

1-1 By: Watson S.B. No. 1652  
1-2 (In the Senate - Filed March 11, 2011; March 23, 2011, read  
1-3 first time and referred to Committee on Finance; May 11, 2011,  
1-4 reported adversely, with favorable Committee Substitute by the  
1-5 following vote: Yeas 11, Nays 0; May 11, 2011, sent to printer.)

1-6 COMMITTEE SUBSTITUTE FOR S.B. No. 1652 By: Patrick

1-7 A BILL TO BE ENTITLED  
1-8 AN ACT

1-9 relating to the implementation of new processes for the purposes of  
1-10 budget transparency, fiscal responsibility, and open government.

1-11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-12 SECTION 1. Section 322.003, Government Code, is amended by  
1-13 adding Subsection (f) to read as follows:

1-14 (f) The board shall hold a public hearing in November of  
1-15 each state fiscal year to hear a report from the comptroller and  
1-16 receive public testimony regarding the financial condition of this  
1-17 state. The report from the comptroller must:

1-18 (1) specify for each revenue source included in  
1-19 determining the estimate of anticipated revenue for purposes of the  
1-20 most recent statement required by Section 49a, Article III, Texas  
1-21 Constitution, the total net revenue actually collected from that  
1-22 source for the state fiscal year as of the end of the most recent  
1-23 state fiscal quarter;

1-24 (2) compare for the period described by Subdivision  
1-25 (1) the total net revenue collected from each revenue source  
1-26 required to be specified under that subdivision with the  
1-27 anticipated revenue from that source that was included for purposes  
1-28 of determining the estimate of anticipated revenue in the statement  
1-29 required by Section 49a, Article III, Texas Constitution;

1-30 (3) specify for each state revenue source resulting  
1-31 from a law taking effect after the comptroller submitted the most  
1-32 recent statement required by Section 49a, Article III, Texas  
1-33 Constitution, the estimated total net revenue collected from that  
1-34 source for the state fiscal year as of the end of the most recent  
1-35 state fiscal quarter;

1-36 (4) summarize indicators of state economic trends  
1-37 experienced since the most recent statement required by Section  
1-38 49a, Article III, Texas Constitution; and

1-39 (5) summarize anticipated state economic trends and  
1-40 the anticipated effect of the trends on state revenue collections.

1-41 SECTION 2. Section 322.008, Government Code, is amended by  
1-42 adding Subsection (b-1) to read as follows:

1-43 (b-1) For each state fee the amount of which is proposed or  
1-44 authorized to be increased by a provision of the general  
1-45 appropriations bill, the general appropriations bill must set out  
1-46 in a separate section of the bill:

1-47 (1) the statutory authority for the fee;

1-48 (2) the amount of the fee increase;

1-49 (3) each purpose for which the fee revenue is to be  
1-50 used; and

1-51 (4) into which fund the fee revenue will be deposited.

1-52 SECTION 3. Chapter 322, Government Code, is amended by  
1-53 adding Section 322.022 to read as follows:

1-54 Sec. 322.022. PUBLIC HEARING ON INTERIM BUDGET REDUCTION  
1-55 REQUEST. (a) In this section:

1-56 (1) "Interim budget reduction request" means a request  
1-57 communicated in any manner for a state agency to make adjustments to  
1-58 the strategies, methods of finance, performance measures, or riders  
1-59 applicable to the agency through the state budget in effect on the  
1-60 date the request is communicated that, if implemented, would reduce  
1-61 the agency's total expenditures for the current state fiscal  
1-62 biennium to an amount less than the total amount that otherwise  
1-63 would be permissible based on the appropriations made to the agency

2-1 in the budget.

2-2 (2) "State agency" means an office, department, board,  
2-3 commission, institution, or other entity to which a legislative  
2-4 appropriation is made.

2-5 (b) A state agency shall provide to the board a detailed  
2-6 report of any expenditure reduction plan that:

2-7 (1) the agency develops in response to an interim  
2-8 budget reduction request made by the governor, the lieutenant  
2-9 governor, or a member of the legislature, or any combination of  
2-10 those persons; and

2-11 (2) if implemented, would reduce the agency's total  
2-12 expenditures for the current state fiscal biennium to an amount  
2-13 less than the total amount that otherwise would be permissible  
2-14 based on the appropriations made to the agency in the state budget  
2-15 for the biennium.

2-16 (c) The board shall hold a public hearing to solicit  
2-17 testimony on an expenditure reduction plan a state agency reports  
2-18 to the board as required by Subsection (b) as soon as practicable  
2-19 after receiving the report. The agency may not implement any  
2-20 element of the plan until the conclusion of the hearing.

2-21 (d) This section does not apply to an expenditure reduction  
2-22 a state agency desires to make that does not directly or indirectly  
2-23 result from an interim budget reduction request made by the  
2-24 governor, the lieutenant governor, or a member of the legislature,  
2-25 or any combination of those persons.

2-26 SECTION 4. Subchapter B, Chapter 403, Government Code, is  
2-27 amended by adding Section 403.0145 to read as follows:

2-28 Sec. 403.0145. PUBLICATION OF FEES SCHEDULE. As soon as  
2-29 practicable after the end of each state fiscal year, the  
2-30 comptroller shall publish a schedule of all revenue to the state  
2-31 from fees authorized by statute. For each fee, the schedule must  
2-32 specify:

2-33 (1) the purpose for which the fee revenue is to be  
2-34 used;

2-35 (2) if the fee has been increased during the most  
2-36 recent legislative session, the amount of the increase;

2-37 (3) into which fund the fee revenue will be deposited;  
2-38 and

2-39 (4) the amount of the fee revenue that will be  
2-40 considered available for general governmental purposes and  
2-41 accordingly considered available for the purpose of certification  
2-42 under Section 403.121.

2-43 SECTION 5. Section 404.124, Government Code, is amended by  
2-44 amending Subsections (a) and (b) and adding Subsection (b-1) to  
2-45 read as follows:

2-46 (a) Before issuing notes the comptroller shall submit to the  
2-47 committee a general revenue cash flow shortfall forecast, based on  
2-48 the comptroller's most recent anticipated revenue estimate. The  
2-49 forecast must contain a detailed report of estimated revenues and  
2-50 expenditures for each month and each major revenue and expenditure  
2-51 category and must demonstrate the maximum general revenue cash flow  
2-52 shortfall that may be predicted. The committee shall hold a public  
2-53 hearing to solicit testimony on the forecast, including testimony  
2-54 on this state's overall economic condition, as soon as practicable  
2-55 after receiving the forecast.

2-56 (b) Based on the forecast and testimony provided at the  
2-57 hearing required by Subsection (a), the committee may approve the  
2-58 issuance of notes, subject to Subsections (b-1) and (c), and the  
2-59 maximum outstanding balance of notes in any fiscal year. The  
2-60 outstanding balance may not exceed the maximum temporary cash  
2-61 shortfall forecast by the comptroller for any period in the fiscal  
2-62 year. The comptroller may not issue notes in excess of the amount  
2-63 approved.

2-64 (b-1) The committee's approval of the issuance of notes  
2-65 granted under Subsection (b) expires on the 91st day after the date  
2-66 the hearing conducted under Subsection (a) concludes. The  
2-67 comptroller may not issue notes on or after the 91st day unless the  
2-68 comptroller submits another general revenue cash flow shortfall  
2-69 forecast to the committee and the committee subsequently grants

3-1 approval for the issuance of the notes in accordance with the  
3-2 procedure required by Subsections (a) and (b). Each subsequent  
3-3 approval expires on the 61st day after the date the hearing on which  
3-4 the approval was based concludes.

3-5 SECTION 6. This Act takes effect immediately if it receives  
3-6 a vote of two-thirds of all the members elected to each house, as  
3-7 provided by Section 39, Article III, Texas Constitution. If this  
3-8 Act does not receive the vote necessary for immediate effect, this  
3-9 Act takes effect September 1, 2011.

\* \* \* \* \*

3-10