

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

May 12, 2013

TO: Honorable Tommy Williams, Chair, Senate Committee on Finance

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 Engrossed**

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 impact of a cap of \$4,000 million on the amount of unappropriated 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 \$1,289.5 million.

Among other provisions, the bill would implement a recommendation in the Legislative Budget Board's report, "Options to Reduce Reliance on General-Revenue Dedicated Accounts for Certification of the State Budget" submitted to the Eighty-Third Texas Legislature, 2013.

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.

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. Dedicated revenues exceeding amounts appropriated by the 83rd Legislature, in a total amount not to exceed \$4,000 million, 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 September 1, 2013.

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 unappropriated 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, certain determinations by the Comptroller, and upon appropriations made by the 83rd Legislature, Regular Session, 2013, 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, JI, JJ