

## **BILL ANALYSIS**

Senate Research Center  
84R29863 MK-D

C.S.H.B. 7  
By: Darby et al. (Nelson)  
Finance  
5/14/2015  
Committee Report (Substituted)

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

For more than 20 years, certain unspent dedicated revenue in the general revenue fund has counted toward overall budget certification. There is concern that these amounts have grown substantially during that time. C.S.H.B. 7 seeks to address the amounts, availability, and use of certain statutorily dedicated revenue and accounts and to reduce or affect the amounts or rates of certain statutorily dedicated fees and assessments.

C.S.H.B. 7 amends current law relating to the amounts, availability, and use of certain statutorily dedicated revenue and accounts, provides for the dedication and use of certain state revenue, and reduces or affects the amounts or rates of certain statutorily dedicated fees and assessments.

[**Note:** While the statutory reference in this bill is to the Texas Natural Resource Conservation Commission (TNRCC), the following amendments affect the Texas Commission on Environmental Quality, as the successor agency to TNRCC.]

### **RULEMAKING AUTHORITY**

Rulemaking authority is expressly granted to the Department of Public Safety of the State of Texas in SECTION 20 (Section 1701.156, Occupations Code) of this bill.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 102.054, Business and Commerce Code, to require the comptroller of public accounts of the State of Texas (comptroller) to deposit the amounts, rather than the first \$25 million, received from the fee imposed on certain sexually oriented businesses under this subchapter, rather than under this subchapter in a state fiscal biennium, to the credit of the sexual assault program fund.

SECTION 2. Amends Section 21.703, Education Code, as follows:

Sec. 21.703. New heading: AMOUNT OF GRANT AWARD. (a) Requires the Texas Education Agency (TEA), each fiscal year, to provide each school district approved on a competitive basis under this subchapter with a grant in an amount determined by TEA in accordance with commissioner of education (commissioner) rule.

Deletes existing text requiring the commissioner, each state fiscal year, to deposit an amount determined by the General Appropriations Act to the credit of the educator excellence innovation fund in the general revenue fund. Deletes existing text requiring TEA, each fiscal year, to use money in the educator excellence innovation fund to provide each school district approved on a competitive basis under this subchapter with a grant in an amount determined by TEA in accordance with commissioner rule.

(b) Makes no change to this subsection.

SECTION 3. Amends Section 61.5391(a), Education Code, to change a reference to money deposited under Section 61.539(b) (requiring that the amount set aside be transferred to the comptroller to be deposited in the physician education loan repayment program account

established under 61.5391 (Physician Education Loan Repayment Program Account)) or 61.5392 (Federal Matching Funds) to money deposited under Section 61.5392.

SECTION 4. Amends Subchapter B, Chapter 403, Government Code, by adding Section 403.0143, as follows:

Sec. 403.0143. REPORT ON USE OF GENERAL REVENUE-DEDICATED ACCOUNTS. Requires the comptroller, after each regular session of the legislature, to issue a report that itemizes each general revenue-dedicated account and the estimated balance and revenue in each account that is considered available for the purposes of certification of appropriations as provided by Section 403.095 (Use of Dedicated Revenue). Requires the comptroller to publish the report on the comptroller's Internet website.

SECTION 5. Amends Section 403.0956, Government Code, to include the coastal protection account, the Alamo complex account, and the artificial reef account among the funds to which this section does not apply.

SECTION 6. Amends Section 420.008(c), Government Code, as follows:

(c) Authorizes the legislature to appropriate money deposited to the credit of the sexual assault program fund only to:

(1) the attorney general, for:

(A)-(F) Makes no change to these paragraphs;

(G) Makes a nonsubstantive change;

(H) Makes no change to this paragraph;

(I) grants to prevent sex trafficking and to provide services for victims of sex trafficking; and

(J) grants to carry out the purpose of this chapter, including standardizing the quality of services provided, preventing sexual assault, and improving services to survivors of sexual assault;

(2) Makes no change to this subdivision;

(3) the Institute on Domestic Violence and Sexual Assault or the Bureau of Business Research at The University of Texas at Austin, to conduct research on all aspects of sexual assault and domestic violence;

(4) and (5) Makes no change to these paragraphs;

(6) DPS, rather than the Department of Public Safety of the State of Texas (DPS), to support sexual assault training for commissioned officers;

(7) and (8) Makes no change to these subdivisions;

(9) the Texas Juvenile Justice Department, rather than the Texas Youth Commission, for increasing the number of incarcerated juvenile sex offenders receiving treatment;

(10) Makes a nonsubstantive change;

(11) the Texas Supreme Court (supreme court), to be transferred to the Texas Access to Justice Foundation, rather than the Texas Equal Access to Justice Foundation, or a similar entity, to provide victim-related legal services to sexual

assault victims, including legal assistance with protective orders, relocation-related matters, victim compensation, and actions to secure privacy protections available to victims under law;

(12) any state agency or organization for the purpose of conducting human trafficking enforcement programs; and

(13) any other designated state agency for the purpose of preventing sexual assault or improving services for victims of sexual assault.

SECTION 7. Amends Section 614.104, Government Code, by amending Subsections (a) and (b) and adding Subsection (d), as follows:

(a) Changes a reference to Article 5.102, Insurance Code, to Chapter 2007 (Assessment for Rural Fire Protection), Insurance Code.

(b) Creates an exception under Subsections (c) and (d).

(d) Authorizes money in the fund to be appropriated for a contribution to the Texas Emergency Services Retirement System subject to Section 865.015 (State Contributions).

SECTION 8. Amends Section 361.014(a), Health and Safety Code, to provide that the activities to enhance the state's solid waste management program may include the provision of funds for grants to encourage entities located in an affected county or a nonattainment area, as defined by Section 386.001 (Definitions), to convert heavy-duty vehicles used for municipal solid waste collection into vehicles powered by natural gas engines.

SECTION 9. Amends Section 361.133, Health and Safety Code, by adding Subsection (c-1), as follows:

(c-1) Authorizes money in the hazardous and solid waste remediation fee account attributable to fees imposed under Section 361.138 (Fee on the Sale of Batteries), notwithstanding Subsection (c) (authorizing the Texas Natural Resource Conservation Commission to use the money collected and deposited to the credit of the account under this section only for certain tasks and expenses) to be used for environmental remediation at the site of a closed battery recycling facility located in the municipal boundaries of a municipality with a population of greater than 120,000. Provides that this subsection expires September 30, 2016.

SECTION 10. Amends Section 382.0622(a), Health and Safety Code, as follows:

(a) Provides that the Clean Air Act fees consist of:

(1) Makes no change to this subdivision;

(2) \$2 from the portion of each fee collected for inspections of vehicles other than mopeds and remitted to the state under Sections 548.501 (Inspection Fees Generally) and 548.503 (Initial Two-Year Inspection of Passenger Car or Light Truck), Transportation Code, rather than Section 548.501, Transportation Code; and

(3) Makes no change to this subdivision.

SECTION 11. Amends the heading to Section 780.002, Health and Safety Code, to read as follows:

Sec. 780.002. CERTAIN DEPOSITS TO ACCOUNT.

SECTION 12. Amends Section 780.003(b), Health and Safety Code, to provide that the designated trauma facility and emergency medical services account is composed of money

deposited to the credit of the account under Sections 542.406 (Deposit of Revenue from Certain Traffic Penalties) and 707.008 (Deposit of Revenue from Certain Traffic Penalties), Transportation Code, and under Section 780.002 of this code, rather than under Section 780.002, and the earnings of the account.

SECTION 13. Amends Section 2007.002, Insurance Code, as follows:

Sec. 2007.002. ASSESSMENT. Requires the comptroller to assess against all insurers to which this chapter applies amounts for each state fiscal year necessary, as determined by the commissioner of insurance, to collect a combined total equal to the lesser of the total amount that the General Appropriations Act appropriates from the volunteer fire department assistance fund account in the general revenue fund for that state fiscal year other than appropriations for contributions to the Texas Emergency Services Retirement System made under Section 614.104(d), Government Code, or \$30 million, rather than the lesser of the total amount that the General Appropriations Act appropriates from the volunteer fire department assistance fund account in the general revenue fund for that state fiscal year and \$30 million.

SECTION 14. Amends Section 81.0521(c), Natural Resources, Code, as follows:

(c) Requires that the proceeds from this fee for application for exception to Railroad Commission rule, excluding any penalties collected in connection with the fee, be deposited to the oil and gas regulation and cleanup fund as provided by Section 81.067 (Oil and Gas Regulation and Cleanup Fund).

Deletes existing text requiring that two-thirds of the proceeds from this fee, excluding any penalties collected in connection with the fee, be deposited to the oil and gas regulation and cleanup fund as provided by Section 81.067.

SECTION 15. Amends Section 81.067(c), Natural Resources Code, as follows:

(c) Provides that the oil and gas regulation and cleanup fund consists of:

(1)-(18) Makes no change to these subdivisions;

(19) fees collected under Section 81.0521 (Fee for Application for Exception to Railroad Commission Rule), rather than two-thirds of the fees collected under Section 81.0521;

(20) and (21) Makes no change to these subdivisions;

(22) and (23) Makes nonsubstantive changes;

(24) money deposited to the credit of the fund under Section 81.112 (Disposition of Tax Proceeds);

(25) fees collected under Subchapter E (Pipeline Safety), Chapter 121, Utilities Code; and

(26) fees collected under Section 27.0321 (Application Fee), Water Code.

SECTION 16. Reenacts Section 81.068, Natural Resources Code, as amended by Chapters 835 (H.B. 7) and 1075 (H.B. 3309), Acts of the 83rd Legislature, Regular Session, 2013, and amends it as follows:

Sec. 81.068. PURPOSES OF OIL AND GAS REGULATION AND CLEANUP FUND. Provides that money in the oil and gas regulation and cleanup fund may be used by the Railroad Commission of Texas or its employees or agents for any purpose related to the regulation of oil and gas development, including oil and gas monitoring and inspections, oil and gas remediation, and oil and gas well plugging, the study and evaluation of

electronic access to geologic data and surface casing depths necessary to protect usable groundwater in this state, alternative fuels programs under Section 81.0681 (Alternative Fuels Programs), the administration of pipeline safety and regulatory programs, public information and services related to those activities, and administrative costs and state benefits for personnel involved in those activities.

SECTION 17. Amends Section 81.112, Natural Resources Code, to require that the tax be deposited in the oil and gas regulation and cleanup fund as provided by Section 81.067 (Oil and Gas Regulation and Cleanup Fund), rather than in the General Revenue Fund.

SECTION 18. Amends Section 153.0535(b), Occupations Code, to provide that the public assurance account is an account in the general revenue fund that is required to be appropriated only to the Texas Medical Board (TMB) to pay for TMB's licensure and enforcement programs, including the expert physician panel.

SECTION 19. Amends Section 1105.003(d), Occupations Code, to delete an exception under Subsection (e) (requiring certain fees collected under certain sections to be deposited in certain funds in the state treasury).

SECTION 20. Amends Section 1701.156, Occupations Code, by adding Subsection (c), as follows:

(c) Authorizes DPS to use money appropriated to DPS from the law enforcement officer standards and education fund account to award grants to local law enforcement agencies for training on incident-based reporting systems to be used for reporting information and statistics concerning criminal offenses committed in this state. Requires DPS to adopt rules governing the award of grants by DPS under this subsection.

SECTION 21. Amends Section 1701.157, Occupations Code, by adding Subsection (a-1), to provide that Subsection (a) does not apply to money appropriated to DPS from the law enforcement officer standards and education fund account for the purpose of awarding grants to local law enforcement agencies for training on incident-based reporting systems under Section 1701.156(c).

SECTION 22. Amends Section 155.2415, Tax Code, as follows:

Sec. 155.2415. ALLOCATION OF CERTAIN REVENUE TO PROPERTY TAX RELIEF FUND AND CERTAIN OTHER FUNDS. (a) Creates this subsection from existing text. Requires that the proceeds from the collection of taxes imposed by Section 155.0211 (Tax Imposed on Tobacco Products Other Than Cigars), notwithstanding Section 155.241 (Allocation of Tax), to be allocated as follows:

(1) and (2) Makes no change to these subdivisions;

(3) 100 percent of the remaining proceeds are required to be deposited to the credit of:

(A) Creates this paragraph from existing text; or

(B) the general revenue fund, if the comptroller determines that the unencumbered beginning balance of the physician education loan repayment account established under Subchapter J (Repayment of Certain Physician Education Loans), Chapter 61, Education Code, is sufficient to fund appropriations and other direct and indirect costs from that account for the fulfillment of existing and expected physician loan repayment commitments during the current state fiscal biennium.

(b) Provides that proceeds deposited in accordance with Subsection (a)(3)(B) may be appropriated only for health care purposes.

SECTION 23. Amends Section 504.6012, Transportation Code, 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, 2015, to eliminate all dedicated accounts established for specialty license plates. Requires the comptroller to 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.

Deletes existing text requiring the comptroller, notwithstanding any other provision of this subchapter, not later than September 30, 2013, to eliminate all dedicated accounts established for specialty license plates under this subchapter.

(b) Requires that the portion of a fee payable, rather than a fee payable under this subchapter, that is designated for deposit to a dedicated account, on and after September 1, 2015, rather than on and after September 1, 2013, to be paid instead to the credit of an account in a trust fund created by the comptroller outside the general revenue fund. Makes no further change to this subsection.

SECTION 24. Amends Section 542.406(c), Transportation Code, as follows:

(c) Requires a local authority (a county, municipality, or other local entity authorized to enact traffic laws under the laws of this state, or a school district created under the laws of this state when it is designating school crossing guards for schools operated by the district), not later than the 60th day after the end of a local authority's fiscal year, after deducting amounts the local authority is authorized by Subsection (d) (authorizing a local authority to retain an amount necessary to cover the costs of certain traffic signal related purchases, installations, operations, and maintenance) to retain, to:

(1) send 50 percent of the revenue derived from civil or administrative penalties collected by the local authority under this section to the comptroller for deposit to the credit of the designated trauma facility and emergency medical services account, rather than the regional trauma account, established under Section 780.003 (Account), Health and Safety Code, rather than under Section 782.002 (Regional Trauma Account), Health and Safety Code; and

(2) Makes no change to this subdivision.

SECTION 25. Amends Section 707.008(a), Transportation Code, as follows:

(a) Requires a local authority, not later than the 60th day after the end of a local authority's fiscal year, after deducting amounts the local authority is authorized by Subsection (b) (authorizing a local authority to retain an amount necessary to cover the costs of certain photographic traffic signal enforcement system related purchases, installations, operations, and maintenance) to retain, to:

(1) send 50 percent of the revenue derived from civil or administrative penalties collected by the local authority under this section to the comptroller for deposit to the credit of the designated trauma facility and emergency medical services account, rather than the regional trauma account, established under Section 780.003, Health and Safety Code, rather than under Section 782.002, Health and Safety Code; and

(2) Makes no change to this subdivision.

SECTION 26. Amends Section 708.103, Transportation Code, by amending Subsection (b) and adding Subsection (c), as follows:

(b) Creates an exception under Subsection (c).

(c) Provides that the amount of a surcharge under this section is \$125 per year if the person:

(1) has been convicted of an offense under Section 601.191 (Operation of Motor Vehicle in Violation of Motor Vehicle Liability Insurance Requirement; Offense), and no other offense described by Subsection (a) (requiring DPS, each year, to assess a surcharge on the license of each person who during the preceding 36-month period has been convicted of certain offenses); and

(2) establishes financial responsibility under Section 601.051 (Requirement of Financial Responsibility) not later than the 60th day after the date of the offense through a motor vehicle liability insurance policy that:

(A) complies with Subchapter D (Establishment of Financial Responsibility Through Motor Vehicle Liability Insurance), Chapter 601; and

(B) is prepaid and valid for at least a six-month period.

SECTION 27. Amends Section 708.104, Transportation Code, by amending Subsection (b) and adding Subsection (b-1), as follows:

(b) Creates an exception under Subsection (b-1).

(b-1) Provides that the amount of a surcharge under this section is \$50 per year if the person obtains a driver's license not later than the 60th day after the date of the offense.

SECTION 28. Amends Section 39.9039(b), Utilities Code, to authorize money in the system benefit fund, notwithstanding Section 39.903(e), to be appropriated for the state fiscal year beginning September 1, 2015, a program established by PUC to assist low-income electric customers by providing a reduced rate in the manner prescribed by Section 39.903(h) (requiring PUC to adopt rules for a retail electric provider to determine a reduced rate for eligible customers to be discounted off the standard retail service package as approved by PUC, or the price to beat established by a Section 39.202 (Price to Beat), whichever is lower) at a rate PUC determines is necessary to exhaust the system benefit fund, rather than providing a reduced rate for the months of September, 2015, and May through August, 2016, in the manner prescribed by Section 39.903(h) at a rate of up to 15 percent. Makes no further change to this subsection.

SECTION 29. Amends Section 121.211(h), Utilities Code, as follows:

(h) Requires that a pipeline safety and regulatory fee collected under this section be deposited to the credit of the oil and gas regulation and cleanup fund, rather than the general revenue fund, as provided by Section 81.067 (Oil and Gas Regulation and Cleanup Fund), Natural Resources Code, rather than to be used for the pipeline safety and regulatory program.

SECTION 30. Amends Section 27.0321, Water Code, as follows:

Sec. 27.0321. APPLICATION FEE. (a) Creates this subsection from existing text and makes no further change.

(b) Requires that the fee collected under this section be deposited to the credit of the oil and gas regulation and cleanup fund as provided by Section 81.067, Natural Resources Code.

SECTION 31. Repealer: Section 102.055 (Allocation of Additional Revenue), Business and Commerce Code.

Repealer: Section 61.539 (Medical School Tuition Set Aside for Certain Loan Repayments), Education Code.

Repealer: Section 780.003(c) (providing that Sections 403.095 and 404.071, Government Code, do not apply to a certain account), Health and Safety Code.

Repealer: Chapter 782 (Regional Emergency Medical Services), Health and Safety Code.

Repealer: Section 81.113 (Use of Tax Proceeds), Natural Resources Code.

SECTION 32. Requires DPS to, not later than January 1, 2016, adopt rules as required by Section 1701.156(c), Occupations Code, as added by this Act.

SECTION 33. Provides that the changes in law made by this Act to Sections 708.103 and 708.104, Transportation Code, apply to a surcharge pending on the effective date of this Act, regardless of when the surcharge was assessed.

SECTION 34. Requires the comptroller, not later than the 90th day of the state fiscal year beginning September 1, 2015, to transfer any remaining balance in the educator excellence innovation fund account No. 5135 to the credit of the general revenue fund.

SECTION 35. Requires the comptroller, not later than the 90th day of the state fiscal year beginning September 1, 2015, to transfer any remaining balance in the regional trauma account No. 5137 to the credit of the designated trauma facility and EMS account No. 5111 in the general revenue fund.

SECTION 36. (a) Requires the comptroller, notwithstanding Section 2007.002, Insurance Code, as amended by this Act, for the state fiscal years beginning September 1, 2015, and beginning September 1, 2016, to assess against all insurers to which Chapter 2007, Insurance Code, applies amounts for that state fiscal year necessary, as determined by the commissioner of insurance, to collect a combined total equal to the lesser of:

(1) the total amount that the General Appropriations Act appropriates from the volunteer fire department assistance fund account in the general revenue fund for that state fiscal year other than:

(A) appropriations for contributions to the Texas Emergency Services Retirement System made under Section 614.104(d), Government Code, as added by this Act; and

(B) appropriations to the Texas A&M Forest Service for grants to volunteer fire departments in a total amount not to exceed \$11,500,000; or

(2) \$30 million.

(b) Provides that this section expires September 1, 2017.

SECTION 37. Provides that the changes in law made by this Act do not affect a surcharge, additional fee, additional charge, fee increase, tax, or late fee imposed before the effective date of this Act, and the law in effect before the effective date of this Act is continued in effect for purposes of the liability for and collection of those surcharges, additional fees, additional charges, fee increases, taxes, and late fees.

SECTION 38. Effective date: September 1, 2015.