

SUBJECT: Authorizing reductions in Article 7 agencies

COMMITTEE: Appropriations — favorable, without amendment

VOTE: 17 ayes — Heflin, Luna, Berman, Branch, B. Brown, F. Brown, Crownover, J. Davis, Ellis, Hamric, Hope, Hupp, Isett, Pickett, Pitts, Stick, Wohlgemuth

0 nays

12 absent — Deshotel, Dukes, Eiland, Gutierrez, E. Jones, Kolkhorst, McClendon, Menendez, Raymond, Solis, Truitt, Turner

WITNESSES: None

BACKGROUND: Art. 3, sec. 35 of the Texas Constitution limits bills to one subject, except for general appropriations bills, which can include various subjects and accounts. However, this provision has been interpreted as prohibiting the general appropriations bill from changing substantive law. In other words, appropriations bills deal only with spending. Because the levels of funding in an appropriations bill assume certain programmatic changes, the statutory changes required to meet that funding level are contained in other legislation.

On April 17, the House passed HB 1 by Heflin, the House version of the general appropriations bill for fiscal 2004-2005. The Senate passed its version of the bill on April 29, and the bill now is in conference committee.

The statutory changes required to implement the final version of the state budget will be contained in a series of bills, all of which have been reported favorably by the House Appropriations Committee.

For further discussion of issues in the state budget, see HRO State Finance Report Number 78-2, *CSHB 1: The House Appropriation's Committee's Proposed Budget for Fiscal 2004-05*, April 9, 2003.

DIGEST: HB 3443 would specify that the Legislature may reduce or eliminate appropriations required by statute for business and economic development agencies that receive state funds under Article 7 of the general appropriations act, notwithstanding any other statute, to achieve a balanced budget.

Notwithstanding any other statute, the Texas Aerospace Commission, Texas Department of Economic Development, Texas Department of Housing and Community Affairs, Texas Lottery Commission, Office of Rural Community Affairs, Texas Department of Transportation, and Texas Workforce Commission could reduce expenditures by:

- consolidating reports, delivering them by electronic means, or using electronic transmission for other communications such as billing or certificates;
- extending the effective period of any license, permit, or registration issued by the agency;
- entering into a contract with another entity to perform the agency's duties;
- adopting additional eligibility requirements for people who receive benefits from the agency, while ensuring that the benefits would be received by the most deserving beneficiaries; and
- adopting fees to cover operating costs.

The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2003.

NOTES:

The companion bill, SB 1871 by Bivins, was referred to the Senate Finance Committee on March 20.

Other bills that would make statutory revisions to implement HB 1 are:

- HB 3306 by Berman, relating to appropriations for the judiciary in Article 4, which also is on today's Major State Calendar;
- HB 3305 by Berman, relating to appropriations for criminal justice agencies in Article 5;
- HB 3378 by Hope, relating to appropriations for Article 8 regulatory agencies;
- HB 3441 by Pickett, relating to appropriations for general government agencies in Article 1;
- HB 3442 by Pickett, relating to appropriations for natural resources agencies in Article 6;

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- HB 3459 by Pitts, relating to appropriations for agencies of public education and higher education in Article 3; and
- HB 3519 by Wohlgemuth, relating to appropriations for health and human services agencies in Article 2.