

SUBJECT: Allowing TNRCC to reallocate appropriations

COMMITTEE: Appropriations — favorable, without amendment

VOTE: 15 ayes — Junell, West, Delisi, Glaze, Gutierrez, Hamric, Heflin, Puente, Allen, Hochberg, Luna, McReynolds, Pickett, Pitts, Smith

0 nays

12 absent — Coleman, Gallego, Maxey, P. Moreno, Mowery, S. Turner, Eiland, Farrar, Flores, Giddings, Janek, T. King

SENATE VOTE: On final passage, April 10 — voice vote

WITNESSES: (*On companion bill, HB 3026:*)
For — None

Against — Mary Miksa, Texas Association of Business and Chambers of Commerce

On — Cindy Morpew, Texas Oil and Gas Association; Jon Fisher, Texas Chemical Council; *Registered but did not testify:* Robert Huston, Texas Natural Resource Conservation Commission

DIGEST: SB 1060 would allow the Texas Natural Resource Conservation Commission (TNRCC) to transfer a percentage of appropriated funds from one budget item to another. The agency could transfer funds from dedicated accounts up to an amount that was equal to seven percent of the agency's total appropriations for the biennium or \$20 million, whichever was less. A transfer of more than \$500,000 would have to be approved by the commission in an open meeting. TNRCC would have to notify the governor and the Legislative Budget Board before reallocating any funds between accounts.

The bill would take effect September 1, 2001.

SUPPORTERS
SAY:

SB 1060 would allow TNRCC to reallocate a percentage of funds from one fee source to another. The Legislature recognizes agencies' need to respond to changing priorities by allowing, through a rider in Article 9 of the general appropriations bill, the transfer of appropriations from one strategy to another. However, statutory restrictions on 30 to 40 fees assessed by TNRCC prevent the agency from reallocating funds to other areas of need. The bill would allow TNRCC to benefit from the same flexibility enjoyed by other agencies.

The bill also would provide checks to control the reallocation of funds. The agency would have to notify the governor and LBB before it could reallocate any funds. In addition, no more than seven percent of the agency's total appropriation or \$20 million, whichever was lower, could be transferred. A transfer over \$500,000 would require approval by TNRCC commissioners in a public meeting.

OPPONENTS
SAY:

Over the years, TNRCC has become increasingly dependent on fee revenue and less dependent on general revenue. The percentage of TNRCC's budget coming from fees has increased to more than 80 percent. Fees are supposed to cover costs associated with specific TNRCC activities. If TNRCC were allowed to transfer those fees among accounts, regulated industries such as solid waste would have to pick up the tab for the cost of TNRCC's non-regulatory activities, such as public water programs, that should be funded by the public.

NOTES:

The companion bill, HB 3026 by Chisum was left pending on April 9 in the House Appropriations Committee.

The House committee amendment to the Senate engrossed version would require the TNRCC to notify the governor and the LBB of any decision to reallocate funds between accounts prior to reallocation.