

SUBJECT: Updating dedicated fund balances available for budget certification

COMMITTEE: Appropriations — favorable, without amendment

VOTE: 22 ayes — Zerwas, Longoria, C. Bell, G. Bonnen, Buckley, Capriglione, Cortez, S. Davis, M. González, Hefner, Howard, Jarvis Johnson, Miller, Muñoz, Sherman, Smith, Stucky, Toth, J. Turner, VanDeaver, Walle, Wilson

1 nay — Schaefer

4 absent — Minjarez, Rose, Sheffield, Wu

WITNESSES: For — None

Against — None

On — (*Registered, but did not testify*: Jennifer Quereau and Brendon Riggs, Legislative Budget Board; Dolores Fojtasek, Sam Miller, and Jennifer Duran, Texas Comptroller of Public Accounts)

BACKGROUND: General revenue dedicated funds are funds collected for a specific purpose designated in state law. In 1991, during a process called funds consolidation, the Legislature began phasing out restrictions on many dedicated revenue funds and changing the methods of fund accounting. While some funds were abolished, some were not. Since that time, the Legislature has enacted funds consolidation bills detailing which funds, accounts, and dedications were exempt from being abolished.

Unappropriated cash balances in general revenue dedicated accounts are counted as available to certify general revenue fund appropriations, according to the Legislative Budget Board's *Fiscal Size-Up for the 2018-19 Biennium*. Government Code sec. 403.095(b) makes dedicated revenue that on August 31, 2019, exceeds appropriated or encumbered amounts available for general government purposes and considers that dedicated revenue to be available for budget certification.

Texas Constitution, Art. 3, sec. 49a limits state spending to the amount of revenue the comptroller estimates will be available during the two-year budget period. The comptroller must certify that the state will have enough revenue to pay for approved spending.

DIGEST:

HB 3317 would update references in Government Code sec. 403.095(b) that govern the use of dedicated revenues to extend its provisions through fiscal 2021 and to make them apply to the 86th Legislature. The section would expire September 1, 2021. As a result, dedicated revenues that on August 31, 2021, were estimated to exceed the amount appropriated by the general appropriations act or other laws enacted by the 86th Legislature would be available for general purposes and would be considered available for budget certification.

The bill would abolish funds and accounts created, recreated, or dedicated by the 86th Legislature on the later of August 31, 2019, or the date of when the act creating or dedicating them took effect.

Excluded from being abolished would be dedications, funds, and accounts that were enacted before the 86th Legislature convened to comply with requirements of state constitutional or federal law or that remained exempt from being abolished during funds consolidation. Abolition also would not apply to increases in fees or in other dedicated revenue and to increases in fees required to be deposited in a fund or account that was previously excluded. Certain federal funds, trust funds, bond funds, and constitutional funds also would be excluded.

The bill would not abolish newly authorized dedications or uses of dedicated funds or dedicated accounts, as provided by the 86th Legislature, if an act affected a fund or account that was exempted from fund consolidation before January 1, 2019, and the newly authorized use was within the scope of the original dedication.

Interest or other earnings accruing on revenue in accounts in the general revenue fund that are available for certification would be available for any

general governmental purpose. This would not apply to interest on seven funds or types of funds listed in the bill.

By September 30, 2019, the comptroller would have to take actions related to specialty license plates that were last applied to those accounts in 2015. The comptroller would have to eliminate all dedicated accounts established for specialty license plates and set aside the balances of those dedicated accounts for appropriations only for the purposes in their dedication. After September 1, 2019, the portion of a fee designated for a dedicated account would have to be paid instead to an account in a trust fund outside the general revenue fund which could be allocated only as provided for in the dedications of the revenue.

The bill would prevail over any other act of the 86th Legislature that attempted to create a special fund or account or to dedicate revenue. Any exemption from Government Code sec. 403.095 provisions governing the use of dedicated revenue that was in another act of the 86th Legislature would have no effect. Revenue that would be deposited in a special account or fund under another act of the 86th Legislature would be deposited in the undedicated portion of the general revenue fund unless exempted under the bill.

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 on the 91st day after the last day of the legislative session.