

BILL ANALYSIS

Senate Research Center
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C.S.H.B. 4488
By: Bonnen (Huffman)
Finance
5/23/2025
Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Every Texas Legislature for more than two decades has passed a bill to consolidate funds by specifying which general revenue-dedicated accounts are available to use for budget certification and which are exempt. The legislature has recently worked to reduce the state's reliance on dedicated accounts for budget certification by appropriating funds from those accounts for lawful purposes and exempting others from certification. H.B. 4488 seeks to achieve this goal and enable the fund consolidation process.

(Original Author's/Sponsor's Statement of Intent)

C.S.H.B. 4488 amends current law relating to the creation and re-creation of funds and accounts, the dedication and rededication of revenue and allocation of accrued interest on dedicated revenue, and the exemption of unappropriated money from use for general governmental purposes.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. DEFINITION. Defines "state agency."

SECTION 2. ABOLITION OF FUNDS, ACCOUNTS, AND DEDICATIONS. Provides that, except as otherwise specifically provided by this Act, all funds and accounts created or recreated by an Act of the 89th Legislature, Regular Session, 2025, that becomes law and all dedications or rededications of revenue collected by a state agency for a particular purpose by an Act of the 89th Legislature, Regular Session, 2025, that becomes law are abolished on the later of August 31, 2025, or the date the Act creating or re-creating the fund or account or dedicating or rededicating revenue takes effect.

SECTION 3. PREVIOUSLY EXEMPT DEDICATIONS, FUNDS, AND ACCOUNTS. Provides that Section 2 of this Act does not apply to: (1) statutory dedications, funds, and accounts that were enacted before the 89th Legislature convened to comply with requirements of state constitutional or federal law; (2) dedications, funds, or accounts that remained exempt from former Section 403.094(h), Government Code, at the time dedications, accounts, and funds were abolished under that provision; (3) increases in fees or other revenue dedicated as described by this section; or (4) increases in fees or other revenue required to be deposited in a fund or account described by this section.

SECTION 4. FEDERAL FUNDS. Provides that Section 2 of this Act does not apply to funds created under an Act of the 89th Legislature, Regular Session, 2025, for which separate accounting is required by federal law, except that the funds are required to be deposited in accounts in the general revenue fund unless otherwise required by federal law.

SECTION 5. TRUST FUNDS. Provides that Section 2 of this Act does not apply to trust funds or dedicated revenue deposited to trust funds created under an Act of the 89th Legislature,

Regular Session, 2025, except that the trust funds are required to be held in the state treasury, with the Comptroller of Public Accounts of the State of Texas (comptroller) in trust, or outside the state treasury with the comptroller's approval.

SECTION 6. BOND FUNDS. Provides that Section 2 of this Act does not apply to bond funds and pledged funds created or affected by an Act of the 89th Legislature, Regular Session, 2025, except that the funds are required to be held in the state treasury, with the comptroller in trust, or outside the state treasury with the comptroller's approval.

SECTION 7. CONSTITUTIONAL DEDICATIONS, FUNDS, AND ACCOUNTS. Provides that Section 2 of this Act does not apply to funds or accounts that would be created or re-created by the Texas Constitution or revenue that would be dedicated or rededicated by the Texas Constitution under a constitutional amendment proposed by the 89th Legislature, Regular Session, 2025, or to dedicated revenue deposited to funds or accounts that would be so created or re-created, if the constitutional amendment is approved by the voters.

SECTION 8. ADDITIONAL USES FOR DEDICATED FUNDS OR ACCOUNTS. Provides that Section 2 of this Act does not apply to a newly authorized use of money in a dedicated fund or dedicated account as provided by an Act of the 89th Legislature, Regular Session, 2025, to the extent the fund or account was exempted from abolition by an Act of the legislature that became law before January 1, 2025, and the newly authorized use is within the scope of the original dedication of the fund or account.

SECTION 9. ACCOUNTS IN GENERAL REVENUE FUND. Provides that, effective on the later of the effective date of the Act creating or re-creating the specified account or August 31, 2025, certain accounts, the revenue deposited to the credit of those accounts, and the revenue dedicated for deposit to the credit of those accounts are exempt from Section 2 of this Act and the accounts are created or re-created in the general revenue fund, if created or re-created by an Act of the 89th Legislature, Regular Session, 2025, that becomes law.

SECTION 10. SEPARATE FUNDS. Provides that, effective on the later of the effective date of the Act creating or re-creating the specified fund or August 31, 2025, certain funds, the revenue deposited to those funds, and the revenue dedicated for deposit to those funds are exempt from Section 2 of this Act and the funds are created or re-created as separate funds inside or outside the state treasury, as specified by the Act creating or re-creating the fund, if created or re-created by an Act of the 89th Legislature, Regular Session, 2025, that becomes law.

SECTION 11. REVENUE DEDICATIONS. Provides that, effective on the later of the effective date of the Act dedicating or rededicating the specified revenue or August 31, 2025, certain dedications or rededications of revenue collected for a particular purpose are exempt from Section 2 of this Act, if dedicated or rededicated by an Act of the 89th Legislature, Regular Session, 2025, that becomes law.

SECTION 12. REALLOCATION OF INTEREST ACCRUED ON CERTAIN DEDICATED REVENUE. (a) Provides that this section applies only to an account in the general revenue fund any part of which Section 403.095 (Use of Dedicated Revenue), Government Code, makes available for certification under Section 403.121 (Contents of Estimate), Government Code and that is created or re-created by an Act of the 89th Legislature, Regular Session, 2025.

(b) Provides that, except as provided by this Act, all interest and other earnings that accrue on all revenue held in an account in the general revenue fund are available for any general governmental purpose.

(c) Requires the comptroller, except as provided by this Act, to deposit all interest and other earnings that accrue on all revenue held in an account in the general revenue fund to the credit of the general revenue fund.

SECTION 13. AMENDMENT OF SECTION 403.095, GOVERNMENT CODE. Amends Sections 403.095(b), (d), and (f), Government Code, effective September 1, 2025, as follows:

(b) Provides that, notwithstanding any law dedicating or setting aside revenue for a particular purpose or entity, dedicated revenues that on August 31, 2027, rather than August 31, 2025, are estimated to exceed the amount appropriated by the General Appropriations Act or other laws enacted by the 89th, rather than 88th, Legislature are available for general governmental purposes and are considered available for the purpose of certification under Section 403.121.

(d)-(f) Makes conforming changes to these subsections.

SECTION 14. AMENDMENT OF SECTION 403.0956, GOVERNMENT CODE. Amends Section 403.0956, Government Code, effective September 1, 2025, to provide that Section 403.0956 (Reallocation of Interest Accrued on Certain Dedicated Revenue) does not apply to certain accounts or funds, including the program fund established under Section 29.353, Education Code, and to make nonsubstantive changes.

SECTION 15. AMENDMENT OF SECTION 504.6012, TRANSPORTATION CODE. Amends Section 504.6012, Transportation Code, effective September 1, 2025, as follows:

Sec. 504.6012. ELIMINATION OF DEDICATED REVENUE ACCOUNTS; REVENUES IN TRUST. (a) Requires the comptroller, notwithstanding any other law, not later than September 30, 2025, rather than September 30, 2023, to eliminate all dedicated accounts established for specialty license plates and set aside the balances of those dedicated accounts so that the balances may be appropriated only for the purposes intended as provided by the dedications.

(b) Makes a conforming change to this subsection.

SECTION 16. EFFECT OF ACT. (a) Provides that this Act prevails over any other Act of the 89th Legislature, Regular Session, 2025, regardless of the relative dates of enactment, that purports to create or re-create a special fund or account or to dedicate or rededicate revenue to a particular purpose, including any fund, account, or revenue dedication abolished under former Section 403.094, Government Code.

(b) Provides that an exemption from the application of Section 403.095, Government Code, contained in another Act of the 89th Legislature, Regular Session, 2025, that is exempted from the application of Section 2 of this Act has no effect.

(c) Requires that revenue that, under the terms of another Act of the 89th Legislature, Regular Session, 2025, would be deposited to the credit of a special account or fund be deposited to the credit of the undedicated portion of the general revenue fund unless the fund, account, or dedication is exempted under this Act.

(d) Provides that this Act prevails over any other Act of the 89th Legislature, Regular Session, 2025, regardless of the relative dates of enactment, that purports to allocate interest or other earnings that accrue on revenue held in an account in the general revenue fund any part of which Section 403.095, Government Code, makes available for certification under Section 403.121, Government Code.

SECTION 17. EFFECTIVE DATE. Effective date, except as otherwise provided by this Act: upon passage or on the 91st day after the last day of the legislative session.