN BE GIVEN THAT SUCH INFORMATION MAY NOT BE MISLEADING AT A LATER DATE. CONSEQUENTLY, RELIANCE ON THIS OFFICIAL STATEMENT AT TIMES SUBSEQUENT TO THE ISSUANCE OF THE BONDS DESCRIBED HEREIN SHOULD NOT BE MADE ON THE ASSUMPTION THAT ANY SUCH FACTS OR CIRCUMSTANCES ARE UNCHANGED.

NONE OF THE AUTHORITY, ITS FINANCIAL ADVISOR OR THE UNDERWRITERS MAKE ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING THE DEPOSITORY TRUST COMPANY ("DTC") OR ITS BOOK-ENTRY-ONLY SYSTEM AS PROVIDED FOR IN "APPENDIX B — BOOK-ENTRY-ONLY SYSTEM," AS SUCH INFORMATION HAS BEEN FURNISHED BY DTC.

Marketability

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF SUCH BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

Securities Laws

No registration statement relating to the Bonds has been filed with the United States Securities and Exchange Commission ("SEC") under the Securities Act of 1933, as amended, in reliance upon an exemption provided thereunder. The Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein, nor have the Bonds been registered or qualified under the securities laws of any other jurisdiction. The Authority assumes no responsibility for registration or qualification for sale or other disposition of the Bonds under the securities laws of any jurisdiction in which the Bonds may be offered, sold or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions.

NEITHER THE SEC NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THE SECURITIES OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THIS OFFICIAL STATEMENT CONTAINS "FORWARD-LOOKING" STATEMENTS WITHIN THE MEANING OF SECTION 21e OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED. SUCH STATEMENTS MAY INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE THE ACTUAL RESULTS, PERFORMANCE AND ACHIEVEMENTS TO BE DIFFERENT FROM THE FUTURE RESULTS, PERFORMANCE AND ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. INVESTORS ARE CAUTIONED THAT THE ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE SET FORTH IN THE FORWARD-LOOKING STATEMENTS. See "LEGAL MATTERS — Forward-Looking Statements" herein.

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SUMMARY STATEMENT

This Summary Statement is subject in all respects to the more complete information contained in this Official Statement. The offering of the Bonds to potential investors is made only by means of this entire Official Statement, including the schedule and appendices hereto. No one is authorized to detach this Summary Statement from this Official Statement or to otherwise use it without this entire Official Statement (including the Schedule and Appendices). Certain defined terms used in this Summary Statement are defined elsewhere in this Official Statement.

ISSUER.. Texas Public Finance Authority.

OFFERING .... State of Texas General Obligation Refunding Bonds, Series 2015A, in the aggregate principal amount of $129,845,000 and State of Texas General Obligation Park Development Refunding Bonds, Series 2015B in the aggregate principal amount of $5,260,000.

MATURITY .... The Series 2015A Bonds are scheduled to mature on October 1 in each of the years 2017 through 2028, inclusive.

The Series 2015B Bonds are scheduled to mature on October 1 in each of the years 2015 through 2019, inclusive.

INTEREST .... Interest on the Bonds will accrue from the Date of Delivery and will be payable on April 1 and October 1 of each year, commencing October 1, 2015, until maturity or prior redemption. See "DESCRIPTION OF THE BONDS."

REDEMPTION .... The Series 2015A Bonds maturing on and after October 1, 2026 are subject to redemption prior to maturity at the option of the Authority on October 1, 2025 or on any date thereafter, in whole or in part from time to time, in principal amounts of $5,000 or any integral multiple thereof (and, if in part within a maturity, the particular Series 2015A Bonds or portion thereof to be redeemed will be selected by the Paying Agent/Registrar), at a redemption price of par plus accrued interest from the most recent interest payment date to the date fixed for redemption. The Series 2015B are not subject to optional redemption. See "DESCRIPTION OF THE BONDS — Optional Redemption."

BOOK-ENTRY-ONLY SYSTEM...... The Bonds are initially issuable only to Cede & Co., the nominee of The Depository Trust Company, New York, New York ("DTC"), pursuant to a Book-Entry-Only System (defined herein). No physical delivery of the Bonds will be made to the beneficial owners of the Bonds. Interest on and principal of the Bonds will be paid to Cede & Co., which will distribute the payments to the participating members of DTC for remittance to the beneficial owners of the Bonds. See "APPENDIX B — Book-Entry-Only System."

PURPOSE .... The Bonds are being issued for the purpose of (i) refunding certain outstanding bonds of the State issued by the Authority (the "Refunded Bonds"), as further identified on "SCHEDULE I — Schedule of Refunded Bonds" attached hereto, in order to provide debt service savings and (ii) paying the Costs of Issuance (defined herein) of the Bonds.

SOURCE OF PAYMENT................. The Bonds are general obligations of, and are secured by the full faith and credit of, the State, issued under the applicable Authorizing Law (defined herein). See "DESCRIPTION OF THE BONDS — Source of Payment."

RATINGS .... Moody's Investors Service, Inc.; Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business and Fitch Ratings have assigned ratings of "Aaa", "AAA" and "AAA", respectively, to the Bonds. See "RATINGS."

LEGALITY .... The issuance of the Bonds is subject to the approval of the Attorney General of the State and the opinion of Norton Rose Fulbright US LLP, Bond Counsel, as to the validity of the issuance of the Bonds under the Constitution and laws of the State. See "LEGAL MATTERS."

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OFFICIAL STATEMENT

relating to

TEXAS PUBLIC FINANCE AUTHORITY

$129,845,000
State of Texas
General Obligation Refunding Bonds,
Series 2015A

$5,260,000
State of Texas
General Obligation Park
Development Refunding Bonds,
Series 2015B

INTRODUCTION

The purpose of this Official Statement (which includes the Schedule and Appendices) is to furnish information concerning the offering of the $129,845,000 Texas Public Finance Authority State of Texas General Obligation Refunding Bonds, Series 2015A (the "Series 2015A Bonds") and the $5,260,000 Texas Public Finance General Obligation Park Development Refunding Bonds, Series 2015B (the "Series 2015B Bonds" together with the Series 2015A Bonds collectively, the "Bonds"), which are being issued by the Authority pursuant to Article III of the Texas Constitution and the general laws of the State, and pursuant to the Bond Resolution (defined below) and Pricing Certificate (defined below) executed by designated members of the Board (defined below). See "PLAN OF FINANCE — Authority for Issuance." Capitalized terms used in this Official Statement and not otherwise defined herein shall have the meaning assigned in the Bond Resolution (defined below).

This Official Statement contains summaries and descriptions of the plan of finance, the Bonds, the Authority, and other related matters. All references to and descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of documents relating to the Authority may be obtained from the Executive Director, Texas Public Finance Authority, 300 West 15th Street, Suite 411, Austin, Texas 78701, (512) 463-5544.

This Official Statement speaks only as of its date, and the information contained herein is subject to change. A copy of this Official Statement will be submitted to the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access (EMMA) system. See "CONTINUING DISCLOSURE OF INFORMATION" for a description of the Authority's and the Comptroller's respective undertakings to provide certain information on a continuing basis.

Each Series of the Bonds is separate and distinct securities offered, issued and sold independently, except for use of this common Official Statement in connection with such offering and sale. While the Bonds share certain common attributes, each issue is separate from the other and each issue should be reviewed and analyzed independently, including the type of obligation being offered, its terms for payment, the security for its payment, and the rights of the holders. Additionally, at its meeting on March 5, 2015 the Board also authorized the issuance of the Authority's $79,065,000 Revenue Refunding Bonds, Series 2015A through E ("Revenue Refunding Bonds") pursuant to a separate resolution and Official Statement. The Revenue Refunding Bonds may be priced concurrently with the Bonds. The Bonds should be reviewed and analyzed independently from the Revenue Refunding Bonds including the security for payment, the rights of the Bond Owners and other factors.

PLAN OF FINANCE

Authority for Issuance

The Series 2015A Bonds are being issued in accordance with Article III, Sections 49-h, 49-l, 50-f and 50-g of the Texas Constitution, Chapter 1232, Texas Government Code, as amended (the "Texas Public Finance Authority Act") and Chapters 1207 and 1371 of the Texas Government Code, as amended. The Series 2015B Bonds are being issued in accordance with Article III, Section 49-e of the Texas Constitution, the Texas Public Finance Authority Act, and Chapters 1207 and 1371, Texas Government Code, as amended. The Bonds are additionally issued pursuant to the bond resolution (the "Bond Resolution") adopted by the Board of Directors of the Authority (the "Board") on March 5, 2015. As permitted by Chapters 1207, 1232 and 1371 of the Texas Government Code, as amended, respectively, the Board, in the Bond Resolution, delegated to certain designated officials (the "Pricing Committee") the authority to establish and approve the final terms of sale of the Bonds through the execution of a "Pricing Certificate," which Pricing Certificate was executed in connection with the sale of the Bonds on April 14, 2015 (the Bond Resolution and the Pricing Certificate are jointly referred to herein as the "Resolution").

Purpose

The Bonds are being issued for the purpose of (i) refunding certain outstanding bonds of the State issued by the Authority (the "Refunded Bonds"), as further identified on "SCHEDULE I — Schedule of Refunded Bonds" attached hereto, in order to provide debt service savings and (ii) paying the Costs of Issuance of the Bonds.

Payment of Refunded Bonds

The principal of and interest due on the Refunded Bonds are to be paid on the scheduled interest payment dates and redemption dates of such Refunded Bonds from funds to be deposited in a separate special escrow account for the Refunded Bonds held with the Texas Treasury Safekeeping Trust Company (the "Escrow Agent") in accordance with the Escrow Agreement for the Refunded Bonds (the "Escrow Agreement") between the Authority and the Escrow Agent. A portion of the proceeds of the sale of the Bonds, together with other lawfully available funds of the Authority, if any, will be deposited with the Escrow Agent and invested in Government Obligations (the "Escrowed Securities"). The Escrowed Securities will be sufficient together with uninvested funds to pay, when due, the principal of and interest on the Refunded Bonds on their respective redemption dates. See "SCHEDULE I — Schedule of Refunded Bonds" for additional information concerning the Refunded Bonds.

The accuracy of the mathematical computations of the adequacy of the maturing principal of and interest on the Escrowed Securities, together with the uninvested funds, to provide for the payment of the Refunded Bonds will be verified by Causey Demgen & Moore P.C. (the "Verification Agent"). See "LEGAL MATTERS — Verification of Mathematical Computations" herein. Money or Escrowed Securities on deposit in the Escrow Fund held by the Escrow Agent will not be available to pay debt service on the Bonds.

Simultaneously with the issuance of the Bonds, the Authority will give irrevocable instructions to provide notice to the owners of the Refunded Bonds that the Refunded Bonds will be redeemed prior to their stated maturity on their respective redemption dates, on which dates money will be made available to redeem the Refunded Bonds from money held under the Escrow Agreement, and the Authority will have no further responsibility with respect to amounts available in the Escrow Fund for the payment of the Refunded Bonds from time to time, including any insufficiency therein caused by the failure to receive payment when due on the Escrowed Securities.

By the deposit of the Escrowed Securities and uninvested funds with the Escrow Agent pursuant to the Escrow Agreement, the Authority will have entered into firm banking and financial arrangements for the discharge, defeasance, and final payment of the Refunded Bonds in accordance with applicable law and the terms of resolution authorizing their issuance. Bond Counsel will render an opinion on the date of issuance of the Bonds to the effect that, in reliance upon the report of the Verification Agent, and as a result of such firm banking and financial arrangements, the Refunded Bonds will be deemed to be fully paid and no longer outstanding except for the purpose of being paid from the funds provided in escrow therefor.

Sources and Uses of Funds

The following table sets forth the estimated sources and uses of funds with respect to the proceeds of each Series of the Bonds:

	Series 2015A	Series 2015B
Sources of Funds		
Par Amount of Bonds	$ 129,845,000.00	$ 5,260,000.00
Premium	25,398,708.80	338,747.75
Total	$ 155,243,708.80	$ 5,598,747.75
Uses of Funds		
Deposit to Escrow Fund	$ 154,389,381.03	$ 5,563,304.86
Costs of Issuance(1)	854,327.77	35,442.89
Total	$ 155,243,708.80	$ 5,598,747.75

(1) Includes Underwriters' Discount.

THE AUTHORITY

General

Under Chapter 1232 of the Texas Government Code (the "Texas Public Finance Authority Act"), the Authority’s power is limited to financing and refinancing project costs for State agencies and institutions and does not affect the power of the relevant State agency or institution to carry out its statutory authority, including the authority of such agency or institution to construct buildings. The Texas Public Finance Authority Act directs State agencies and institutions to carry out their authority regarding projects financed by the Authority as if the projects were funded by legislative appropriation.

Pursuant to the Texas Public Finance Authority Act and Chapters 1401 and 1403, Texas Government Code, as amended, the Authority issues general obligation bonds and revenue bonds for designated State agencies (including certain institutions of higher education). In addition, the Authority currently administers three commercial paper programs, namely: the Master Lease Purchase Program, which is primarily for financing equipment acquisitions; a general obligation commercial paper program for certain State government construction projects; and a general obligation commercial paper program for the Cancer Prevention and Research Institute of Texas ("CPRIT"). In addition, in 2003, the Authority created a nonprofit corporation to finance projects for eligible charter schools pursuant to Chapter 53, Texas Education Code, as amended.

The Authority has issued revenue bonds on behalf of the Texas Parks & Wildlife Department, the Texas Facilities Commission, the Texas State Preservation Board, the Texas Department of Criminal Justice, the Texas Health & Human Services Commission (which includes the Texas Department of State Health Services and the Texas Department of Health), the Texas Workforce Commission, the Texas State Technical College System, the Texas Military Department (formerly Adjutant General's Department and Texas Military Facilities Commission), the Texas Historical Commission, Midwestern State University, Texas Southern University, Stephen F. Austin State University and the Texas Windstorm Insurance Association. It has also issued general obligation bonds for the Texas Parks & Wildlife Department, the Texas Facilities Commission, the Texas Department of State Health Services, the Texas Department of Criminal Justice, the Texas Department of Aging and Disability Services, the Texas Department of Public Safety, the Texas Juvenile Justice Department (formerly Texas Youth Commission and Texas Juvenile Probation Commission), the Texas National Research Laboratory Commission, the Texas Historical Commission, the Texas School for the Blind and Visually Impaired, the Texas School for the Deaf, the Texas Department of Agriculture, the Texas Military Department (formerly Adjutant General's Department), the Texas Department of Transportation, the Texas Military Preparedness Commission, and CPRIT.

Before the Authority may issue bonds for the acquisition or construction of a building, the Legislature must have authorized the specific project for which the bonds or other obligations are to be issued and the estimated cost of the project or the maximum amount of bonded indebtedness that may be incurred by the issuance of bonds. The Texas Supreme Court, in *Texas Public Building Authority v. Mattox*, 686 S. W. 2d 924 (1985), ruled that revenue bonds issued by the Authority do not constitute debt of the State within the meaning of the State Constitution. As set forth in the Texas Public Finance Authority Act, revenue obligations issued thereunder are not a debt of the State or any State agency, political corporation or political subdivision of the State and are not a pledge of the full faith and credit of any of them.

Authority Executives

The Authority is currently governed by a Board, which is composed of seven members appointed by the Governor with the advice and consent of the State Senate. The Governor designates one member to serve as Chair at the will of the Governor. Board members whose terms have expired continue to serve on the Board until a successor therefor has qualified for office. The current members of the Board, the office held by each member and the date on which each member's term expires are as follows:

Name	Position	Term Expires (February 1)
Billy M. Atkinson, Jr.	Chair	2017
Ruth C. Schiermeyer	Vice-Chair	2019
Gerald Alley	Secretary	2019
Mark W. Eidman	Member	2015*
Rodney K. Moore	Member	2015*
Robert T. Roddy, Jr.	Member	2017
Walker N. Moody	Member	2019

* State law provides that a Board member continues to serve until such Board member's replacement is appointed, qualified and takes the oath of office.

The Authority generally employs approximately 14 employees, including an Executive Director, a General Counsel, a Deputy Director and a Director of Business Administration. The Executive Director is charged with managing the affairs of the Authority, subject to and under the direction of the Board.

Lee Deviney, Executive Director. The Board appointed Mr. Deviney as the Executive Director of the Texas Public Finance Authority on June 5, 2014. Mr. Deviney previously served as the Chief Financial Officer of the Texas Economic Development and Tourism Office within the Office of the Governor since September 1, 2011. He has previously held CFO or similar positions at the Texas Lottery and the Texas Education Agency and he previously served as Assistant Commissioner for Finance and Agribusiness Development for the Texas Department of Agriculture (TDA). Prior to his appointment as an Assistant Commissioner at TDA, Mr. Deviney served as Interim Executive Director and Director of Operations for the Texas Public Finance Authority and he was a Budget Examiner for the Texas Legislative Budget Board. Mr. Deviney has a Bachelor's degree in Economics from The University of Texas at Austin and a Master's degree in Business Administration from St. Edwards University.

John Hernandez, Deputy Director. Mr. Hernandez leads the Finance and Accounting Team, which is responsible for debt service budgeting, arbitrage rebate compliance, the State of Texas Master Lease Program, general ledgers, financial reporting, and information technology. Mr. Hernandez and his team also provide support for new debt issuance of fixed rate and variable rate debt. Mr. Hernandez holds a B.A. in finance from St. Edwards University in Austin.

Pamela Scivicque, Director, Business Administration. Ms. Scivicque joined the staff of the Authority in 1990. She is currently responsible for legislative reporting, procurement, accounting, budgeting and risk and property management. Ms. Scivicque attended Texas State University, Texas Tech's Southwest School of Governmental Finance and the Texas Fiscal Officers' Academy ("TFOA"). She has served on numerous statewide committees including TFOA's curriculum committee and is a member of the Texas State Business Administrators' Association where she previously served as President in 2006.

Kevin Van Oort, General Counsel. Mr. Van Oort was hired as the Authority's General Counsel on September 2, 2014. Previously, Mr. Van Oort served as Senior Tax Counsel for the Office of the Texas Attorney General; Deputy General Counsel for the Texas Comptroller of Public Accounts and General Counsel for the Texas Legislative Budget Board. Mr. Van Oort took his bachelor's degree in Economics at the University of Nebraska and his J.D. at The University of Texas.

Sunset Review

In 1977, the State Legislature enacted the Texas Sunset Act (Chapter 325, Texas Government Code, as amended), which provides that virtually all agencies of the State, including the Authority, are subject to periodic review of the Legislature and that each agency subject to sunset review will be abolished unless the Legislature specifically determines to continue its existence. The next sunset review of the Authority is scheduled to occur in 2023. The Texas Public Finance Authority Act, as amended by the 82nd Legislature, provides that if the Authority is not continued in existence, the Authority will cease to exist as of September 1, 2023; however, the Texas Sunset Act also provides, unless otherwise provided by law, that the Authority will exist until September 1 of the following year (September 1, 2024) in order to conclude its business.

Pursuant to the Texas Sunset Act, the Texas Legislature specifically recognizes the State's continuing obligation to pay bonded indebtedness and all other obligations incurred by various State agencies, including the Authority. Accordingly, in the event that a future sunset review were to result in the Authority being abolished, the Governor would be required by law to designate an appropriate State agency to continue to carry out all covenants contained in the Bonds and in all other obligations, including lease, contract and other written obligations of the Authority. The designated State agency would provide payment from the sources of payment of the Bonds in accordance with the terms of the Bonds and would provide payment from the sources of payment of all other obligations in accordance with their terms, whether from a State general obligation pledge, revenues or otherwise, until the principal of and interest on the Bonds are paid in full and all other obligations, including lease, contract and other written obligations, are performed and paid in full.

Texas Bond Review Board

With certain exceptions, bonds issued by State agencies, including bonds issued by the Authority, must be approved by the Texas Bond Review Board (the "Bond Review Board") prior to their issuance. The Bond Review Board is composed of the Governor, the Lieutenant Governor, the Speaker of the House of Representatives, and the Comptroller of Public Accounts. The Governor is the Chairman of the Bond Review Board. Each member of the Bond Review Board may, and frequently does, act through a designee. An application was submitted to the Bond Review Board and approved on March 19, 2015.

Retirement Plan of the Authority

The Authority participates in joint contributory retirement system of the State administered by the Employees Retirement System of Texas ("ERS"), which is operated by the State and which covers State employees and the Law Enforcement and Custodial Officers System. For more detailed information on the ERS and other State administered retirement plans, see the Bond Appendix described in "APPENDIX A — The State of Texas" attached hereto.

DESCRIPTION OF THE BONDS

General

The Bonds are dated the Date of Delivery, and mature on October 1 in each of the years and in the amounts and will bear interest at the per annum rates shown on pages ii and iii hereof. Interest on the Bonds will accrue from the Date of Delivery, will be payable on April 1 and October 1 of each year, commencing October 1, 2015, until maturity or prior redemption, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The Bonds will be issued only as fully registered bonds, without coupons, in any integral multiple of $5,000 principal amount within a maturity.

If the specified date for any payment on the Bonds is a Saturday, Sunday, or legal holiday or equivalent (other than a moratorium) for banking institutions in the City of New York, New York, or in the City of Austin, Texas, the designated payment office for the Paying Agent/Registrar for the Bonds (the "Designated Payment Office"), such payment may be made on the next succeeding day that is not one of the foregoing days without additional interest and with the same force and effect as if made on the specified date for such payment.

Source of Payment

The Bonds are general obligations of the State, secured by the full faith and credit of the State and issued pursuant to the Authorizing Law, including the Constitutional Provisions which provide that, while any of the Bonds or interest on the Bonds is outstanding and unpaid, from the first money coming into the State treasury in each fiscal year not otherwise appropriated by the State Constitution, an amount sufficient to pay the principal of and interest on the Bonds that mature or become due during the fiscal year and to make payments that become due under any Bond Enhancement Agreements during the fiscal year is appropriated, less the amount in the sinking fund at the close of the previous fiscal year. To the extent required to pay the principal of and interest on the Series 2015B Bonds, the 2015B Bonds are additionally secured by and payable from the Net Income. The funds that become available for payment of the Series 2015A Bonds pursuant to the Constitutional Provisions are the sole security for the payment of the Series 2015A Bonds.

The Authority has reserved the right to enter into Bond Enhancement Agreements (hereinafter defined), from time to time, subsequent to the issuance of the Bonds. However, the Authority does not currently expect to enter into any Bond Enhancement Agreements in connection with the issuance of the Bonds. See "DESCRIPTION OF THE TRANSACTION DOCUMENTS – The Bond Resolution."

Flow of Funds

Under the terms of the Bond Resolution, the Authority will create for the Series 2015A Bonds: (i) a Series 2015A Interest and Sinking Fund, (ii) a Series 2015A Costs of Issuance Fund and (iii) a Rebate Fund (if such Fund is determined to be necessary). The Authority will create, affirm and maintain, as applicable, for the Series 2015B Bonds: (i) a P & W Interest and Sinking Fund, (ii) a cost of issuance account within the Park Development Fund and (iii) a Rebate Fund (if such Fund is determined to be necessary). The Escrow Fund will be created by the Escrow Agent pursuant to the Escrow Agreement.

Pursuant to the Bond Resolution, the Authority will deposit or cause to be deposited into the respective Interest and Sinking Fund an amount that is sufficient (together with any other funds on deposit therein) to provide for the timely payment of the Bond Obligations, from funds that are available for such purpose under the Constitutional Provisions, not later than the second (2^{nd}) Business Day preceding each date on which any such Bond Obligations come due. The Authority may make any such deposit on an earlier date so long as such date is not earlier than the 50th day before the date that the Bond Obligations for which such deposit is made comes due. If, on any date that funds in the Interest and Sinking Fund are required (pursuant to the Bond Resolution) to be withdrawn for the payment of Bond Obligations, and such Interest and Sinking Fund does not contain sufficient funds for such purpose, an amount of immediately available funds sufficient (together with the funds then on deposit in such Interest and Sinking Fund) to pay such Bond Obligations will be transmitted to the appropriate payee(s) for such purpose from funds made available under the Constitutional Provisions, at such time as will cause such Bond Obligations to be timely paid.

The Costs of Issuance for the Bonds will be paid from the respective Costs of Issuance Fund. Any money on deposit in the Costs of Issuance Fund after all Costs of Issuance have been paid will be deposited into the appropriate Interest and Sinking Fund.

Money held in the Funds pursuant to the Bond Resolution may be invested and reinvested by the Comptroller in Eligible Investments.

All money required to be deposited into the Escrow Fund will be, on the Date of Delivery of the Bonds, immediately paid to the Escrow Agent for the account of the Authority pursuant to the Escrow Agreement. The Authority anticipates that the money and Escrowed Securities initially deposited into the Escrow Fund will be sufficient to pay the principal of and interest on the Refunded Bonds on the redemption dates therefor.

Defaults and Remedies

If the Authority defaults in the payment of the principal of or interest on the Bonds or the redemption price on the Bonds when due, or if it fails to make payments into any Fund or Funds created in the Bond Resolution, or defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the Bond Resolution, the Bond Owners may seek a writ of mandamus to compel Authority officials to carry out their legally imposed duties with respect to the Bonds, if there is no other available remedy at law to compel performance of the Bonds or Bond Resolution and the Authority's obligations are not uncertain or disputed. The issuance of a writ of mandamus is controlled by equitable principles and such remedy rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from time to time. The Bond Resolution does not provide for the appointment of a trustee to represent the interest of the Bond Owners upon any failure of the Authority to perform in accordance with the terms of the Bond Resolution or upon any other condition; accordingly, all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the Bond Owners. The opinion of Bond Counsel will note that the rights of the Bond Owners are subject to applicable provisions of bankruptcy, reorganization and other similar matters affecting the rights of creditors generally, and may be limited by general principles of equity that permit the exercise of judicial discretion.

Transfer, Exchange, and Registration

Upon surrender for transfer of any Bond at the Designated Payment Office, the Authority will execute, and the Paying Agent/Registrar (initially the Authority) will authenticate and deliver, in the name of the designated transferee, one or more new fully registered Bonds of the same Stated Maturity, of any authorized denominations, and of a like aggregate principal amount. At the option of the Holder, Bonds may be exchanged for other Bonds of the same Stated Maturity, of any authorized denominations, and of like aggregate principal amount, upon surrender of the Bonds to be exchanged at the place of payment for the Bonds. Whenever any Bonds are so surrendered for exchange, the Authority will execute, and the Paying Agent/Registrar will authenticate and deliver the Bonds, which the Holder of Bonds making the exchange is entitled to receive. Every Bond presented or surrendered for transfer or exchange will be duly endorsed or accompanied by a written instrument of transfer in form satisfactory to the Authority and the Paying Agent/Registrar duly executed, by the Holder thereof or his attorney duly authorized in writing. No service charge will be made to the Holder for any registration, transfer, or exchange of Bonds, but the Authority or the Paying Agent/Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Bonds.

Limitation on Transfer

The Paying Agent/Registrar will not be required to transfer or exchange any Bond: (i) between a Record Date and the related Interest Payment Date; (ii) during the 30-day period preceding the maturity date of such Bond; or (iii) which has been selected for redemption in whole or in part.

Record Date for Interest Payment

The regular record date ("Record Date") for determining the party entitled to the receipt of the interest payable on the Bonds on any interest payment date means the fifteenth day of the month immediately preceding each interest payment date.

The interest payable on, and paid or duly provided for on or within ten days after, any interest payment date will be paid to the person in whose name a Bond (or one or more predecessor Bonds evidencing the same debt) is registered at the close of business on the Record Date for such interest. Any such interest not so paid or duly provided for will cease to be payable to the person in whose name such Bond is registered on such Record Date, and will be paid to the person in whose name this Bond (or one or more predecessor Bonds) is registered at the close of business on a special Record Date for the payment of such defaulted interest to be fixed by the Paying Agent/Registrar, notice whereof being given to the Holders of the Bond not less than 15 days prior to the special Record Date.

Optional Redemption

The Series 2015A Bonds maturing on and after October 1, 2026 are subject to redemption prior to maturity at the option of the Authority on October 1, 2025 or on any date thereafter, in whole or in part from time to time, in principal amounts of $5,000 or any integral multiple thereof (and, if in part within a maturity, the particular Series 2015A Bonds or portion thereof to be redeemed will be selected by the Paying Agent/Registrar) at a redemption price of par plus accrued interest from the most recent interest payment date to the date fixed for redemption. The Series 2015B Bonds are not subject to optional redemption.

Notice of Redemption

Notice of any optional redemption identifying the Bonds to be redeemed in whole or in part is required to be given by the Paying Agent/Registrar not less than 30 days nor more than 45 days prior to the date fixed for redemption by sending notice to DTC (or any successor securities depository for the Bonds) as long as a book-entry-only registration ("Book-Entry-Only System") is used for the Bonds or, if the Bonds subsequently are issued in certificate form, notice of redemption will be sent by United States mail, first class postage prepaid, to the registered owners of the Bonds to be redeemed in whole or in part at the address shown in the registration books kept by the Paying Agent/Registrar. See "DESCRIPTION OF THE BONDS — Book-Entry-Only System" herein.

Each notice of redemption will state the redemption date, the redemption price, the place at which such Bonds are to be surrendered for payment and, if less than all Bonds outstanding are to be redeemed, the number of the Bonds or portions thereof to be redeemed.

Any notice of redemption so mailed as provided in the Bond Resolution will be conclusively presumed to have been duly given, whether or not the Bond Owner receives such notice by the date fixed for redemption and due provisions shall be made with the Paying Agent/Registrar for payment of the redemption price of the Bonds or portions thereof to be redeemed. When the Bonds have been called for redemption, in whole or in part, and notice of redemption has been given as provided in the Bond Resolution, the Bonds or portions thereof so redeemed shall no longer be regarded as outstanding, except for the purpose of receiving payment solely from the funds so provided for redemption, and interest that would otherwise accrue after the redemption date on any Bond or portion thereof called for redemption shall terminate on the date fixed for redemption.

With respect to any optional redemption of the Bonds, unless certain prerequisites to such redemption required by the Bond Resolution have been met and money sufficient to pay the principal of and premium, if any, and interest on the Bonds to be redeemed will have been received by the Paying Agent/Registrar prior to the giving of such notice of redemption, such notice will state that said redemption may, at the option of the Authority, be conditional upon the satisfaction of such prerequisites and receipt of such money by the Paying Agent/Registrar on or prior to the date fixed for such redemption, or upon any prerequisite set forth in such notice of redemption. If a conditional notice of redemption is given and such prerequisites to the redemption are not fulfilled, such notice will be of no force and effect, the Authority will not redeem such Bonds, and the Paying Agent/Registrar will give notice in the manner in which the notice of redemption was given, to the effect that the Bonds have not been redeemed.

Purchase in Lieu of Redemption

Any money held in the Interest and Sinking Fund for application to the redemption of the Bonds may instead be applied, at the Authority's discretion, to purchase one or more Bonds of the same maturity as those Bonds for the redemption of which such money is held if:

(1) the total cost to effect such purchase that is to be paid with such money (including brokerage and other charges) is less than the amount of the Bond Obligations owing on the purchased Bonds on the purchase date;

(2) such purchase is consummated before notice of such redemption is given to the Bond Owners; and

(3) upon such purchase, the Bond(s) so purchased are surrendered to the Paying Agent/Registrar for cancellation.

An amount of money equal to the principal amount of the Bonds so purchased shall be credited toward the particular redemption of Bonds for which such money was held.

Redemption Through DTC

The Paying Agent/Registrar, so long as a Book-Entry-Only System is used for the Bonds, will send any notice of redemption (with respect to the Bonds), notice of proposed amendment to the Bond Resolution, or other notices with respect to the Bonds only to the Depository Trust Company, New York, New York ("DTC"). Any failure by DTC to advise any Direct Participant (defined herein), or of any Direct Participant or Indirect Participant (defined herein) to notify the Beneficial Owner (defined herein), will not affect the validity of the redemption of the Bonds called for redemption or any other action premised on any such notice. Redemption of portions of the Bonds by the Authority will reduce the outstanding principal amount of such Bonds held by DTC. In such event, DTC may implement, through its Book-Entry-Only System, a redemption of such Bonds held for the account of Direct Participants in accordance with its rules or other agreements with Direct Participants and then Direct Participants and Indirect Participants may implement a redemption of such Bonds from the Beneficial Owners. Any such selection of Bonds to be redeemed will not be governed by the Bond Resolution and will not be conducted by the Authority as Paying Agent/Registrar. Neither the Authority nor the Paying Agent/Registrar will have any responsibility to Direct Participants, Indirect Participants, or the persons for whom Direct Participants act as nominees, with respect to the payments on the Bonds or the providing of notice to Direct Participants, Indirect Participants, or Beneficial Owners of the selection of portions of the Bonds for redemption. See "APPENDIX B — Book-Entry-Only System" herein.

Book-Entry-Only System

In reading this Official Statement, it should be understood that while the Bonds are in the Book-Entry-Only System, references in other sections of this Official Statement to Registered Owners should be read to include the person for which the Direct Participant or Indirect Participant acquires an interest in the Bonds, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to Registered Owners under the Bond Resolution will be given only to DTC. See "APPENDIX B – BOOK-ENTRY-ONLY SYSTEM."

THE PAYING AGENT/REGISTRAR AND THE AUTHORITY, SO LONG AS THE DTC BOOK-ENTRY SYSTEM IS USED FOR THE BONDS, WILL SEND ANY NOTICE OF PROPOSED AMENDMENT TO THE BOND RESOLUTION OR OTHER NOTICES WITH RESPECT TO SUCH BONDS ONLY TO DTC. ANY FAILURE BY DTC TO ADVISE ANY DTC PARTICIPANT OR OF ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT TO NOTIFY THE BENEFICIAL OWNERS, OF ANY NOTICES AND THEIR CONTENTS OR EFFECT WILL NOT AFFECT ANY ACTION PREMISED ON ANY SUCH NOTICE. NEITHER THE AUTHORITY NOR THE PAYING AGENT/REGISTRAR WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS, INDIRECT PARTICIPANTS, OR THE PERSONS FOR WHOM DTC PARTICIPANTS ACT AS NOMINEES, WITH RESPECT TO THE PAYMENTS ON THE BONDS OR THE PROVIDING OF NOTICE TO DIRECT PARTICIPANTS, INDIRECT PARTICIPANTS, OR BENEFICIAL OWNERS.

DESCRIPTION OF THE TRANSACTION DOCUMENTS

Selected Definitions

The following terms that appear as capitalized terms in this Official Statement shall have the following meanings, unless the context otherwise requires. A reference to any of such terms in the singular number shall include the plural and vice versa.

Authority — means the Texas Public Finance Authority or any successor thereto.

Authority Regulations — means the regulations of the Authority in Title 34, Part 10, Texas Administrative Code.

Authorizing Law — means the applicable Constitutional Provisions, the Texas Public Finance Authority Act (Chapter 1232, Texas Government Code, as amended) and any regulations promulgated by the Authority thereunder, Chapters 1207 and 1371 of the Texas Government Code, as amended; and with respect to the Series 2015B Bonds only, Chapter 21 of the Texas Parks and Wildlife Code.

Beneficial Owner — means each Person in whose name a Book-Entry Bond is recorded as the owner of a beneficial interest in such Bond by a participant in such book-entry system.

Blanket Letter of Representations — means any representation letter of, or agreement delivered by, the Authority pursuant to the Bond Resolution or a prior bond resolution providing for administration of a book-entry system for the Bonds and any successive arrangements under which the Authority provides for the administration of a book-entry system for the Bonds or any other bonds.

Board — means the Board of Directors of the Authority.

Bond Counsel — means any law firm or firms experienced in matters relating to the issuance of tax-exempt or taxable governmental obligations, which firm or firms are engaged by the Board to render services to the Authority as bond counsel.

Bond Enhancement Agreement — means any loan agreement, revolving credit agreement, agreement establishing a line of credit, letter of credit, reimbursement agreement, insurance contract, commitment to purchase, purchase or sale agreement, interest rate swap agreement, or commitment or other agreement authorized by the Authority in connection with the authorization, issuance, sale, resale, security, exchange, payment, purchase, remarketing, or redemption of the Bonds, interest on the Bonds, or both, or as otherwise authorized by Chapter 1371, Texas Government Code, as amended.

Bond Obligations — means the principal, premium, if any, and interest payment obligations of the Authority on any of the Bonds.

Bond Owner — means the Person who is the registered owner of any Bond, as such ownership appears in the Register.

Bond Resolution — means the Bond Resolution authorizing the issuance of the Bonds adopted by the Authority on March 5, 2015.

Bonds — means the "Texas Public Finance Authority State of Texas General Obligation Refunding Bonds, Series 2015A Bonds" and the "Texas Public Finance Authority State of Texas General Obligation Park Development Refunding Bonds, Series 2015B."

Book-Entry Bond — means any Bond administered under a book-entry system pursuant to the Bond Resolution and the Blanket Letter of Representations.

Business Day — means any day that is a day on which the Comptroller is open for business and:

(1) while the Authority is the Paying Agent/Registrar, on which the Authority is open for business at its principal business office; or

(2) while a Person other than the Authority is the Paying Agent/Registrar, on which financial institutions in the city where a principal corporate trust office of the Paying Agent/Registrar is located are not authorized by law or executive order to close.

Chair — means the Chair of the Board, or any member of the Board authorized to act as Chair.

Closing — means the concurrent delivery of the Bonds to or upon the order of the Purchaser in exchange for payment therefor.

Code — means the Internal Revenue Code of 1986, as amended by all legislation, if any, enacted on or before the Date of Delivery of the Bonds.

Comptroller — means the Comptroller of Public Accounts of the State of Texas or any successor thereto.

Constitutional Provisions — means (A) with respect to the Series 2015A Bonds, (i) Article III, Sections 49-h and 50-f of the Texas Constitution as such sections relate to the Series 2006A Bonds, (ii) Article III, Section 49-l of the Texas Constitution as such section relates to the Series 2006B Bonds, (iii) Article III, Section 50-f of the Texas Constitution as such section relates to the Series 2007 Bonds, and (iv) Article III, Sections 49-h and 50-g of the Texas Constitution as such sections relate to the Series 2008A Bonds; and (B) with respect to the Series 2015B Bonds, Article III, Section 49-e of the Texas Constitution as such section relates to the Series 2004 Bonds.

Continuing Disclosure Agreement — means the Continuing Disclosure Agreement dated August 17, 1995, as amended by the First Amendment dated January 25, 2010, between the Comptroller and the Texas Bond Review Board, as may be further amended from time to time.

Costs of Issuance — means the "costs of issuance," as provided in the Authorizing Law, incurred in connection with the issuance of the Bonds.

Costs of Issuance Fund — means collectively, the (i) "Texas Public Finance Authority State of Texas General Obligation Refunding Bonds, Series 2015A Costs of Issuance Fund" created pursuant to the Bond Resolution and (ii) the costs of issuance account within the Park Development Fund.

Eligible Investments — means any securities or obligations in which the Comptroller is authorized by law to invest the money on deposit in the Funds.

Entrance Fees — means the fees (including fees from conservation permits) that the P&W Department is required to charge and collect for entrance to or at the gates of State Parks pursuant to Section 21.111(a) of the Parks and Wildlife Code, whenever feasible and so long as any of the Park Development Bonds are outstanding, a portion of which fees less the expenses incurred in collecting them the P&W Department has irrevocably pledged to the payment of the principal of and interest on the Park Development Bonds, including the Series 2015B Bonds.

Escrow Agent — means the Texas Treasury Safekeeping Trust Company, as escrow agent under the Escrow Agreement and any successor thereto as therein permitted.

Escrow Agreement — means the Escrow Agreement (including any amendments thereto) between the Authority and the Escrow Agent providing for the payment for the Refunded Bonds, if applicable, of money sufficient to pay debt service thereon.

Escrow Fund — means either (a) the escrow fund, if any, created with respect to each series of the Refunded Bonds pursuant to the Escrow Agreement or (b) the escrow account for each series of the Refunded Bonds created pursuant to the Escrow Instructions, if any; such fund or account in either case to be created and held by the Escrow Agent.

Escrow Instructions — means the letter of instructions, if any, from the Authority to the Escrow Agent or Issuing and Paying Agent for the Refunded Bonds providing for the payment for the Refunded Bonds of money sufficient to pay debt service thereon.

Executive Director — means the Executive Director of the Authority, or any member of the staff of the Authority authorized by the Board to perform the duties of the Executive Director.

Fund —means any of the Funds.

Funds — means collectively, the Interest and Sinking Fund, the Costs of Issuance Fund and the Rebate Fund.

General Counsel — means the general counsel of the Authority or any individual or firm appointed to serve in such capacity for the Authority.

Government Obligations — means any of the following:

(1) direct noncallable obligations of the United States, including obligations that are unconditionally guaranteed by the United States;

(2) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the issuer adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent;

(3) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the issuer adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent; and

(4) such other investments now or hereafter authorized by Chapter 1207, Texas Government Code, as amended, for the investment of escrow deposits.

Interest and Sinking Fund — means collectively the (i) "Texas Public Finance Authority State of Texas General Obligation Refunding Bonds, Series 2015A Interest and Sinking Fund" created pursuant to the Bond Resolution and (ii) the P&W Interest and Sinking Fund.

Interest Payment Date — means April 1 and October 1 of each year commencing October 1, 2015.

Legislature — means the Legislature of the State.

Net Income — means Entrance Fees less the expenses incurred in collecting said Entrance Fees.

P&W Department — means the Texas Parks and Wildlife Department.

P&W Interest and Sinking Fund — means Interest and Sinking Fund (Fund 0409) established with the State Comptroller pursuant to the Article III, Section 49-e of the Texas Constitution and Section 21.105 of the Parks and Wildlife Code, to be used exclusively for paying (1) the principal of Park Development Bonds, including the Series 2015B Bonds, as it matures, (2) the interest on Park Development Bonds, including the Series 2015B Bonds, as it becomes due, and (3) exchange and collection charges incurred in connection with Park Development Bonds, including the Series 2015B Bonds, into which are credited (a) accrued interest received in the sale of the Park Development Bonds, including the Series 2015B Bonds, (b) Net Income transferred from the Parks Fee Trust Account (Account 0965), (c) earnings from investments of the Park Development Fund (Fund 0408); and the balance of which Interest and Sinking Fund (Fund 0409) shall be transferred to the state parks account (Account 0064) after all Park Development Bonds, including the Series 2015B Bonds, have been paid.

Park Development Bonds — means all currently outstanding, general obligation bonds of the State authorized by Article III, Section 49-e of the Texas Constitution, including the Series 2015B Bonds.

Park Development Fund (0408) — means the fund established with the Comptroller pursuant to the Article III, Section 49-e of the Texas Constitution and Section 21.101 (a) of the Parks and Wildlife Code, to be used exclusively by the P&W Department for: (i) acquiring State park sites, (ii) improving, developing, beautifying and equipping already acquired State park sites and (iii) paying the costs of issuing Park Development Bods, including the Series 2015B Bonds.

Parks Fee Trust Account (Account 0965) — means the special fund established with the Comptroller pursuant to Section 21.111 of the Parks and Wildlife Code into which the P&W Department is required to deposit Net Income so long as any Park Development Bonds, including the Series 2015B Bonds, are outstanding, an amount of which money on deposit therein the P&W Department is required to credit to the Interest and Sinking Fund (Fund 0409).

Paying Agent/Registrar — means initially, the Authority, or any financial institution appointed by the Authority in accordance with the Bond Resolution as the paying agent/registrar for the Bonds.

Person — means any individual, partnership, corporation, trust, or unincorporated organization or any governmental entity.

Pricing Certificate — means the certificate executed by the Pricing Committee that sets forth the final terms of the Bonds.

Pricing Committee — means the members of the Board who are authorized to act on behalf of the Board in selling and delivering the Bonds, with any designated alternates as provided in the Bond Resolution.

Purchase Contract — means the bond purchase contract among the Authority and the representative of the Purchasers pursuant to which the Bonds are sold to the Purchasers.

Purchase Price — means the proceeds of the sale of the Bonds (including any accrued interest and premium that is paid to the Authority upon the Closing) but excluding underwriters' discount and any original issue discount.

Purchasers or Underwriters — means the Persons who initially purchase the Bonds from the Authority pursuant to the Purchase Contract.

Rebate Fund — means the "Texas Public Finance Authority State of Texas General Obligation Refunding Bonds Rebate Fund(s)" including the series designation of the Bonds as indicated in the Pricing Certificate, such fund created pursuant to this Resolution.

Record Date — means the 15th day of the month immediately preceding each Interest Payment Date.

Refunded Bonds — means the obligations so defined in "SCHEDULE I — Schedule of Refunded Bonds" attached to this Official Statement that are refunded for the purpose of achieving debt service savings.

Register — means the official registration records for the Bonds maintained by the Paying Agent/Registrar for the Bonds pursuant to the Bond Resolution.

Rule — means Rule 15c2-12, as amended, adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934.

Securities Depository — means initially the Depository Trust Company, or any Person acting as a securities depository for the Book-Entry Bonds.

State — means the State of Texas.

Sufficient Assets — means with respect to the Bond Obligations for any Bond or Bonds, any combination of the following:

(1) an amount of money sufficient, without investment, to pay such Bond Obligations when due; and

(2) Government Obligations that (a) are not redeemable prior to maturity; and (b) mature as to principal and interest in such amounts and at such times as will provide, without reinvestment, money sufficient to pay such Bond Obligations when due.

Transaction Documents — means as used in the Bond Resolution, collectively, the Bond Resolution, the Escrow Agreement, if any, the Escrow Instructions, if any, the Purchase Contract and the Bonds.

The Bond Resolution

The Bonds will be issued pursuant to the Bond Resolution and the following is a summary of certain provisions of the Bond Resolution, adopted by the Board on March 5, 2015 and the Pricing Certificate. This summary does not purport to be comprehensive or definitive and is qualified in its entirety by reference to the Bond Resolution. Copies of the Bond Resolution are available for examination at the offices of the Authority.

Security for the Bonds. The Bonds are general obligations of the State, secured by the full faith and credit of the State and issued pursuant to the Authorizing Law, including the Constitutional Provisions which provide that, while any of the Bonds or interest on the Bonds is outstanding and unpaid, from the first money coming into the State treasury in each fiscal year not otherwise appropriated by the State Constitution, an amount sufficient to pay the principal of and interest on the Bonds that mature or become due during the fiscal year and to make payments that become due under any Bond Enhancement Agreements during the fiscal year is appropriated, less the amount in the sinking fund at the close of the previous fiscal year. To the extent required to pay the principal of and interest on the Series 2015B Bonds, the 2015B Bonds are additionally secured by and payable from the

Net Income. The funds that become available for payment of the Series 2015A Bonds pursuant to the Constitutional Provisions are the sole security for the payment of the Series 2015A Bonds.

Ownership. A Bond Owner is deemed to be the absolute owner of such Bond Owner's Bond(s) for all purposes of determining the obligations of the Authority with respect to such Bond(s) and the Authority is not bound to recognize the interest (beneficial or otherwise) of any Person, notwithstanding any notice to the Authority of such Person's interest. While the Bonds are in book-entry form, the Securities Depository or its nominee will be treated as the Bond Owner for all purposes under the Bond Resolution, and all required notices to Bond Owners will be given only to the Securities Depository.

Transfer, Exchange, and Replacement of Bonds. For so long as the Bonds are Book-Entry Bonds, the Securities Depository will be treated as the Bond Owner for all purposes and any transfer, exchange, or replacement of a Bond will occur on the books and records of the Securities Depository.

In the event the Book-Entry-Only System is discontinued, the transfer of a Bond will be made upon surrender of the Bond by the Bond Owner (or the Bond Owner's duly authorized attorney) to the Paying Agent/Registrar together with an endorsement or other evidence of transfer satisfactory to the Authority and the Paying Agent/Registrar. The Paying Agent/Registrar will authenticate and deliver to the transferee a new Bond (or Bonds) of the same tenor and aggregate principal amount of the Bonds and interest rate as the surrendered Bond. A transfer will be made without charge, except that any tax or other governmental charge imposed with respect to the transfer will be paid by the transferring Bond Owner.

A Bond may be exchanged by the Bond Owner for a new Bond or Bonds (each in an authorized denomination) of the same tenor and aggregate principal amount and interest rate of the Bonds upon surrender to the Paying Agent/Registrar by the Bond Owner (or the Bond Owner's duly authorized attorney) of the Bond(s) as to which the exchange is desired. The Paying Agent/Registrar will authenticate and deliver to the surrendering Bond Owner the new Bond(s) in exchange for the surrendered Bond(s). The out-of-pocket expenses incurred by the Authority and the Paying Agent/Registrar in connection with making an exchange of Bonds and any tax or other governmental charge imposed with respect to the exchange will be paid by the Bond Owner.

The Paying Agent/Registrar is not required to transfer or exchange any Bond: (1) between a Record Date and the related Interest Payment Date, (2) during the 30-day period preceding the maturity date of the Bond, or (3) which has been selected for redemption in whole or in part.

At the request of the Bond Owner of a mutilated, lost, stolen, or destroyed Bond, the Bond will be replaced if, in the case of a mutilated Bond, the Bond Owner (or its duly authorized representative) surrenders the mutilated Bond to the Paying Agent/Registrar, or in the case of a lost, stolen, or destroyed Bond, the Bond Owner (1) furnishes the Authority and the Paying Agent/Registrar with evidence satisfactory to the Authority and the Paying Agent/Registrar that the loss, theft, or destruction has occurred, (2) provides indemnity or security satisfactory to the Authority and the Paying Agent/Registrar to save the Paying Agent/Registrar and the Authority harmless from any loss or damage with respect thereto, and (3) satisfies such other requirements as may reasonably be imposed by the Authority and the Paying Agent/Registrar. If a mutilated, lost, stolen, or destroyed Bond has matured or will mature within the 30-day period following the Bond Owner's request for a replacement Bond, the Bond (at the Authority's direction) may, if indemnity or security is provided as described above, be paid instead of delivering a replacement Bond. The out-of-pocket expenses incurred by the Authority and the Paying Agent/Registrar in connection with replacement of a Bond and any tax or other governmental charge imposed with respect to the replacement will be paid by the Bond Owner.

Creation of Funds. The Authority will create the following Funds for the Series 2015A Bonds: (i) the Series 2015A Interest and Sinking Fund and (ii) the Series 2015A Costs of Issuance Fund. The P&W Interest and Sinking Fund and a costs of issuance account within the Park Development Fund have been maintained for the purpose of administering the proceeds of the Series 2015B Bonds. The Escrow Fund will be created by the Escrow Agent pursuant to the Escrow Agreement or Escrow Instructions, as applicable. The Rebate Fund shall be created only if, as a result of any calculation called for pursuant to the Bond Resolution, there exists a rebate amount with respect to the Bonds in an amount greater than zero.

The Funds will be maintained by the Comptroller in the treasury of the State, separate from any other funds, and shall be held in trust for application as provided by the Resolution.

The Authority may also create additional funds and accounts from time to time as may be necessary or convenient to accomplish the purposes of the Resolution including the creation of additional interest and sinking funds, project funds and costs of issuance funds if more than one series of Bonds are issued.

Application of Constitutionally Appropriated Funds. The Authority will cause to be deposited into the Interest and Sinking Fund an amount sufficient (together with any other money on deposit therein) to provide for the timely payment of the Bond Obligations, from money that is available for such purpose under the Constitutional Provisions, not later than the second Business Day preceding each date on which any Bond Obligations come due. The Authority may make any such deposit on an earlier date so long as such date is not earlier than the 50th day before the date the Bond Obligations for which such deposit is made come due. If, on any date that money in the Interest and Sinking Fund is required to be withdrawn for the payment of Bond Obligations, the Interest and Sinking Fund does not contain sufficient money for such purpose, an amount of immediately available money sufficient (together with money then on deposit in the Interest and Sinking Fund) to pay such Bond Obligations will be transmitted to the appropriate payee(s) for such purpose from money made available under the Constitutional Provisions, at such time as will cause such Bond Obligations to be timely paid.

Application of Interest and Sinking Fund. Amounts on deposit in the Interest and Sinking Fund will be applied at such times and in such amounts as required for the timely payment of Bond Obligations.

Application of Rebate Fund. The Authority shall remit to the Secretary of the Treasury of the United States (or such other payee as required by the Regulations), from the Rebate Fund, the amount of the most recently calculated rebate amount (if any) in accordance with the Regulations. The Rebate Fund shall otherwise be applied in accordance with the Resolution.

Investment of Funds. The money on deposit in any Fund may be invested and reinvested only in Eligible Investments by the Comptroller. The investments of each Fund will be made under conditions that will timely provide amounts sufficient to satisfy the purpose(s) for which such Fund is intended. The proceeds received from the disposition of any investment acquired with money from any Fund, and any income received from any such investment, are to be deposited into such Fund. Uninvested money (if any) in any Fund is to be secured in the manner and to the extent required by law.

Unclaimed Payments. Any funds held for the payment of Bond Obligations due on any Bond, which funds are unclaimed by the Bond Owner, will be set aside in an escrow fund, uninvested, and held for the exclusive benefit of the Bond Owner, without liability for any interest thereon. Any such funds remaining unclaimed for three years after such Bond Obligations became due (or such other period as specified by applicable law) will be transferred to the Authority, which will dispose of such funds pursuant to Title 6 of the Texas Property Code or other applicable law. After such disposal, all liability of the Authority and the Paying Agent/Registrar for the payment of such funds will cease. The Authority and the Paying Agent/Registrar will comply with the reporting requirements of Chapter 74 of the Texas Property Code, as amended, or other applicable law with respect to such unclaimed money.

Amendment. Except as provided below, the Bond Resolution may not be amended without the consent of the Bond Owners of at least a majority in aggregate principal amount of the outstanding Bonds affected by such amendment. The consent of the Bond Owners of all outstanding Bonds is required for any proposed amendment to the Bond Resolution that would:

(1) permit a preference or priority of any Bond over another Bond; or

(2) reduce the percentage of Bond Owners that is required to consent to an amendment of the Bond Resolution.

The consent of the Bond Owner of each affected outstanding Bond is required for any proposed amendment to the Bond Resolution that would:

(1) change the time of any regularly scheduled payment of Bond Obligations, the principal amount of any Bond, the interest rate on any Bond, the currency in which Bond Obligations are required to be paid, or any of the other terms of the Bond Resolution governing the time, place, or manner of payment of Bond Obligations;

(2) impair the security for any Bond; or

(3) result in a reduction of any then existing rating on the Bonds.

Except as provided above, no Bond Owner consent is required for an amendment to the Bond Resolution if the amendment, in the opinion of nationally recognized bond counsel, will not adversely affect the rights of any Bond Owner under the Transaction Documents, including without limitation, amendments, changes, or modifications to facilitate the utilization of Bond Enhancement Agreements.

No amendment to the Bond Resolution will take effect until the Executive Director obtains an opinion of Bond Counsel to the effect that such amendment will not adversely affect the excludability of interest on any Bond from the gross income of the Bond Owner thereof for federal income tax purposes, and an opinion of Bond Counsel to the effect that such amendment will not violate the Bond Resolution, the Authorizing Law or other applicable law and, upon obtaining the required Bond Owner consent (if any), will comply with the requirements of the Bond Resolution for such amendment.

Discharge of Claim Against Constitutional Provisions. The claim of the Bond Resolution against money provided under the Constitutional Provisions will be deemed discharged and of no further force and effect when the Bond Obligations on all Bonds have been discharged and all other amounts of money payable under the Bond Resolution have been paid or arrangements satisfactory to the Person to whom any such payment is due for making such payment have been made. The Bond Obligations on any Bond or Bonds will be deemed discharged when (i) such Bond Obligations have been paid pursuant to the terms of such Bonds or become due (whether at stated maturity or otherwise) and money sufficient for the payment thereof has been deposited into the Interest and Sinking Fund or with the Paying Agent/Registrar; (ii) such Bonds have been canceled or surrendered to the Paying Agent/Registrar for cancellation; or (iii) such Bond Obligations have been discharged by a deposit of Sufficient Assets as described below.

Defeasance. The benefits of the Bond Resolution, and the covenants of the Authority contained therein in support of any Bond (or Bonds), will be deemed redeemed and discharged with respect to such Bond (or Bonds) when the following requirements have been satisfied:

(1) the payment of the Bond Obligations with respect thereto has been provided for by irrevocably depositing Sufficient Assets into the Interest and Sinking Fund or with the Paying Agent/Registrar or a financial institution or trust company designated by the Authority, which will be held in trust in a separate escrow account and applied exclusively to the payment of such Bond Obligations;

(2) the Authority has received an opinion of Bond Counsel to the effect that: (a) such deposit of Sufficient Assets will not adversely affect the excludability of interest on the Bonds from the gross income of the Bond Owner thereof for federal income tax purposes and complies with State law; and (b) all conditions precedent to such Bond Obligations being deemed discharged have been satisfied;

(3) all amounts of money (other than Bond Obligations) due, or reasonably estimated by the Paying Agent/Registrar to become due, under the Bond Resolution with respect to such Bond(s) have been paid, or provision satisfactory to the Person to whom any such payment is or will be due for making such payment has been made; and

(4) the Paying Agent/Registrar has received such other documentation and assurance as the Paying Agent/Registrar reasonably may request.

If a deposit of Sufficient Assets is to provide for the payment of Bond Obligations on less than all of the outstanding Bonds, the particular maturity or maturities of Bonds (or, if less than all of a particular maturity, the principal amounts), will be as specified by the Authority, and the particular Bonds (or portions thereof) will be selected by the Paying Agent/Registrar by lot in such manner as the Paying Agent/Registrar determines (provided that a portion of a Bond may be redeemed only in an integral multiple of $5,000 principal amount).

At the Executive Director's direction, the Paying Agent/Registrar may substitute, for any of the securities or obligations deposited as Sufficient Assets, other securities or obligations constituting Sufficient Assets if, upon such substitution, the requirements for redemption and discharge described above are satisfied. Any net proceeds realized from such a substitution will be paid to the Authority.

No Individual Liability. No obligation imposed under the Bond Resolution, the Bonds, or any document executed by the Authority or the Comptroller in connection therewith will be deemed to be the obligation, in an individual capacity, of any director, officer, employee, or agent of the Authority or the Comptroller, and no such director, officer, employee, or agent or any individual executing the Bonds or any such other document on behalf of any such entity will be subject to any personal liability with respect thereto.

Bond Enhancement Agreement. Pursuant to the Bond Resolution, to the extent permitted by law, the Authority may execute one or more Bond Enhancement Agreements for the Bonds. The Board has authorized the Executive Director to act on behalf of the Authority from time to time in negotiating and approving the details of any Bond Enhancement Agreements. The execution and delivery of any Bond Enhancement Agreement is subject to the approval of the Attorney General of Texas. Bond Owner consent is not necessary for the Authority to adopt a Bond Enhancement Agreement. Payments due under one or more Bond Enhancement Agreements will be made from funds made available for such purpose pursuant to the Constitutional Provisions.

The Escrow Agreement

The following is a summary of certain provisions of the Escrow Agreement. This summary does not purport to be comprehensive or definitive and is qualified in its entirety by reference to the Escrow Agreement. Copies of the Escrow Agreement are available for examination at the offices of the Authority.

The Escrow Agreement is an agreement by and between the Authority and the Texas Treasury Safekeeping Trust Company, as escrow agent, whereby certain proceeds of the Bonds and any beginning cash balance will be deposited in the Escrow Fund (as defined in the Escrow Agreement). Such deposit, all proceeds therefrom, and all cash balances from time to time on deposit therein (a) will be the property of the Escrow Fund as a special trust and irrevocable escrow fund, (b) will be applied in strict conformity with the terms of the Escrow Agreement, and (c) will be applied to the extent needed to pay the principal of and interest on the Refunded Bonds on the redemption dates and maturity dates, respectively.

In the Escrow Agreement, the Authority represents that the Escrowed Securities and cash balance on deposit from time to time in the Escrow Fund will be at all times sufficient to provide money for transfer to the place of payment for the Refunded Bonds at the times and in the amounts required by such place of payment for the Refunded Bonds.

GENERAL INFORMATION REGARDING THE STATE OF TEXAS

Bond Appendix

The Texas Comptroller of Public Accounts (the "Comptroller") prepares a quarterly appendix (the "Bond Appendix") which sets forth certain information regarding the State including its government, finances, economic profile, and other matters for use by State entities when issuing debt. The most current Bond Appendix is dated February 2015 and is incorporated herein as described in "APPENDIX A – The State of Texas." See "CONTINUING DISCLOSURE OF INFORMATION – Continuing Disclosure Undertaking of the Comptroller – *General*." With respect to evaluating the ability of the State to make timely payment of debt service on the Bonds based on the information contained in the Bond Appendix, no representation is made that such information contains all factors material to such an evaluation or that any specific information should be accorded any particular significance.

2014 State Comprehensive Annual Financial Report

The Texas 2014 Comprehensive Annual Financial Report for the year ended August 31, 2014 (the "2014 CAFR") is currently on file with the Municipal Securities Rulemaking Board (the "MSRB") and may be obtained either by (i) using the MSRB's EMMA website, www.emma.msrb.org, using the Quick Search function and entering the term "State of Texas Comptroller" or (ii) from the Comptroller's website at http://www.texastransparency.org/State_Finance/Budget_Finance/Reports/Comprehensive_Annual_Financial/.

Constitutional Debt Limit

Article III, Section 49-j of the Texas Constitution prohibits the State Legislature from authorizing additional State debt payable from general revenues, including authorized but unissued bonds and lease purchase contracts in excess of $250,000, if the resulting annual debt service exceeds 5% of an amount equal to the average amount of general revenue for the three immediately preceding years, excluding revenues constitutionally dedicated for purposes other than payment of debt service. Prior to the Date of Delivery of the Bonds, the Bond Review Board is expected to certify that the maximum annual debt service in any fiscal year on debt payable from the general revenue fund, including debt service on the Bonds, does not exceed 5% of an amount equal to the average of the amount of general revenue fund revenues, excluding revenues constitutionally dedicated for purposes other than payment of State debt, for the three immediately preceding fiscal years. See "APPENDIX A — The State of Texas" and "DESCRIPTION OF THE BONDS — Source of Payment."

LEGAL MATTERS

Legal Opinions

The delivery of the Bonds is subject to the Authority furnishing the Underwriters a complete transcript of proceedings incident to the authorization and issuance of the Bonds and the approval of the Attorney General of Texas to the effect that the Bonds are valid and legally binding obligations of the Authority, and the approving legal opinion of Norton Rose Fulbright US LLP, Bond Counsel, to the effect that the Bonds, issued in compliance with the provisions of the Bond Resolution, are valid and legally binding obligations of the Authority, subject to applicable provisions of sovereign immunity, bankruptcy, reorganization and other similar matters affecting the rights of creditors or by general principles of equity which permit the exercise of judicial discretion, and, subject to the qualifications set forth under "TAX MATTERS" herein including the alternative minimum tax consequences for corporations, interest on the Bonds is exempt from federal income taxation under existing statutes, published rulings, regulations, and court decisions. The form of Bond Counsel's opinion is attached hereto as "Appendix C — Form of Bond Counsel Opinion." Bond Counsel was engaged by, and only represents, the Authority. In its capacity as Bond Counsel, such firm has reviewed the statements and information appearing under captions "PLAN OF FINANCE" (except for the information under the subcaption "Sources and Uses of Funds" as to which no opinion will be expressed), "DESCRIPTION OF THE BONDS" (except for the information under the subcaption "Book-Entry-Only System," as to which no opinion will be expressed), "DESCRIPTION OF THE TRANSACTION DOCUMENTS," "LEGAL MATTERS," "TAX MATTERS" and "CONTINUING DISCLOSURE OF INFORMATION" (except for the information under the subcaptions "Continuing Disclosure Undertaking of the Comptroller" and "Compliance with Prior Undertakings," as to which no opinion will be expressed, and except for any information describing or otherwise pertaining to the continuing disclosure undertaking of the Comptroller, as to which no opinion will be expressed), and such firm is of the opinion that the statements and information contained under such captions and subcaptions provide an accurate and fair description of the Bonds, the Escrow Agreement and the Bond Resolution and are correct as to matters of law. The legal fee to be paid to Bond Counsel for services rendered in connection with the issuance of the Bonds is contingent upon the sale and delivery of the Bonds. The legal opinion of Bond Counsel will accompany the Bonds deposited with DTC or will be printed on the definitive Bonds in the event of the discontinuance of the Book-Entry-Only System.

Certain legal matters will be passed upon for the Authority by McCall, Parkhurst & Horton L.L.P., Austin, Texas, Disclosure Counsel to the Authority, whose legal fee is contingent on the sale and delivery of the Bonds. Certain legal matters will be passed upon for the Underwriters by their counsel, Andrews Kurth LLP, Austin, Texas, whose legal fee is contingent on the sale and delivery of the Bonds. Bond Counsel, Disclosure Counsel and Underwriters Counsel periodically serve in other capacities on other separate and unrelated offerings of securities by the Authority.

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of the transaction opined upon, or of the future performance of the parties to the transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

Legal Investments in Texas

Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code) provides that the Bonds are negotiable instruments, investment securities governed by Chapter 8, Texas Business & Commerce Code, and are legal and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking fund of municipalities or other political subdivisions or public agencies of the State of Texas. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Bonds are legal investments for state banks, savings banks, trust companies with at least $1 million of capital and savings and loan associations. The Bonds are eligible to secure deposits of any public funds of the State, its agencies and political subdivisions, and are legal security for those deposits to the extent of their market value. For political subdivisions in Texas that have adopted investment policies and guidelines in accordance with the Public Funds Investment Act, the Bonds may have to be assigned a rating of at least "A" or its equivalent as to investment quality by a national rating agency before such obligations are eligible investments for sinking funds and other public funds.

The Authority has not made any investigation of other laws, rules, regulations or investment criteria that might apply to such institutions or entities or that might limit the suitability of the Bonds for any of the foregoing purposes or limit the authority of such institutions or entities to purchase or invest in the Bonds for such purposes. The Authority has not made any review of laws in other states to determine whether the Bonds are legal investments for various institutions in those states.

Registration and Qualification of Bonds for Sale

No registration statement relating to the Bonds has been filed with the United States Securities and Exchange Commission under the Securities Act of 1933, as amended, in reliance upon the exemption provided thereunder by Section 3(a)(2). The Bonds have not been approved or disapproved by the United States Securities and Exchange Commission, nor has the United States Securities and Exchange Commission passed upon the accuracy or adequacy of the Official Statement. The Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; and have not been registered or qualified under the securities acts of any other jurisdiction. The Authority does not assume any responsibility for registration or qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be sold, assigned, pledged, hypothecated, or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions.

Verification of Mathematical Computations

Causey Demgen & Moore P.C., a firm of independent public accountants, will deliver to the Authority, on or before the settlement date of the Bonds, its verification report indicating that it has verified, in accordance with attestation standards established by the American Institute of Certified Public Accountants, the mathematical accuracy of (a) the mathematical computations of the adequacy of the cash and the maturing principal of and interest on the Escrowed Securities, to pay, when due, the maturing principal of, interest on and related call premium requirements, if any, of the Refunded Bonds and (b) the mathematical computations of yield and certain other matters used by Bond Counsel to support its opinion that interest on the Bonds will be excluded from gross income for federal income tax purposes. Such verification will be relied upon by Bond Counsel in rendering its opinions with respect to the exclusion from gross income of interest on the Bonds for federal income tax purposes and with respect to defeasance of the Refunded Bonds.

The verification performed by Causey Demgen & Moore P.C. will be solely based upon data, information and documents provided to Causey Demgen & Moore P.C. by the Financial Advisor on behalf of the Authority. Causey Demgen & Moore P.C. has restricted its procedures to recalculating the computations provided by the Financial Advisor on behalf of the Authority and has not evaluated or examined the assumptions or information used in the computations.

Forward-Looking Statements

The statements contained in this Official Statement, and in any other information provided by the Authority and the State, that are not purely historical, are forward-looking statements, including statements regarding the Authority's and the State's expectations, hopes, intentions, or strategies regarding the future.

Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the Authority and the State on the date hereof, and the Authority and the State assume no obligation to update any such forward-looking statements.

The forward-looking statements herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement would prove to be accurate.

TAX MATTERS

Tax Exemption

The delivery of the Bonds is subject to the opinion of Bond Counsel to the effect that interest on the Bonds for federal income tax purposes (1) will be excludable from gross income, as defined in section 61 of the Internal Revenue Code of 1986, as amended to the date of such opinion (the "Code"), pursuant to section 103 of the Code and existing regulations, published rulings, and court decisions, and (2) will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals or, except as hereinafter described, corporations. The form of Bond Counsel's opinion is reproduced as Appendix C. The statutes, regulations, rulings, and court decisions on which such opinion is based are subject to change.

Interest on the Bonds owned by a corporation will be included in such corporation's adjusted current earnings for purposes of calculating the alternative minimum taxable income of such corporation, other than an S corporation, a qualified mutual fund, a real estate investment trust, a real estate mortgage investment conduit, or a financial asset securitization investment trust ("FASIT"). A corporation's alternative minimum taxable income is the basis on which the alternative minimum tax imposed by Section 55 of the Code will be computed.

In rendering the foregoing opinions, Bond Counsel will rely upon representations and certifications of the Authority made in a certificate dated the date of delivery of the Bonds pertaining to the use, expenditure, and investment of the proceeds of the Bonds and will assume continuing compliance by the Authority with the provisions of the Bond Resolution subsequent to the issuance of the Bonds. The Bond Resolution contains covenants by the Authority with respect to, among other matters, the use of the proceeds of the Bonds and the facilities financed therewith by persons other than state or local governmental units, the manner in which the proceeds of the Bonds are to be invested, the periodic calculation and payment to the United States Treasury of arbitrage "profits" from the investment of proceeds, and the reporting of certain information to the United States Treasury. Failure to comply with any of these covenants may cause interest on the Bonds to be includable in the gross income of the owners thereof from the date of the issuance of the Bonds.

Bond Counsel's opinion is not a guarantee of a result, but represents its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of the Authority described above. No ruling has been sought from the Internal Revenue Service (the "IRS") with respect to the matters addressed in the opinion of Bond Counsel, and Bond Counsel's opinion is not binding on the IRS. The IRS has an ongoing program of auditing the tax-exempt status of the interest on tax-exempt obligations. If an audit of the Bonds is commenced, under current procedures the IRS is likely to treat the Authority as the "taxpayer," and the owners of the Bonds would have no right to participate in the audit process. In responding to or defending an audit of the tax-exempt status of the interest on the Bonds, the Authority may have different or conflicting interests from the owners of the Bonds. Public awareness of any future audit of the Bonds could adversely affect the value and liquidity of the Bonds during the pendency of the audit, regardless of its ultimate outcome.

Except as described above, Bond Counsel expresses no other opinion with respect to any other federal, state or local tax consequences under present law, or proposed legislation, resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a FASIT, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Prospective purchasers should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

Existing law may change to reduce or eliminate the benefit to bondholders of the exclusion of interest on the Bonds from gross income for federal income tax purposes. Any proposed legislation or administrative action, whether or not taken, could also affect the value and marketability of the Bonds. Prospective purchasers of the Bonds should consult with their own tax advisors with respect to any proposed or future changes in tax law.

Tax Accounting Treatment of Discount and Premium on Certain Bonds

The initial public offering price of certain Bonds (the "Discount Bonds") may be less than the amount payable on such Bonds at maturity. An amount equal to the difference between the initial public offering price of a Discount Bond (assuming that a substantial amount of the Discount Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes original issue discount to the initial purchaser of such Discount Bond. A portion of such original issue discount allocable to the holding period of such Discount Bond by the initial purchaser will, upon the disposition of such Discount Bond (including by reason of its payment at maturity), be treated as interest excludable from gross income, rather than as taxable gain, for federal income tax purposes, on the same terms and conditions as those for other interest on the Bonds described above under "Tax Exemption." Such interest is considered to be accrued actuarially in accordance with the constant interest method over the life of a Discount Bond, taking into account the semiannual compounding of accrued interest, at the yield to maturity on such Discount Bond and generally will be allocated to an initial purchaser in a different amount from the amount of the payment denominated as interest actually received by the initial purchaser during the tax year.

However, such interest may be required to be taken into account in determining the alternative minimum taxable income of a corporation, for purposes of calculating a corporation's alternative minimum tax imposed by Section 55 of the Code, and the amount of the branch profits tax applicable to certain foreign corporations doing business in the United States, even though there will not be a corresponding cash payment. In addition, the accrual of such interest may result in certain other collateral federal income tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, S corporations with subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a FASIT, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Moreover, in the event of the redemption, sale or other taxable disposition of a Discount Bond by the initial owner prior to maturity, the amount realized by such owner in excess of the basis of such Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Discount Bond was held) is includable in gross income.

Owners of Discount Bonds should consult with their own tax advisors with respect to the determination of accrued original issue discount on Discount Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Discount Bonds. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

The initial public offering price of certain Bonds (the "Premium Bonds") may be greater than the amount payable on such Bonds at maturity. An amount equal to the difference between the initial public offering price of a Premium Bond (assuming that a substantial amount of the Premium Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes premium to the initial purchaser of such Premium Bonds. The basis for federal income tax purposes of a Premium Bond in the hands of such initial purchaser must be reduced each year by the amortizable bond premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Bond. The amount of premium which is amortizable each year by an initial purchaser is determined by using such purchaser's yield to maturity.

Purchasers of Premium Bonds should consult with their own tax advisors with respect to the determination of amortizable bond premium on Premium Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Premium Bonds.

RATINGS

Moody's Investors Service, Inc.; Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business and Fitch Ratings have assigned ratings of "Aaa," "AAA" and "AAA", respectively, to the Bonds. An explanation of the significance of such ratings may be obtained from the company furnishing the rating. The ratings reflect only the respective views of such organizations and the Authority makes no representation as to the appropriateness of the ratings. There is no assurance that the ratings of the Bonds will continue for any given period of time or that they will not be revised downward or withdrawn entirely if, in the judgment of any one or more of these companies, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds.

CONTINUING DISCLOSURE OF INFORMATION

Continuing Disclosure Undertaking of the Authority

General. In the Bond Resolution, the Authority has made the following agreement for the benefit of the Owners and Beneficial Owners of the Bonds. Under the agreement, the Authority will be obligated to provide timely notice of specified events, to the MSRB. The information will be available to investors by the MSRB through its EMMA system, free of charge at www.emma.msrb.org.

Annual Reports. The Authority and the legal and beneficial owners of the Bonds are third-party beneficiaries of the Comptroller's Continuing Disclosure Agreement. The Comptroller will provide certain updated financial information and operating data to the MSRB, in an electronic format as prescribed by the MSRB, annually, as set out in the Continuing Disclosure Agreement, and described under "— Continuing Disclosure Undertaking of the Comptroller — *Annual Reports*."

Event Notices. The Authority will provide to the MSRB, with respect to the Bonds, notice not in excess of ten business days after the occurrence of any of the following events: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of bondholders, if material; (8) Bond calls, if material and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the Authority; (13) the consummation of a merger, consolidation, or acquisition involving the Authority or the sale of all or substantially all of the assets of the Authority, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and (14) the appointment of a successor or additional trustee or the change of name of a trustee, if material.

For the purposes of the event numbered 12 in the preceding paragraph, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Authority in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Authority, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Authority.

Should the Rule be amended to obligate the Authority to make filings with or provide notices to entities other than the MSRB, the Authority has agreed to undertake such obligation with respect to the Bonds in accordance with the Rule as amended.

Continuing Disclosure Undertaking of the Comptroller

General. The Comptroller has entered into a Continuing Disclosure Agreement with the Bond Review Board dated as of August 17, 1995 and amended January 25, 2010 (the "Agreement"). The Authority and the legal and beneficial owners of the Bonds are third-party beneficiaries of the Agreement. The Comptroller is required to observe this Agreement in respect of any issue of Securities (as defined in the Agreement) for so long as the State remains an Obligated Person. Under the Agreement, the Comptroller will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified events, to the MSRB.

In addition to the information that the Comptroller has agreed to provide annually as described below, the Comptroller currently prepares an updated disclosure appendix (the "Bond Appendix") for use in State agency securities offerings. The Comptroller intends to continue to prepare or supplement the Bond Appendix quarterly and to provide annual information in accordance with the Agreement.

Certain tables within the Bond Appendix, as currently prepared by the Comptroller, are updated on a quarterly basis while other tables within such appendix are updated on an annual basis. Under the Agreement, the Comptroller is not obligated to provide such financial and operating data more frequently than on an annual basis.

Annual Reports. The Comptroller will provide certain updated financial information and operating data to the MSRB annually, in an electronic format and accompanied by identifying information, as prescribed by the MSRB. The information to be updated includes all quantitative financial information and operating data with respect to the State of the general type referred to in the Bond Appendix. The Comptroller will update and provide this information to the MSRB within 195 days after the end of each fiscal year.

The financial information and operating data to be provided may be set forth in full in one or more documents or may be included by specific reference to any document available to the public on the MSRB's EMMA website or filed with the SEC, as permitted by the Rule. The updated information provided by the Comptroller will be provided on a cash basis and will not be audited, but the Comptroller will provide audited financial statements of the State prepared in accordance with generally accepted accounting principles for governmental entities when the State Auditor completes its statutorily required audit of such financial statements. The accounting principles pursuant to which such financial statements must be prepared may be changed from time to time to comply with State law.

The State's current fiscal year end is August 31. Accordingly, the Comptroller must provide updated information within 195 days thereof in each year unless the State changes its fiscal year. If the State changes its fiscal year, the Comptroller will notify the MSRB of the change prior to the next date by which the Comptroller otherwise would be required to provide financial information and operating data as described above.

Event Notices. The Comptroller will also provide timely notice of its failure to provide information, data, or financial statements in accordance with its Agreement described above under "— Continuing Disclosure Undertaking of the Comptroller — Annual Reports." Such notice will be provided to the MSRB.

Availability of Information

The Authority and the Comptroller have agreed to provide information only as described above. The Authority and the Comptroller will be required to file their respective continuing disclosure information using the MSRB's EMMA system. Investors will be able to access continuing disclosure information filed with the MSRB free of charge at www.emma.msrb.org.

Limitations and Amendments

The Authority and the Comptroller have agreed to update information and to provide notices of certain events only as described above. Neither has agreed to provide other information that may be relevant or material to a complete presentation of the Authority's or the State's financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. Neither makes any representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Bonds at any future date. Each disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of such person's continuing disclosure agreement or from any statement made pursuant to such person's agreement, although Bond Owners may seek a writ of mandamus to compel the Authority to comply with its agreements.

The Authority and the Comptroller may amend their continuing disclosure agreements to adapt to changed circumstances that arise from a change in legal requirements, a change in the identity, nature, status, or type of operations of the Authority or the State if (i) the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering described herein in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as changed circumstances, and (ii) either (a) the Owners of a majority in aggregate principal amount of the outstanding Bonds consent to the amendment or (b) any person unaffiliated with the State, the Comptroller, the Bond Review Board and the Authority (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the beneficial owners of such Bonds. The Authority or the Comptroller may also amend or repeal the provisions of its continuing disclosure agreements if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds. If the Authority or the Comptroller so amends the agreement, it has agreed to include with the next financial information and operating data provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

Compliance With Prior Undertakings

During the past five years, the Comptroller has complied in all material respects with its continuing disclosure agreements in accordance to the Rule.

During the past five years, the Authority has complied, in all material respects, with its continuing disclosure agreements in accordance with the Rule, except as follows: a notice of Partial Redemption in connection with the Authority's Unemployment Compensation Obligation Assessment Revenue Refunding Bonds, Series 2010C, was filed on September 23, 2011, a date more than ten business days after the actual redemption date of July 1, 2011. Also, the Authority filed notice of a June 22, 2012 upgrade of the underlying rating assigned to the Authority's unemployment compensation obligation assessment revenue bonds on April 15, 2014 (more than ten days after the Authority was notified of the rating change). In addition, in certain limited instances, the Authority has agreed to file information provided by State agencies for which the Authority has issued bonds ("client agencies"). The Authority's ability to make such filings in a timely manner is dependent on the Authority's receipt of information from these client agencies. The Authority has determined that, during the past five years, information was not provided in a timely manner by two client agencies, the Texas Military Facilities Commission and the Texas Department of Health, which resulted in late filings by the Authority. The Authority has since filed the required information and developed procedures to reduce the likelihood of such late filings in the future.

NO LITIGATION

There is no litigation, proceeding, inquiry, or investigation pending by or before any court or other governmental authority or entity (or, to the best knowledge of the Authority, threatened) that affects the obligation of the Authority to deliver the Bonds or the validity of the Bonds. The State is a party to various legal proceedings relating to its operation and government functions, but unrelated to the Bonds. See "APPENDIX A — The State of Texas" of this Official Statement. On the Date of Delivery of the Bonds to the Underwriters, the Authority will execute and deliver to the Underwriters a certificate to the effect that no litigation of any nature has been filed or is pending against the Authority, as of that date, to restrain or enjoin the issuance or delivery of the Bonds or that would affect the provisions made for their payment or security, or in any manner questioning the validity of the Bonds.

UNDERWRITING

Morgan Stanley & Co. LLC, as the authorized representative of a group of underwriters (the "Underwriters"), has agreed, subject to certain conditions, to purchase the Series 2015A Bonds at a purchase price of $154,739,253.10 (representing the par amount of the Series 2015A Bonds of $129,845,000.00, plus an original issue premium of $25,398,708.80, and less an Underwriters' discount of $504,455.70) and the Series 2015B Bonds at a purchase price of $5,585,765.50 (representing the par amount of the Series 2015B Bonds of $5,260,000.00, plus an original issue premium of $338,747.75 and less an Underwriters' discount of $12,982.25). The Underwriters will be obligated to purchase all of the Bonds if any Bonds are purchased. The Bonds to be offered to the public may be offered and sold to certain dealers (including the Underwriters and other dealers depositing Bonds into investment trusts) at prices lower than the public offering prices of the Bonds and such public offering prices may be changed, from time to time, by the Underwriters.

The Underwriters have provided the following sentence for inclusion in this Official Statement: The Underwriters have reviewed the information in this Official Statement pursuant to their respective responsibilities to investors under the federal securities laws, but the Underwriters do not guarantee the accuracy or completeness of such information.

Morgan Stanley, parent company of Morgan Stanley & Co. LLC, an underwriter of the Bonds, has entered into a retail distribution arrangement with its affiliate Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Bonds.

Siebert Brandford Shank & Co., L.L.C., one of the Underwriters of the Bonds, has entered into a separate agreement with Credit Suisse Securities USA LLC for retail distribution of certain municipal securities offering, at the original issue prices.

FINANCIAL ADVISOR

Coastal Securities, Inc. is acting as Financial Advisor to the Authority in connection with the issuance of the Bonds. The Financial Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. Coastal Securities, Inc., in its capacity as Financial Advisor, has not verified and does not assume any responsibility for the information, covenants, and representations contained in any of the legal documents with respect to the federal income tax status of the Bonds, or the possible impact of any present, pending, or future actions taken by any legislative or judicial bodies.

The Financial Advisor has provided the following sentence for inclusion in this Official Statement: The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the Authority and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

AUTHENTICITY OF FINANCIAL DATA AND OTHER INFORMATION

The financial data and other information contained herein have been obtained from the Authority's records and other sources that are believed to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will be realized. All of the summaries of the statutes, documents, and Bond Resolution contained in this Official Statement are made subject to all of the provisions of such statutes, documents, and Bond Resolution. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information. Reference is made to original documents in all respects.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of, and as that term is defined in, the Rule.

The Bond Resolution approves the form and content of this Official Statement, and any addenda, supplement or amendment hereto issued on behalf of the Authority, and authorizes its further use in the reoffering of the Bonds by the Underwriters.

This Official Statement has been approved by the Authority for distribution in accordance with the provisions of the Rule.

/s/ Lee Deviney
Lee Deviney
Executive Director
Texas Public Finance Authority

Schedule I
Schedule of Refunded Bonds
Series 2015A Bonds

Maturity Date	Interest Rate	Par Amount	Redemption Date	CUSIP No.*
Texas Public Finance Authority State of Texas General Obligation Refunding Bonds, Series 2006A:				
10/01/2017	5.000%	$8,595,000	10/01/2016	882721QJ5
10/01/2018	5.000	8,570,000	10/01/2016	882721QK2
10/01/2019	5.000	8,550,000	10/01/2016	882721QL0
10/01/2020	5.000	8,510,000	10/01/2016	882721QM8
10/01/2021	5.000	8,480,000	10/01/2016	882721QN6
10/01/2022	5.000	8,450,000	10/01/2016	882721QP1
10/01/2023	5.000	8,415,000	10/01/2016	882721QQ9
10/01/2024	5.000	7,110,000	10/01/2016	882721QR7
*****	*****	*****	*****	*****
10/01/2026	5.000	5,795,000	10/01/2016	882721QS5
		$72,475,000		
Texas Public Finance Authority State of Texas General Obligation Refunding Bonds, Series 2006B:				
10/01/2017	5.000%	$2,480,000	10/01/2016	882721RE5
10/01/2018	5.000	2,470,000	10/01/2016	882721RF2
10/01/2019	5.000	2,465,000	10/01/2016	882721RG0
10/01/2020	5.000	2,455,000	10/01/2016	882721RH8
10/01/2021	5.000	2,450,000	10/01/2016	882721RJ4
10/01/2022	5.000	2,440,000	10/01/2016	882721RK1
10/01/2023	5.000	2,265,000	10/01/2016	882721RL9
		$17,025,000		
Texas Public Finance Authority State of Texas General Obligation Bonds, Series 2007:				
10/01/2018	5.000%	$4,525,000	10/01/2017	882721L76
10/01/2019	5.000	4,525,000	10/01/2017	882721L84
10/01/2020	5.000	4,525,000	10/01/2017	882721L92
10/01/2021	5.000	4,525,000	10/01/2017	882721M26
10/01/2022	5.000	4,525,000	10/01/2017	882721M34
10/01/2023	5.000	4,525,000	10/01/2017	882721M42
10/01/2024	5.000	4,525,000	10/01/2017	882721M59
10/01/2025	5.000	4,525,000	10/01/2017	882721M67
10/01/2026	5.000	4,525,000	10/01/2017	882721M75
10/01/2027	5.000	4,525,000	10/01/2017	882721M83
		$45,250,000		
Texas Public Finance Authority State of Texas General Obligation and Refunding Bonds, Series 2008A[1]:				
10/01/2019	4.000%	$770,000	10/01/2018	882723WB1
10/01/2020	5.000	770,000	10/01/2018	882723WC9
10/01/2021	5.000	770,000	10/01/2018	882723WD7
10/01/2022	5.000	770,000	10/01/2018	882723WE5
10/01/2023	5.000	770,000	10/01/2018	882723WF2
10/01/2024	4.500	770,000	10/01/2018	882723WG0
10/01/2025	5.000	770,000	10/01/2018	882723WH8
10/01/2026	5.000	770,000	10/01/2018	882723WJ4
10/01/2027	5.000	770,000	10/01/2018	882723WK1
10/01/2028	5.000	770,000	10/02/2018	882723WL9
		$7,700,000		
		$142,450,000.00		

* CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by Standard & Poor's Financial Services LLC on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP services. None of the Authority, the Financial Advisor or the Underwriters shall be responsible for the selection or the correctness of the CUSIP numbers shown herein.

[1] The Texas Public Finance Authority State of Texas General Obligation and Refunding Bonds, Series 2008A are being partially refunded. CUSIP number identifiers are for the pre-refunded balances.

Schedule I
Schedule of Refunded Bonds (Continued)
Series 2015B Bonds

Maturity Date	Interest Rate	Par Amount	Redemption Date	CUSIP No.*
Texas Public Finance Authority State of Texas General Obligation Park Development Refunding Bonds, Series 2004:				
10/01/2015	5.000%	$1,530,000	06/11/2015	882721AW3
10/01/2016	5.000	1,560,000	06/11/2015	882721AX1
10/01/2017	3.750	825,000	06/11/2015	882721AY9
10/01/2018	3.875	810,000	06/11/2015	882721AZ6
10/01/2019	4.000	790,000	06/11/2015	882721BA0
		$5,515,000		

* CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by Standard & Poor's Financial Services LLC on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP services. None of the Authority, the Financial Advisor or the Underwriters shall be responsible for the selection or the correctness of the CUSIP numbers shown herein.

APPENDIX A

THE STATE OF TEXAS

The Bond Appendix dated February 2015 is currently on file with the MSRB and is hereby incorporated by reference and made a part of this Official Statement. The Bond Appendix may also be obtained either by (i) using the MSRB's EMMA website, www.emma.msrb.org, using the Quick Search function and entering the term "State of Texas Comptroller" or (ii) from the Comptroller's website at http://www.window.state.tx.us/treasops/bondapp.html, until the Comptroller files a later version of such Bond Appendix.

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APPENDIX B

BOOK-ENTRY-ONLY SYSTEM

This section describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and credited by DTC while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The Authority, the Financial Advisor and the Underwriters believe the source of such information to be reliable, but take no responsibility for the accuracy or completeness thereof and such information is not to be construed as a representation by any of the Authority, the Financial Advisor or the Underwriters.

The Authority and the Underwriters cannot and do not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the United States Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Bond will be issued for each maturity of the Bonds, as set forth on the inside of the cover page hereof, in the aggregate principal amount of such maturity and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of "AA+". The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Beneficial Owners of the Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Paying Agent/Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed, unless a pro rata pass-through distribution of principal basis is selected in accordance with DTC's procedures.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the Record Date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the Record Date (identified in a listing attached to the Omnibus Proxy).

All payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Authority or the Paying Agent/Registrar on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Paying Agent/Registrar, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. All payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) are the responsibility of the Commission or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Authority or the Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

Use of Certain Terms in Other Sections of this Official Statement. In reading this Official Statement it should be understood that while the Bonds are in the Book-Entry-Only System, references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Bonds, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to registered owners under the Bond Resolution will be given only to DTC.

APPENDIX C

FORM OF BOND COUNSEL OPINION

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[Closing Date]

STATE OF TEXAS

$129,845,000 General Obligation Refunding Bonds, Series 2015A	$5,260,000 General Obligation Park Development Refunding Bonds, Series 2015B

IN REGARD to the authorization and issuance of the captioned bonds, dated May 5, 2015 (the "Bonds"), we have examined into their issuance by the Texas Public Finance Authority (the "Authority"), solely to express legal opinions as to the validity of the Bonds, the defeasance and discharge of the Authority's outstanding obligations being refunded by the Bonds, the exclusion of the interest on the Bonds from gross income for federal income tax purposes, and for no other purpose. We have not been requested to investigate or verify, and we neither expressly nor by implication render herein any opinion concerning, the financial condition or capabilities of the Authority, the disclosure of any financial or statistical information or data pertaining to the Authority and used in the sale of the Bonds, or the sufficiency of the security for or the value or marketability of the Bonds.

THE BONDS are issued as in fully registered form only, and are in denominations of $5,000 or any integral multiple thereof (within a maturity). The Bonds mature on October 1 in each of the years specified in the Pricing Committee's pricing certificate (the "Pricing Certificate") executed pursuant to a resolution adopted by the Authority authorizing the issuance of the Bonds (the "Resolution" and, jointly with the Pricing Certificate, the "Bond Resolution"), unless redeemed prior to maturity in accordance with the terms stated on the Bonds. The Bonds accrue interest from the date, at the rates, and in the manner and interest is payable on the dates, all as provided in the Bond Resolution. Terms used herein and not otherwise defined shall have the meaning given in the Bond Resolution.

IN RENDERING THE OPINIONS herein we have examined and rely upon (i) original or certified copies of the proceedings of the Authority in connection with the issuance of the Bonds, including (a) the Bond Resolution, (b) the Escrow Agreement (the "Escrow Agreement") between the Authority and Texas Treasury Safekeeping Trust Company (the "Escrow Agent"), and (c) a special report of Causey Demgen & Moore P.C. (the "Accountants"), (ii) certifications and opinions of officers of the Authority relating to the expected use and investment of proceeds of the sale of the Bonds and certain other funds of the Authority and to certain other facts within the knowledge and control of the Authority, and (iii) such other documentation, including an examination of the Bond executed and delivered initially by the Authority (which we found to be in due form and properly executed), and such matters of law as we deem relevant to the matters

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discussed below. In such examinations, we have assumed the authenticity of all documents submitted to us as originals, the conformity to original copies of all documents submitted to us as certified copies and the accuracy of the statements and information contained in such certificates.

BASED ON OUR EXAMINATIONS, IT IS OUR OPINION that, under the applicable laws of the United States of America and the State of Texas, in force and effect on the date hereof:

1. The Bonds constitute valid, legally binding and enforceable general obligations of the State.

2. The Bonds have been authorized and issued in accordance with the Constitution and laws of the State and are payable from funds made available for such purpose pursuant to the applicable Constitutional Provisions (as such term is defined in the Bond Resolution). The Constitutional Provisions provide for a continuing appropriation for such purpose from the first money coming into the State Treasury in each fiscal year, not otherwise appropriated by the Constitution of the State, in an amount that is sufficient to pay the principal of and interest on Bonds that mature or become due during that fiscal year, less the amount in the related interest and sinking fund at the close of the previous fiscal year which, with respect to the Series 2015B Bonds only, includes any Net Income derived during the prior fiscal year by the Texas Parks and Wildlife Department, or its successor, from admission charges to State parks.

3. The Escrow Agreement has been duly authorized, executed and delivered and is a binding and enforceable agreement in accordance with its terms and the outstanding obligations refunded, discharged, paid and retired with the proceeds of the Bonds have been defeased and are regarded as being outstanding only for the purpose of receiving payment from the funds held in a fund with the Escrow Agent, pursuant to the Escrow Agreement and in accordance with the provisions of Texas Government Code, Chapter 1207, as amended. In rendering this opinion, we have relied upon the special report of the Accountants as to the sufficiency of cash and investments deposited with the Escrow Agent pursuant to the Escrow Agreement for the purposes of paying the outstanding obligations refunded and to be retired with the proceeds of the Bonds and the interest thereon.

4. Pursuant to section 103 of the Internal Revenue Code of 1986, as amended to the date hereof (the "Code"), and existing regulations, published rulings, and court decisions thereunder, and assuming continuing compliance after the date hereof by the Authority with the provisions of the Bond Resolution relating to sections 141 through 150 of the Code, interest on the Bonds for federal income tax purposes (a) will be excludable from the gross income, as defined in section 61 of the Code, of the owners thereof, and (b) will not be included in computing the alternative minimum taxable income of individuals

or, except as hereinafter described, corporations. Interest on the Bonds owned by a corporation will be included in such corporation’s adjusted current earnings for purposes of calculating the alternative minimum taxable income of such corporations, other than an S corporation, a qualified mutual fund, a real estate mortgage investment conduit, a real estate investment trust, or a financial asset securitization investment trust (“FASIT”). A corporation’s alternative minimum taxable income is the basis on which the alternative minimum tax imposed by section 55 of the Code will be computed.

THE RIGHTS OF THE OWNERS of the Bonds are subject to the applicable provisions of the federal bankruptcy laws and any other similar laws affecting the rights of creditors of political subdivisions generally, and may be limited by general principles of equity which permit the exercise of judicial discretion.

WE EXPRESS NO OPINION with respect to any other federal, state, or local tax consequences under present law or any proposed legislation resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Ownership of tax-exempt obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, owners of an interest in a FASIT, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations.

OUR OPINIONS ARE BASED on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

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