

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION**

**May 21, 2015**

**TO:** Honorable Jane Nelson, 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, the dedication and rededication of revenue, and the exemption of unappropriated money from use for general governmental purposes.), **As Engrossed**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB6, As Engrossed: a negative impact of (\$263,722,000) through the biennium ending August 31, 2017; in the same period, there will be an increase to the Motor Vehicles Fund of \$250,722,000 and to a new General Revenue-Dedicated account of \$13,000,000 associated with the General Revenue reduction.

The bill would also result in a reduction of \$553,465,000 in amounts available for certification of the 2016-17 General Appropriations Act, associated with the exemption of certain General Revenue-Dedicated account balances from being available for that purpose.

Any other net gains or losses from the re-creation of existing funds or accounts as exempted in this bill are dependent upon the passage of another act of the Eighty-fourth Legislature, Regular Session, 2015, and are dependent upon appropriations made in the 2016-17 General Appropriations Act.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

**General Revenue-Related Funds, Five-Year Impact:**

<b>Fiscal Year</b>	<b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b>
2016	(\$130,410,000)
2017	(\$133,312,000)
2018	(\$135,848,000)
2019	(\$138,435,000)
2020	(\$141,074,000)

## All Funds, Five-Year Impact:

<b>Fiscal Year</b>	<b>Probable Revenue Gain/(Loss) from General Revenue Fund 1</b>	<b>Probable Certification Gain/Loss from General Revenue Dedicated Funds</b>	<b>Probable Revenue Gain/(Loss) from New General Revenue Dedicated - Environmental Radiation and Perpetual Care Account</b>	<b>Probable Revenue Gain/(Loss) from New DMV Fund (Other Fund)</b>
2016	(\$130,410,000)	(\$553,465,000)	\$6,596,000	\$123,910,000
2017	(\$133,312,000)	\$0	\$6,596,000	\$126,812,000
2018	(\$135,848,000)	\$0	\$6,596,000	\$129,348,000
2019	(\$138,435,000)	\$0	\$6,596,000	\$131,935,000
2020	(\$141,074,000)	\$0	\$6,596,000	\$134,574,000

## Fiscal Analysis

This bill would abolish all funds, accounts, and revenue dedications created or recreated by the Eighty-fourth Legislature, Regular Session, 2015, 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 define the entities to which this bill 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 Eighty-fourth Legislature convened to comply with the State Constitution or federal law, 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 Eighty-fourth Legislature, Regular Session, 2015.

Federal funds, created by the Eighty-fourth Legislature, Regular Session, 2015, for which separate accounting is required by federal law, would be exempt. In particular, this bill would not apply to a special fund in the state treasury established by the Comptroller for the purpose of holding money received from the federal government as authorized by House Bill 8 or other similar legislation enacted by the Eighty-fourth Legislature, Regular Session, 2015.

The bill would exempt all trust funds and bond funds created by the Eighty-fourth Legislature, Regular Session, 2015, except that the funds would have to be held in the State Treasury, with the Comptroller in trust, or outside the State Treasury upon approval by the Comptroller.

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 Eighty-fourth Legislature, Regular Session, 2015, if approved by the voters.

The bill would re-create the Texas Department of Motor Vehicles (DMV) fund created by Section 1001.151, Transportation Code, as enacted by Section 71, Chapter 1287 (House Bill 2202), Acts of the Eighty-third Legislature, Regular Session, 2013. The new fund would be a special fund in the state treasury outside the General Revenue Fund. All revenue that had been dedicated to the DMV fund by House Bill 2202 would be rededicated for that purpose.

The bill would re-create the Environmental Radiation and Perpetual Care account created by Section 401.306, Health and Safety Code, as enacted by Section 12, Chapter 1159 (Senate Bill 347), Acts of the Eighty-third Legislature, Regular Session, 2013. All revenue that had been dedicated to that account by Senate Bill 347 would be rededicated for that purpose.

The bill would amend Sections 403.095(b) and (d) of the Government Code to update references to the Eighty-fourth Legislature and to August 31, 2017. A new Section 403.095(e) would specify that the provisions of 403.095 would not apply to the following accounts or funds:

- (1) General Revenue- Dedicated (GR-D) Account 36-Texas Department of Insurance Operating;
- (2) GR-D Account 165-Unemployment Compensation Special Administration;
- (3) GR-D Account 544-Lifetime License Endowment;
- (4) GR-D Account 5044-Permanent Fund for Health and Tobacco Education and Enforcement;
- (5) GR-D Account 5045-Permanent Fund for Children and Public Health;
- (6) GR-D Account 5046-Permanent Fund for Emergency Medical Services and Trauma Care;
- (7) GR-D Account 5047-Permanent Hospital Fund for Rural Health Facility Capital Improvement;
- (8) GR-D Account 5048-Permanent Hospital Fund for Capital Improvements and the Texas Center for Infectious Disease;
- (9) GR-D Account 5084-Child Abuse and Neglect Prevention Operating;
- (10) GR-D Account 5085-Child Abuse and Neglect Prevention Trust; and
- (11) the separate current account of each institution of higher education in the General Revenue Fund.

With certain exceptions, dedicated revenues exceeding amounts appropriated by the 84th Legislature would be available for certification through August 31, 2017. 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, 2017.

The provisions of this bill would prevail over any other act of the Eighty-fourth Legislature, Regular Session, 2015, regardless of the date of enactment, purporting to dedicate or rededicate a fund, account, or revenue in the State Treasury, or amending Section 403.095 of the Government Code.

This bill would take effect immediately upon enactment, assuming it received the requisite two-thirds majority vote in both houses of the Legislature. Otherwise, it would take effect on the 91st day after the last day of the legislative session.

### **Methodology**

This bill has various fiscal effects, some of which may be estimated at this time and others which cannot because they are dependent on the passage of other bills and appropriation decisions by the Eighty-fourth Legislature.

Bill provisions that would exempt select General Revenue-Dedicated accounts from Government Code, Section 403.095(b), would reduce the amount of funds available for general purpose spending in the 2016-17 Biennium by \$553.5 million. This estimated fiscal impact is based on the fiscal year 2015 ending balances for the affected accounts as reported in the Biennial Revenue Estimate for the 2016-17 Biennium and does not reflect appropriation decisions by the Eighty-fourth Legislature that may affect these account balances. The amount of unappropriated funds in the select General Revenue-Dedicated accounts above that would not be available for certification purposes in subsequent biennia would depend on actions of future Legislatures and cannot be

determined at this time.

According to the Comptroller (CPA), the estimated loss to the General Revenue Fund due to re-establishing the Texas Department of Motor Vehicles (DMV) Fund is \$250.7 million for the 2016-17 Biennium. The General Revenue loss due to the transfer to the DMV Fund in future years was projected forward at a 2 percent growth rate. The estimated transfer in fiscal year 2016 from the General Revenue Fund to the DMV Fund does not include unspent General Revenue-Dedicated appropriations for the 2014-15 biennium pursuant to House Bill 2202, Eighty-third Legislature, 2013, since that amount is unknown at this time.

Based on the Biennial Revenue Estimate for the 2016-17 Biennium, the loss to the General Revenue Fund due to rededicating the 20 percent surcharge on non-party compact waste to the General Revenue-Dedicated Environmental Radiation and Perpetual Care Account is \$6.5 million each fiscal year or \$13.0 million for the biennium. According to the Texas Commission on Environmental Quality, provisions in the bill would affect certain license fees and would, in turn, increase annual revenue to the new dedicated Environmental Radiation and Perpetual Care account by \$96,000.

Since provisions in this bill related to separate accounting for federal funds and a special fund in the State Treasury to hold federal funds depends on the passage of other, House Bill 8, or similar, legislation by the Eighty-fourth Legislature, the fiscal effects of these provisions are not reflected in the All Funds table above.

Finally, the fiscal impact relating to other funds, accounts, and revenue dedications that would be abolished and become part of the General Revenue Fund cannot be determined at this time. Similarly, any net gain or loss from the re-creation of existing funds or accounts as exempted in this bill are dependent upon the passage of another act of the Eighty-fourth Legislature and appropriation decisions 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, ZS, SD