

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

May 23, 2013

TO: Honorable Joe Straus, Speaker of the House, House of Representatives

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **HB6** by Otto (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.), **As Passed 2nd House**

The impact of a cap of \$4,200 million on the amount of dedicated revenue available for certification would depend on estimated revenue collections deposited to, and the amount of appropriation from General Revenue-Dedicated accounts. For example, if revenue collections from General Revenue-Dedicated Accounts exceed appropriations by \$500 million, the amount of revenue available for certification would be reduced by approximately \$1,089.5 million. The fiscal impact of the bill relating to the abolition of funds, accounts allocations, and revenue dedications would depend on future actions of the Legislature and cannot be estimated at this time.

The bill would abolish all funds, accounts, and revenue dedications created or recreated by the 83rd Legislature, Regular Session, 2013, unless specifically exempted under separate sections of the 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 0001. The bill would define the state agencies to which this act would apply; and it would provide for the abolition of new or re-created funds, accounts, and revenue dedications, unless they were specifically exempted in the bill.

The bill would exempt dedications, funds, and accounts that were enacted before the 83rd 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 or in other revenue that were previously dedicated or required to be deposited in a fund or account exempted prior to the 83rd Legislature, Regular Session, 2013.

The following funds, accounts, and dedications of revenue would be exempt from abolition by this bill, if created or re-created by Acts of the 83rd Legislature, Regular Session (2013): the Texas economic development fund, created as a fund in the state treasury by Senate Bill 1214; the permanent fund supporting military and veterans exemptions, created as a special fund in the treasury by Senate Bill 1158; the dedication of penalty revenue to the compensation to victims of crime fund as provided by House Bill 508; the dedication of fee and penalty revenue for deposit to and revenue held in the oyster sales account in the general revenue fund provided by House Bill 1903; the dedication of voluntary contributions for deposit to the fund for veterans' assistance

provided by House Bill 633 or; and the rededication of revenue held in the system benefit fund as provided by House Bill 7 or similar legislation.

Federal funds, created by the 83rd Legislature, Regular Session, 2013, for which separate accounting is required by federal law, would be exempt. These funds would be deposited into accounts within General Revenue Fund 0001, unless otherwise required by federal law. The bill would exempt all trust funds and bond funds created by the 83rd Legislature, Regular Session, 2013, except that all trust funds would have to be held in the State Treasury, with the Comptroller of Public Accounts (Comptroller) in trust, or outside the State Treasury with the Comptroller's approval. The bill would exempt funds or accounts created or re-created or revenue dedicated or rededicated under a constitutional amendment proposed by an act of the 83rd Legislature, Regular Session, 2013, if approved by the voters.

The bill would amend Sections 403.095(b), (d), and (e) of the Government Code to allow the Comptroller, as directed by the Legislature, to make reductions in dedicated accounts in the amounts by which estimated revenues and unobligated balances exceeded appropriations following certification of all appropriations enacted by the 83rd Legislature.

If Senate Joint Resolution 1 passes both houses of the Eighty-third Legislature, Regular Session and disbursements from the System Benefit Fund as proposed by House Bill 7 or similar legislation of the Eighty-third Legislature, Regular Session, become law on or before September 1, 2013, the bill would limit the amount of unappropriated general revenue dedicated revenue balances that could be used for certification for general government purposes to \$4,200 million in the 2014-15 biennium; \$3,400 million in the 2016-17 biennium; \$2,600 million in the 2018-19 biennium; \$1,800 million in the 2020-21 biennium; and \$1,000 million each biennium thereafter.

If either Senate Joint Resolution 1 fails to pass both houses of the Eighty-third Legislature, Regular Session, or disbursements from the System Benefit Fund as proposed by House Bill 7 or similar legislation of the Eighty-third Legislature, Regular Session, do not become law on or before September 1, 2013, the bill would limit the amount of unappropriated general revenue dedicated revenue balances that could be used for certification for general government purposes to \$5,000 million in the 2014-15 biennium; \$4,000 million in the 2016-17 biennium; \$3,000 million in the 2018-19 biennium; \$2,000 million in the 2020-21 biennium; and \$1,000 million each biennium thereafter.

Dedicated revenues exceeding amounts appropriated by the 83rd Legislature would be available for certification through August 31, 2015. 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 would be exempt from this section. These provisions would expire September 1, 2015.

The provisions of this bill would prevail over any other act of the 83rd Legislature, Regular Session, 2013, 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 General Revenue Fund 0001 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 83rd Legislature Regular Session, 2013, are dependent upon appropriations made in the 2014-15 General Appropriations Act and cannot be estimated at this time.

The impact of a cap on the amount of dedicated revenue available for certification would depend

on estimated revenue collections deposited to, and the amount of appropriation from General Revenue-Dedicated accounts. The example shown in the box above is based on the Comptroller's estimate of General Revenue-Dedicated Account balances at the beginning of the 2014-15 biennium, totaling approximately \$4,789.5 million. Any net positive or negative impact on the amount of dedicated revenue available for certification is dependent upon the passage of other acts by the 83rd Legislature, Regular Session, 2013, and upon appropriations made in the 2014-15 General Appropriations Act, and cannot be estimated at this time.

Local Government Impact

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

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: UP, KK, JJ, RS, JI