

**LEGISLATIVE BUDGET BOARD**

**Austin, Texas**

**FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION**

**May 20, 2005**

**TO:** Honorable Jim Pitts, Chair, House Committee on Appropriations

**FROM:** John S. O'Brien, Deputy Director, Legislative Budget Board

**IN RE: SB1605** by Ogden (Relating to the creation and re-creation of funds and accounts in the state treasury, the dedication and rededication of revenue, and the exemption of unappropriated money from use for general governmental purposes.), **Committee Report 2nd House, Substituted**

The fiscal impact of provisions relating to the abolition of funds, accounts and revenue dedications would depend on other actions of the legislature.

The bill would abolish all funds, accounts, and revenue dedications created by the Seventy-ninth Legislature, Regular Session, unless specifically exempted under separate sections of this bill. Any funds, accounts, or revenue dedications abolished under this bill would be deposited to the credit of the unobligated portion of the General Revenue Fund.

The bill would exempt dedications, funds, and accounts that were enacted before the Seventy-ninth Legislature convened to comply with the State Constitution or federal requirements, or that remained exempt from the abolishment and removal of dedication provisions of the former Section 403.094(h) of the Government Code and increases in existing fees that were previously dedicated or required to be deposited in a fund or account exempted prior to the Seventy-ninth Legislature, Regular Session.

The bill would exempt trust funds, bond funds, funds required by federal law, separate funds in the State Treasury, and constitutional funds created by the Seventy-ninth Legislature, Regular Session from abolition.

The bill would exempt all accounts created or re-created in HB 2, HB 3, HB 3540, SB 1863 (or similar legislation), if the accounts were created or re-created in the General Revenue Fund. The bill would exempt the Texas emerging technology fund, if the account was created or re-created in the General Revenue Fund by an act of the Seventy-ninth Legislature, Regular Session.

The bill would exempt all funds created or re-created in HB 2 and HB 3 (or similar legislation), if the funds were created or re-created in the General Revenue Fund. The bill would exempt the employment and training investment holding fund, if the fund was created or re-created in the General Revenue Fund by an act of the Seventy-ninth Legislature, Regular Session.

The bill would exempt all revenue dedications in the following accounts, if the revenue was dedicated or rededicated by an act of the Seventy-ninth Legislature, Regular Session:

Judicial Fund (GR Account 0573) as provided by SB 368

State Highway Fund (GR Account 0006)

Game, Fish, and Water Safety Account (GR Account 0009)

Texas Department of Insurance Operating Account (GR Account 0036)

Clean Air Account (GR Account 0151) as provided by HB 1611 (or similar legislation)

Coastal Protection Account (GR Account 0027) as provided by HB 2096 (or similar legislation)

Water Resource Management Account (GR Account 0153) as provided by HB 2428 (or similar legislation)

Unemployment Compensation Special Administration Account (GR Account 0165) as provided by HB 3250 (or similar legislation)

The bill would exempt all revenue dedications included HB 2, HB 3, HB 3540, SB 1863 (or similar legislation).

The bill would exempt all funds created or re-created by HB 3540 and HB 1863 (or similar legislation) in the state treasury, as well as revenue deposited to the credit of the funds, and create the funds as separate funds in the state treasury.

The bill would exempt any revenue dedication and any fund or account created or re-created in connection with the revenue from fees collected from the sale of motor vehicle license plates that are authorized by an act of the Seventy-ninth Legislature, Regular Session.

The bill would amend Sections 403.095(b), (d), and (e) of the Government Code to allow the Comptroller to make reductions in dedicated accounts in the amounts by which estimated revenues and unobligated balances exceeded appropriations on August 31, 2007. The bill would exempt funds outside of the State Treasury, trust funds, funds created by the State Constitution or a court, and funds for which separate accounting was required by federal law from this section. These provisions would expire September 1, 2007.

The provisions of this bill would prevail over any other act of the Seventy-ninth Legislature, Regular Session—regardless of the date of enactment—purporting to dedicate or rededicate a fund, account, or revenue in the State Treasury.

The bill would take effect immediately upon enactment, assuming that it received the requisite two-thirds majority votes in both houses of the Legislature. Otherwise, it would take effect on the 91st day after the last day of the Legislative Session.

The funds, accounts, and revenue dedications that would be abolished and become part of the General Revenue Fund cannot be determined at this time. Any net gain or loss from the re-creation of existing funds or accounts as exempted in this bill that are dependent upon the passage of another act of the Seventy-ninth Legislature Regular Session, are dependent upon appropriations made in the 2006-07 General Appropriations Act and cannot be estimated at this time.

NOTE: The senate version of HB 3 contains provisions to reestablish tobacco endowment funds as General Revenue-Dedicated accounts. The senate version creates secondary accounts and earnings accounts in place of each of the existing tobacco endowment funds. Should the senate version prevail there would be a certification gain of \$1,091,000,000 for the FY 06-07 biennium.

### **Local Government Impact**

No significant fiscal implication to units of local government is anticipated.

**Source Agencies:** 304 Comptroller of Public Accounts

**LBB Staff:** JOB, SD, WP, EB