LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

April 21, 2015

TO: Honorable John Otto, Chair, House Committee on Appropriations

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **HB7** by Darby (relating to the amounts, availability, and use of certain statutorily dedicated revenue and accounts; reducing or affecting the amounts or rates of certain statutorily dedicated fees and assessments.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB7, Committee Report 1st House, Substituted: a negative impact of ($150,380,626) through the biennium ending August 31, 2017. Provisions of the bill that reduce General Revenue-Dedicated funds would result in an additional negative impact on the amounts available for certification.

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:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2016	$10,439,687
2017	($160,820,313)
2018	($163,115,313)
2019	($165,148,313)
2020	($166,903,313)

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from *General Revenue Fund* 1	Probable Revenue Gain/(Loss) from *Foundation School Fund* 193	Probable Revenue Gain/(Loss) from *Coastal Protection Acct* 27	Probable Revenue Gain/(Loss) from *Clean Air Account* 151
2016	$42,042,687	($31,603,000)	$30,194	($2,907,000)
2017	($128,857,313)	($31,963,000)	$30,194	($2,965,000)
2018	($130,878,313)	($32,237,000)	$30,194	($3,024,000)
2019	($132,634,313)	($32,514,000)	$30,194	($3,085,000)
2020	($134,109,313)	($32,794,000)	$30,194	($3,147,000)

Fiscal Year	Probable Savings/(Cost) from *Motorcycle Education Acct* 501	Probable Revenue Gain/(Loss) from *Motorcycle Education Acct* 501	Probable Revenue Gain/(Loss) from *Petro Sto Tank Remed Acct* 655	Probable Revenue Gain/(Loss) from *Est Oth Educ & Gen Inco* 770
2016	($17,837,000)	($1,356,000)	($10,800,000)	$872,000
2017	$0	($1,429,000)	($10,800,000)	$890,000
2018	$0	($1,486,000)	($10,800,000)	$906,000
2019	$0	($1,546,000)	($10,800,000)	$918,000
2020	$0	($1,607,000)	($10,800,000)	$932,000

Fiscal Year	Probable Revenue Gain/(Loss) from *Texas Emissions Reduction Plan* 5071	Probable Savings/(Cost) from *System Benefit Account* 5100	Probable Revenue Gain/(Loss) from *Texas B-on-Time Student Loan Acct* 5103	Probable Revenue Gain/(Loss) from *Trauma Facility And Ems* 5111
2016	($9,700,000)	($226,696,539)	($61,000,000)	$112,591,000
2017	($10,860,000)	$0	($61,000,000)	$16,103,000
2018	($11,460,000)	$0	($61,000,000)	$16,103,000
2019	($11,770,000)	$0	($61,000,000)	$16,103,000
2020	($1,030,000)	$0	($61,000,000)	$16,103,000

Fiscal Year	Probable Savings/(Cost) from *Regional Trauma Account* 5137	Probable Revenue Gain/(Loss) from *Regional Trauma Account* 5137	Probable Revenue Gain/(Loss) from *Physician Ed. Loan Repayment* 5144	Probable Revenue Gain/(Loss) from *Alamo Complex* 5152
2016	($96,488,000)	($16,103,000)	($33,242,000)	$10,120
2017	$0	($16,103,000)	($32,496,000)	$10,120
2018	$0	($16,103,000)	($32,504,000)	$10,120
2019	$0	($16,103,000)	($32,510,000)	$10,120
2020	$0	($16,103,000)	($32,517,000)	$10,120

Fiscal Year	Probable Revenue Gain/(Loss) from *Oil & Gas Regulation* 5155	Probable Savings/(Cost) from *Educator Excellence Fund 5135*	Probable Savings/(Cost) from *Various General Revenue-Dedicated License Plate Accounts*	Probable Revenue Gain/(Loss) from *Various General Revenue-Dedicated License Plate Accounts*
2016	$6,716,000	($92,261,000)	($1,636,000)	$67,000
2017	$6,737,000	$0	$0	$67,000
2018	$6,751,000	$0	$0	$67,000
2019	$6,766,000	$0	$0	$67,000
2020	$6,783,000	$0	$0	$67,000

Fiscal Year	Probable Revenue Gain/(Loss) from *Texas Mobility Fund* 365	Probable Revenue Gain/(Loss) from *License Plate Trust Fund No. 0802* 802	Probable Revenue Gain/(Loss) from *Real Estate Trust Account* 969	Probable Revenue Gain/(Loss) from *Higher Education Instititutional Funds*
2016	$2,907,000	$1,703,000	($1,360,000)	$61,000,000
2017	$2,965,000	$67,000	($1,360,000)	$61,000,000
2018	$3,024,000	$67,000	($1,360,000)	$61,000,000
2019	$3,085,000	$67,000	($1,360,000)	$61,000,000
2020	$3,147,000	$67,000	($1,360,000)	$61,000,000

Fiscal Analysis

Among other provisions, the bill would implement certain recommendations in the Legislative Budget Board policy report, "Further Reduce Reliance on General Revenue-Dedicated Accounts for Certification of the State Budget" (February 2015) submitted to the Eighty-fourth Legislature, 2015.

The bill would amend the Business and Commerce Code, Section 102.054, to require that all sexually-oriented business fee collections be deposited to the General Revenue-Dedicated Sexual Assault Program Fund No. 5010. [Section 1.] The bill would make a related change, repealing Business and Commerce Code, Section 102.055 to eliminate the dedication of sexually oriented business fees in excess of the first $25 million collected in a fiscal biennium to the Texas Health Opportunity Pool.[Section 56(1).]

The bill would also amend Government Code, Section 420.008, to expand the purposes for which monies in Sexual Assault Program Fund No. 5010 may be appropriated to include: enforcement of human trafficking laws by any state agency or agency; funding to the Office of the Attorney General for grants to prevent sex trafficking and provide services for victims of sex trafficking, grants for sexual assault prevention and crisis services; funding to the Bureau of Business Research at the University of Texas at Austin to conduct research on sexual assault and domestic violence; and, any other designated state agency for the purpose of preventing sexual assault or improving services for victims of sexual assault. The Legislature would be required to give priority to certain appropriations to the Attorney General and the University of Texas at Austin. The bill would prohibit appropriations from Fund No. 5010 to any other agency or entity or for any other purpose from exceeding 20 percent of the Comptroller's biennial revenue estimate for the fund during a state fiscal biennium. [Section 8.]

The bill would amend the Education Code, Section 21.703, to remove language relating to the deposit of appropriated amounts to the Educator Excellence Innovation Fund No. 5135, and direct the Comptroller of Public Accounts (CPA) to transfer the unexpended balance in the fund to the General Revenue Fund within 90 days of the start of fiscal year 2016. [Sections 2 and 59, respectively.]

The bill would amend the Education Code, Chapter 56 to expand the purposes for which funds in the General Revenue-Dedicated Texas B-On-Time Student Loan Account No. 5103 may be appropriated to include appropriations to institutions of higher education (IHE) that contribute tuition set-asides to the account. The appropriation directly to IHEs, as authorized by the bill, may only be for purposes other than the Texas B-On-time loan program, and in proportion to the net amount the IHE previously contributed to the Texas B-On-Time Student Loan Account No. 5103. [Section 4.] The bill would also repeal Education Code, Section 56.465(f), ending the requirement that IHEs provide 5 percent of the 20 percent of tuition set-aside for financial assistance currently deposited to Account No. 5103. [Section 56(3).]

The bill would remove language directing the deposit of the medical tuition set-aside to the Physician Education Loan Repayment (PELRP) Account No. 5144. [Section 5.] The bill would repeal Section 61.539 of the Education Code, ending the 2 percent tuition set-aside for each student registered in a medical branch or school and related requirements for medical units of IHEs. [Section 56(4).] The bill would amend the Tax Code, Chapter 155 to redirect the smokeless tobacco products tax allocation currently deposited to the PELRP Account No. 5144 to the General Revenue Fund, if the Comptroller of Public Accounts determines that the unencumbered beginning balance in the PELRP Account is sufficient to fund appropriations and other direct and indirect costs allocated to the account for the current state fiscal year. The revenue redirected to the General Revenue Fund could only be appropriated for health care purposes.[Section 36.]

The bill would amend Government Code, Chapter 403 to exempt two additional General Revenue-Dedicated Accounts, the Coastal Protection Account No. 027 and the Alamo Complex Account No. 5152, from the reallocation of interest accrued in certain dedicated accounts to the General Revenue Fund. [Section 7.]

The bill would amend Chapter 614 of the Government Code to expand the purposes for which funds in the General Revenue-Dedicated Volunteer Fire Department Assistance Fund No. 5064 may be appropriated to include the state contribution for the Texas Emergency Services Retirement System (TESRS). [Section 9] Another provision affecting the Volunteer Fire Department Assistance Fund No. 5064 would exclude appropriations to the Texas A&M Forest Service for grants to volunteer fire departments in a total amount not to exceed $11.5 million and appropriations for state contributions to TESRS when setting the rate of the assessment on certain insurers for fiscal years 2016 and 2017. [Section 62.]

The bill would amend the Health and Safety Code, Section 361.014, to permit the Texas Commission on Environmental Quality (TCEQ) to provide funds from revenue collected from solid waste disposal and transportation fees deposited to the General Revenue-Dedicated Solid Waste Disposal Account No. 5000 for grants to encourage entities located in areas designated as in nonattainment of the federal clean air standard or an affected county designated in Health and Safety Code, Section 386.001, to convert heavy-duty vehicles used for solid waste collection into vehicles powered by natural gas engines. [Section 10.]

The bill would amend the Health and Safety Code, Section 361.133, to authorize the use of certain dedicated revenue in the General Revenue-Dedicated Hazardous and Solid Waste Remediation Account No. 550 for the environmental remediation of a closed battery recycling facility located in a municipality with a population of greater than 120,000. This provision would expire September 30, 2016. [Section 11.]

The bill would amend the Health and Safety Code, Section 382.0622(a) to clarify that $2 of the amount remitted to the state for two-year inspection certificate fees for new passenger cars and light trucks is deposited to the General Revenue-Dedicated Clean Air Account No. 151. [Section 12.]

The bill would repeal Chapter 782 of the Health and Safety Code to abolish the General Revenue-Dedicated Regional Trauma Account No. 5137 and direct the CPA to transfer the unexpended balance in the account to General Revenue-Dedicated Designated Trauma Facility and EMS Account No. 5111 within 90 days of the start of Fiscal Year 2016. [Sections 56(6) and 60, respectively.] The bill would also amend the Transportation Code, Sections 542.406(c) and 707.008(a) to direct revenue from violations of photographic traffic control signal enforcement systems (red light cameras) currently deposited to the Regional Trauma Account No. 5137 to the Designated Trauma Facility and EMS Account No. 5111. [Sections 14, 45 and 46.]

The bill would amend provisions in the Natural Resources Code, Chapter 81, to change the percentage of the fee for an exemption to certain rules deposited to the General Revenue-Dedicated Oil and Gas Regulatory and Cleanup Account No. 5155 from two-thirds of the proceeds to 100 percent of the proceeds. The bill would also redirect pipeline safety inspection fee revenue and the tax on crude petroleum from the General Revenue Fund to the Oil and Gas Regulatory and Clean Account No. 5155. [Sections 16, 19, 53 and 55.]

The bill would amend the Occupations Code, Subsection 153.0535(b) to expand the allowable uses of the General Revenue-Dedicated Public Assurance Account No. 5105 to include appropriations for the Texas Medical Board's licensing program. [Section 20.]

The bill would eliminate certain occupational license fees and taxes by repealing provisions in the Occupations Code, the Tax Code, and Article 581-41, Vernon's Texas Civil Statutes. The bill would repeal Sections 153.053, 201.153(b) and (c), 254.004(b), 351.153, 501.153, 801.154(b), (c) and (d), 901.406, 901.407, 901.410, 1001.206, 1051.652, 1052.0541, 1053.0521, 1071.1521, 1101.153, 1105.003(e), and 1152.053 of the Occupations Code; Subchapter H of Chapter 191 of the Tax Code; and Section 41 of Article 581-41, Vernon's Texas Civil Statutes. All the sections to be repealed (except Occupations Code, Section 153.053) involve a $200 fee collected from a variety of professionals, including: chiropractors; dentists; optometrists; psychologists; veterinarians; accountants; engineers; architects; landscape architects; interior designers; land surveyors; real estate brokers; property tax consultants; attorneys; and securities brokers. From this fee $50 is deposited to the Foundation School Fund No. 193 and the remaining $150 to the General Revenue Fund. From the fee for real estate brokers, $100 is deposited to General Revenue Fund, $50 to the Foundation School Fund, and $50 to the Texas A&M Real Estate Center. Occupations Code, Section 153.053 applies to physicians and includes three additional fees: a $200 license fee; a $200 fee for license reinstatement after cancellation; and a $400 fee for registration permits. Each fee is allocated as follows: 75 percent to the General Revenue Fund and 25 percent to the Foundation School Fund. [Sections 21-32, and Section 56(8)-56(23).]

The bill would amend the Occupations Code, Section 1701.156, to expand the allowable uses of the General Revenue-Dedicated Texas Commission on Law Enforcement Account No. 116 to include appropriations to the Department of Public Safety (DPS) for grants to local law enforcement agencies for training on incident-based reporting systems. The bill would allow DPS to adopt rules for the award of grants. [Section 33.] Another provision in the bill would remove any appropriations to DPS for incident-based reporting training grants from the allocation of account funds for continuing education provided by Section 1701.157(a) of the Occupations Code. [Section 34.]

The bill would amend the Tax Code, Section 151.0515, to limit the assessment of the 2% diesel surcharge on the sale, lease, or rental of certain equipment only to purchases made in counties located in areas certified by TCEQ as being in nonattainment of the federal clean air standard or an affected county listed in Health and Safety Code, Section 386.001.[Section 35.]

The bill would amend the Transportation Code, Section 504.6012, to require the CPA to set-aside the unexpended balances in any remaining General Revenue-Dedicated specialty license plate accounts, so they may be appropriated only for their dedicated purposes; and to provide that the receipts of the related license plate fees be deposited into an account within the License Plate Trust Fund No. 802. [Section 37.]

The bill would amend provisions in the Transportation Code, Chapters 521, 522 and Section 662.011, to abolish the General Revenue-Dedicated Motorcycle Education Fund No.501, eliminate that portion ($5) of certain drivers' license fees currently deposited to the fund, and direct the CPA to transfer the unexpended balance in the fund to the General Revenue Fund within 90 days of the start of fiscal year 2016. [Sections 38-44, 56(26), and 61.]

The bill would amend provisions in the Transportation Code, Sections 708.103 and 708.104, related to the Driver Responsibility Program to reduce annual surcharge amounts for driving with no insurance and driving with no license by 50 percent for offenders that come into compliance with applicable laws under certain conditions. The annual surcharge for a person convicted of operating a vehicle without liability insurance that obtains a liability insurance policy meeting state requirements and prepays the policy for a period of at least 6 months would be reduced from $250 to $125. The annual surcharge for a person convicted of driving without a valid drivers' license would be reduced from $100 to $50 should the person obtain a drivers license no later than 60 day after the date of the offense. [Sections 47 and 48, respectively.]

The bill would amend the Utilities Code, Sections 16.001, to rename the Assessment on Public Utilities to the Utility Gross Receipts Assessment, and change the manner in which the assessment is determined by the Public Utility Commission (PUC). The PUC would revise assessments in a manner that would result in the aggregate amount of assessments being equal to the lesser of one-sixth of one percent of total gross receipts of entities on which the assessments are imposed, or an amount equal to the total of amounts appropriated to PUC and the Office of Public Utility Counsel (OPUC) from a new General Revenue-Dedicated account for the fiscal year in which the assessments are due. [Section 49.] Additional provisions in the bill would amend the Utilities Code, Sections 16.004 and 16.005, to establish a new General Revenue-Dedicated Utility Gross Receipts Assessment Account in the General Revenue Fund, and require the CPA to deposit the collections from the utility gross receipts assessment into the new dedicated account. [Sections 50 and 51.] These changes would be deferred and applicable to an assessment due on or after August 15, 2017. Further, the bill would require PUC to impose the current assessment rate of one-sixth of one percent should the Commission fail to determine the assessment amount due on August 15, 2017. [Section 64.]

The bill would amend the Utilities Code, Section 39.9039(b), to eliminate the 15 percent cap on discount rates available to eligible, low-income customers in fiscal year 2016. The bill would also eliminate existing restrictions on the months (currently September 2015 and May through August, 2016) reduced rates would be available to eligible, low-income customers in fiscal year 2016. [Section 52.]

The bill would require TCEQ to exclude amounts appropriated by the Legislature from the General Revenue-Dedicated Petroleum Storage Tank Remediation Account No. 655 for monitoring or remediation of releases occurring on or before December 22,1998, when setting the petroleum product delivery fee. [Section 54.] Currently, TCEQ sets fee rates at levels sufficient to cover amounts appropriated from the account for petroleum storage tank administration, regulation, enforcement, and monitoring and cleanup of leaking petroleum storage tanks. When setting fees, the Commission does not consider the existing balance in the account. This provision would cause the unexpended balance in the account to be used to fund monitoring and cleanup of the remaining sites with releases reported to the TCEQ on or before December 1998.

The bill would take effect September 1, 2015.

This bill would do one or more of the following: create or recreate a dedicated account in the General Revenue Fund, create or recreate a special or trust fund either with or outside of the Treasury, or create a dedicated revenue source. The fund, account, or revenue dedication included in this bill would be subject to funds consolidation review by the current Legislature.

Methodology

Estimates of the fiscal impact of the bill are based on analysis of available information by Legislative Budget Board staff and on information provided by agencies, as indicated below. In some cases, the fiscal impact of provisions of the bill may change based on future actions taken by the Legislature, including decisions impacting appropriations and revenue collections.

The bill would expand the purposes for which funds in the Sexual Assault Program Fund No. 5010 may be appropriated, but prioritize appropriations to the Office of the Attorney General and the University of Texas at Austin Center and limits appropriations for other agencies, entities, or purposes to 20 percent of the Comptroller's biennial revenue estimate for the fund. Based on the Comptroller's Biennial Revenue Estimate for the 2016-17 biennium, this amount is $4.5 million. This fiscal note does not include any assumptions regarding the cost of appropriating funds for the existing and new allowable uses authorized by the bill.

According to CPA, the unexpended balance in the Educator Excellence Innovation Fund No. 5135 as of August 31, 2015 is projected to be $92.3 million. For the purposes of this fiscal note, this analysis assumes that this amount will be transferred to the General Revenue Fund within the first three months of fiscal year 2016.

Based on the Comptroller's Biennial Revenue Estimate for the 2016-17 biennium, the tuition set-aside deposited to the Texas B-On-Time Student Loan Account No. 5103 is estimated to be $61.0 million per fiscal year. Accordingly, the revenue loss to the Texas B-On-Time Account due to the repeal of the tuition set-aside is estimated to be $122.0 million for the 2016-17 biennium. There would be an equal, corresponding gain to IHEs Institutional Funds due to the elimination of the 5 percent tuition set-aside for the Texas B-On-Time Account. These are local funds, held outside the state Treasury, and are shown in the table above. The unencumbered balance in the Texas B-On-Time Student Loan Account No. 5103 available for appropriation directly to contributing IHEs would depend on amounts appropriated by the Eighty-fourth Legislature for the Texas B-On-Time program. This fiscal note does not include any assumptions regarding the cost of appropriating funds directly to IHEs as authorized by the bill.

Based on information provided by CPA, the 2 percent tuition set-aside for medical schools and branches is divided equally between the General Revenue Fund and the PELRP Account No. 5144. Accordingly, the revenue loss to both the General Revenue Fund and the PELRP Account No. 5144 due to the repeal of the set-aside is estimated to be $881,000 for the 2016-17 biennium. There is a corresponding gain of an estimated $1.8 million to medical schools, shown in the table above as Other Educational and General Funds (Fund 770).

According to the Comptroller's 2016-17 Biennial Revenue Estimate, the ending balance in the PELRP Account as of August 31, 2015 is projected to be $116.4 million. This estimate assumes the balance in the PERLP Account would be sufficient to fund 2016-17 appropriations and an estimated $64.9 million in smokeless tobacco tax receipts which would otherwise be deposited to the PERLP Account would instead be redirected to the General Revenue Fund in the 2016-17 biennium.

The fiscal impact of allowing the General Revenue-Dedicated Coastal Protection and Alamo Complex accounts to retain accrued interest is insignificant, resulting in an estimated loss to the General Revenue Fund of $40,313 each fiscal year and annual gains of $30,194 and $10,120 to the Coastal Protection and Alamo Complex accounts, respectively.

Because the fiscal impact of the bill's provisions relating to the Volunteer Fire Department Assistance Fund No. 5064 depends on appropriation decisions, it is not included in this estimate. The bill provides that appropriation up to $11.5 million to the Texas A&M Forest Service for grants to volunteer fire departments and any amounts appropriated for state contributions to TESR in the 2016-17 biennium would be funded out of the unexpended balance in Volunteer Fire Department Assistance Fund No. 5064, rather than the annual assessment on certain insurers. According to the Biennial Revenue Estimate for the 2016-17 biennium, the unexpended balance in Fund No. 5064 as of August 31, 2015 is projected to be $84.2 million.

The fiscal impact of expanding the allowable use of solid waste and transportation fees for grants to encourage entities located in clean air nonattainment areas and counties with deteriorating air quality to convert heavy-duty waste collection vehicles into natural gas vehicles depends on appropriation decisions and the demand for such incentives. This fiscal note does not include any assumptions regarding the cost of appropriating funds to TCEQ for this purpose.

TCEQ is authorized to spend funds out of the General Revenue-Dedicated Hazardous and Solid Waste Remediation Account No. 550 for the remediation of a closed battery recycling facility. The bill would extend this authority through September 30, 2016. Since funds are allocated in the 2014-15 biennium for the remediation of a battery recycling facility, it is assumed that this provision would have no significant fiscal impact.

According to the Comptroller, provisions in the bill pertaining to the allocation of fees from the initial inspection of new passenger cars and light trucks would result in a $5.9 million loss to the Clean Air Account and a gain to the Texas Mobility Fund in the same amount for the 2016-17 biennium.

According to the Comptroller, redirecting revenue from red light camera violations and penalties from the abolished Regional Trauma Account No. 5137 to the Designated Trauma Facility and EMS Account No. 5111 would result in a biennial revenue loss of $32.2 million to the Regional Trauma Account No. 5137 and a revenue gain of the same amount to the Designated Trauma Facility and EMS Account No. 5111. For purposes of this analysis, it is assumed that the fiscal year 2015 ending balance in the Regional Trauma Account No. 5137, which according to the 2016-17 Biennial Revenue Estimate is $96.5 million, will be transferred to the Designated Trauma Facility and EMS Account No. 5111 within the first three months of fiscal year 2016.

Provisions in the bill which would redirect certain oil and gas tax and fee revenue from the General Revenue Fund to the General Revenue-Dedicated Oil and Gas Regulatory and Cleanup Account No. 5155 would result in a loss to the General Revenue Fund and a corresponding gain to the Oil and Gas Regulatory and Cleanup Account of $13.5 million for the 2016-17 biennium. According to the Biennial Revenue Estimate for the 2016-17 biennium, the most significant of the affected revenue sources is the pipeline safety fee which is projected to generate $8.4 million during the 2016-17 biennium.

The fiscal impact of authorizing the use of the General Revenue-Dedicated Public Assurance Account No. 5105 for the Texas Medical Board's licensing program depends on appropriation decisions. This fiscal note does not include any assumptions regarding the cost of appropriating funds for this purpose.

The Biennial Revenue Estimate for the 2016-17 biennium was used, with projections made by the Comptroller for fiscal year 2017 and beyond, for determining the impact of the bill's provisions abolishing the additional $200 fee on various professionals. The estimated revenue loss for the 2016-17 biennium is $254.3 million. Of that amount, approximately $188.0 million would be the loss to the General Revenue Fund, $63.6 million the loss to the Foundation School Fund No.193, and a $2.7 million loss to the Texas A&M Real Estate Center. The loss to the Foundation School Fund would have no significant fiscal implications for the Foundation School Program.

The fiscal impact of authorizing the use of the Texas Commission on Law Enforcement Account No. 116 to fund training on incident-based reporting systems depends on appropriation decisions made by the House and the Senate. This fiscal note does not include any assumptions regarding the cost of appropriating funds for this purpose.

The CPA estimates that limiting the 2 percent surcharge on the sale, lease or rental of diesel engine-powered off-road equipment to areas in nonattainment of the federal clean air standard and counties with deteriorating air quality would result in a revenue loss to the General Revenue-Dedicated Texas Emissions Reduction Plan Account (TERP) No. 5071 of $20.6 million for the 2016-17 biennium. This estimate was based on the ratio of personal income in the counties where the surcharge would no longer be collected to total statewide income. Based on current law, TERP and related fees and taxes expire on August 31, 2019, which is reflected in the decline in the estimated revenue loss in fiscal year 2020.

The CPA estimates the unexpended balance in General Revenue-Dedicated license plate accounts to be approximately $1.6 million, and the annual revenue to these accounts to be $67,000 each fiscal year. For purposes of this analysis, it is assumed that the unexpended balance in the remaining General-Dedicated license plates and the annual revenue from license plate sales would be deposited to the License Plate Trust Fund No. 802.

Abolishing the General Revenue-Dedicated Motorcycle Education Fund No. 501 and transferring the unencumbered balance to the General Revenue Fund is expected to result in a one-time revenue gain to the General Revenue Fund of $17.8 million, the estimated balance in Fund No. 501 as of August 31, 2015. The revenue loss associated with eliminating the $5 surcharge on fees for certain driver's and motorcycle licenses is projected to be $2.8 million for the 2016-17 biennium.

The fiscal impact of reducing the Driver Responsibility Program surcharge amounts for driving with no insurance and driving with no license cannot be determined because the number of people that would be eligible for a reduced surcharge is unknown. To the extent Driver Responsibility Program surcharge revenue would be reduced, there would be a loss to the General Revenue Fund and the Designated Trauma Facility and EMS Account No. 5111.

The provisions in the bill related to the utility gross receipts assessment are projected to result in a revenue loss to the General Revenue Fund of approximately $58.9 million, beginning in fiscal year 2017, increasing to $61.6 million in fiscal year 2020. This analysis assumes that the utility assessment due on August 16, 2017 would be based on the amounts appropriated to the PUC and the Office of Public Utility Counsel (OPUC) for fiscal year 2018, rather than an assessment based on one-sixth of 1 percent of the total gross receipts of affected utilities. However, the amount of the assessment cannot be determined at this time because it would be based on amounts appropriated by the Eighty-fifth Legislature, 2017.

According to the PUC, eliminating the restrictions on the discount rate cap and the months in which the reduced rates are available to eligible, low-income customers would result in the remaining balance in the System Benefit Fund being expended by August 31, 2016. The agency estimates the remaining balance in the account to be approximately $227.0 million.

According to the Comptroller, the anticipated reduction in fees due to the use of the unexpended balance to fund remediation of sites with releases reported prior to December 1998 will result in a revenue loss to the General Revenue Fund of $440,000 in the 2016-17 biennium and to the Petroleum Storage Tank Remediation Account No. 655 of $21.6 million in the 2016-17 biennium. Based on actual expenditures in fiscal year 2014, TCEQ indicates that $10.8 million per fiscal year is spent for sites with releases reported prior to December 1998 from the Petroleum Storage Tank Remediation Account No. 655. This estimate assumes that costs continue at this level for the 2016-17 and future biennia. Current law provides that the Comptroller receive a 2 percent service charge from petroleum storage tank delivery fees. This amount is deposited to the General Revenue Fund.

Technology

No fiscal impact to technology is anticipated.

Local Government Impact

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

Source Agencies: 312 Securities Board, 407 Commission on Law Enforcement, 455 Railroad Commission, 459 Board of Architectural Examiners, 460 Board of Professional Engineers, 473 Public Utility Commission of Texas, 477 Commission on State Emergency Communications, 503 Texas Medical Board, 514 Optometry Board, 578 Board of Veterinary Medical Examiners, 601 Department of Transportation, 302 Office of the Attorney General, 304 Comptroller of Public Accounts, 326 Texas Emergency Services Retirement System, 405 Department of Public Safety, 529 Health and Human Services Commission, 537 State Health Services, Department of, 576 Texas A&M Forest Service, 582 Commission on Environmental Quality, 701 Central Education Agency, 781 Higher Education Coordinating Board

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