PROCLAMATION
BY THE
Governor of the State of Texas

TO ALL TO WHOM THESE PRESENTS SHALL COME:

House Bill 1, the General Appropriations Bill, has reached my desk for action, having been duly certified by the Comptroller of Public Accounts pursuant to Article III, Section 49a of the Texas Constitution. In combination with House Bill 4, Senate Bill 1898, and Senate Bill 886, the Seventy-fifth Legislature appropriates an estimated $87.1 billion from all fund sources and $48.9 billion from general revenue-related funds for the fiscal biennium beginning September 1, 1997.

In January, I submitted a balanced budget that met the priority needs of this state while reserving a billion dollars for a net cut in local school taxes. With the cooperation of the members of the Seventy-fifth Legislature, that billion dollar tax cut will become a reality when voters approve House Joint Resolution 4 this August. That billion dollars, reflected as a $10,000 increase in the homestead exemption, will be the largest tax cut in the history of this state, surpassing the three-year tax cut enacted in several pieces of legislation under Governors Briscoe and Clements in 1978 and 1979, and will continue into future biennia.

I believe government should be limited, but efficient, reflecting sound fiscal management. House Bill 1 reflects this philosophy. Under House Bill 1, state government’s share of the economy declines. The underlying spending growth of 6.5 percent is substantially less than the projected 11.1 percent growth in the Texas economy over the next two years. In fact, adjusting for population and inflation, the state budget actually falls by 2.3 percent. The number of state employees is set at 222,766.5 in 1999 — a reduction of almost 10,000 positions compared to 1997. In addition, the budget reflects sound fiscal policies by leaving almost $450 million unspent or available for unforeseen emergencies.

Our budget shifts greater funds to the local level, where communities are best equipped to make the decisions that affect Texans’ lives. State aid for our local schools in House Bill 1 is at its highest level in over a decade. We offer $200 million in aid for local school facilities; at the same time, we eliminate the recapture of school facility taxes. House Bill 1 provides $20 million in new grant funds for defense-dependent communities to support the diversification of their local economies. We provide additional aid for local juvenile probation departments, to continue the implementation of a progressive sanctions model.

House Bill 1 places a premium on personal responsibility. It meets the commitment we made in 1995 to bring the capacity of our juvenile justice system to over 5,000 beds. Necessary funding is also provided to meet our duty to accept inmates sentenced to the Department of Criminal Justice.

House Bill 1 offers a helping hand so that those in need may take charge of their own lives and better themselves. It offers over $200 million in increased funds for job training, child care, and education services to help get Texans back to work. It gives young students a better chance to excel in school by funding greater efforts on reading in the early grades.

Under House Bill 1, hard-working state employees receive a $100 per month pay increase and the minimum teacher salary is increased six percent over two years. Opportunities for Texans to pursue a higher education are improved through increased scholarship funds and tuition equalization grants. Improved quality in higher education is also supported by increased funding and a new formula system for general academic institutions.
This is a responsible budget which includes the largest tax cut in our state’s history, yet fully funds the basic needs of our growing state. Accordingly, I apply my veto authority sparingly.

My item vetoes, totaling approximately $48.4 million, would eliminate funding included for proposed legislation which did not pass and for legislation which I have vetoed. I hereby veto the following items from House Bill 1, Seventy-fifth Legislature, Regular Session, 1997, and include a statement of my objections to each of those items:

**ARTICLE I - GENERAL GOVERNMENT**

Texas Incentive and Productivity Commission Page I-63

10. Contingency Appropriation for Senate Bill 784. Contingent upon passage of SB 784 or similar legislation by the Seventy-fifth Legislature, Regular Session, funds are hereby appropriated according to the provisions contained herein to the Texas Incentive and Productivity Commission for administrative costs incurred under Texas Government Code Chapter 2108. Riders 3, 5, 6, 7, and 8 above are hereby eliminated, and riders 1 and 2 are hereby modified to authorize agencies whose savings have been certified by the Commission to pay employee awards as specified in Texas Government Code Chapter 2108. The Commission is also authorized to enter into interagency agreements with participating agencies and such funds are hereby appropriated for the purposes of conducting specialized agency activities to enhance participation and for implementing an on-line transmission system related to the Commission’s programs.

This veto action deletes a rider that was contingent upon proposed legislation which did not pass.

**ARTICLE II - HEALTH AND HUMAN SERVICES**

Department of Protective and Regulatory Services Page II-83

24. Contingency Appropriation for Senate Bill 359: Background and Criminal History Checks. Contingent upon the enactment of Senate Bill 359, or similar legislation requiring background and criminal history checks for certain individuals associated with child-care facilities and family homes, by the Seventy-fifth Legislature, Regular Session, the Department of Protective and Regulatory Services is hereby appropriated $145,381 for fiscal year 1998 and $145,381 for fiscal year 1999 out of the General Revenue Fund for the purpose of implementing that Act. The Department of Protective and Regulatory Services is hereby authorized to transfer the appropriation made pursuant to this provision to the appropriate strategy items listed above. The appropriation made pursuant to this provision shall have no effect if Senate Bill 1539, or similar legislation requiring more frequent (biennial) background and criminal history checks for individuals associated with child-care facilities and family homes, is enacted by the Seventy-fifth Legislature, Regular Session.

Senate Bill 1539 was signed into law; therefore, this rider has no effect.

Special Provisions Relating to All Health and Human Services Agencies Page II-96

25. Contingency Appropriation for House Bill 2385. Contingent upon the enactment of House Bill 2385, or similar legislation by the Seventy-fifth Legislature, Regular Session, the Health and Human Services Policy Council is hereby appropriated $250,000 for fiscal year 1999 out of the General Revenue Fund. In addition, the Health and Human Services Commission is hereby directed to transfer three full-time equivalent positions and $170,000 from funds appropriated elsewhere in this Act to the Health and Human Services Policy Council in fiscal year 1999. Funds appropriated by this provision may be expended for capital budget purposes notwithstanding limitations on capital budget expenditures elsewhere in this Act.
Although House Bill 2385 has been signed into law, the bill as finally passed by the Legislature did not include the purposes for which this appropriation was made. This veto action eliminates the funding that was intended for purposes not enacted.

ARTICLE III - EDUCATION

Texas State Technical College - Sweetwater Page III-196

3. Contingency for Senate Bill 1577 - Transfer of Rural Technology Center. Contingent upon passage of Senate Bill 1577 or similar legislation transferring the Rural Technology Center to Midwestern State University, $413,600 from general revenue funds in Strategy A.1.5., Rural Technology Center and $183,128 from Strategy D.3.3., Rural Technology Center Physical Plant for fiscal year 1999 are hereby appropriated to Midwestern State University. The Texas State Technical College Board of Regents shall transfer the governance, operation, management, and control of the system’s Rural Technology Center, along with all right, title, and interest held by the system in the facilities, improvements, equipment, supplies and property comprising that Rural Technology Center, to the Board of Trustees of Midwestern State University, effective September 1, 1998.

This veto action deletes a rider that was contingent upon proposed legislation which did not pass.

ARTICLE IV - JUDICIARY

Judiciary Section, Comptroller’s Department Page IV-21

7. Contingency Appropriation, New District Courts. Contingent on the enactment of Senate Bill 20, Seventy-fifth Legislature, Regular Session, or similar legislation, the Judiciary Section, Comptroller’s Department is hereby appropriated out of the General Revenue Fund $92,217 for fiscal year 1998 and $92,217 in fiscal year 1999 for each additional district court created effective September 1, 1997 and a pro rata amount out of the General Revenue Fund for each additional district court created with an effective date after September 1, 1997 pursuant to Senate Bill 20.

Senate Bill 20 was vetoed by the Governor; consequently, this veto action eliminates funding proposed for the implementation of that bill.

ARTICLE V - PUBLIC SAFETY AND CRIMINAL JUSTICE

Department of Public Safety Page V-54

48. Contingency Appropriation for House Bill 1200. Contingent upon the enactment of House Bill 1200, or similar legislation relating to extended driver’s licenses, by the Seventy-fifth Legislature, Regular Session, the Department of Public Safety is hereby appropriated $1,854,882 for fiscal year 1998 and $144,139 for fiscal year 1999 out of Fund 006 for the purpose of implementing that Act. The Department of Public Safety is hereby authorized to transfer the appropriation made pursuant to this provision to the appropriate strategy items listed above.

Funds appropriated by this provision may be expended for capital budget purposes notwithstanding limitations on capital budget expenditures elsewhere in this Act. Also contingent on the enactment of House Bill 1200, or similar legislation, the “Number of Full-time Equivalent Positions (FTE)” figure indicated above is hereby increased 9 for fiscal year 1998 and by 9 for fiscal year 1999.

This veto action eliminates the appropriation made for the second year of the biennium. Appropriations made to the Department of Public Safety to implement House Bill 1200 reflect expected costs related to a previous version of the bill. The $1,854,882 appropriated for fiscal
year 1998 will enable the Department of Public Safety to implement required fee and renewal modifications to the driver’s license systems.

ARTICLE VI - NATURAL RESOURCES

Department of Agriculture Page VI-5

14. Contingency Appropriation for Senate Bill 1355. Contingent upon the enactment of Senate Bill 1355 or similar legislation relating to regulation of retail stores by the Seventy-fifth Legislature, Regular Session, the Department of Agriculture is hereby appropriated $418,333 for fiscal year 1998 and $227,561 for fiscal year 1999 out of additional revenues collected pursuant to Senate Bill 1355 for the purpose of implementing that Act. The department is authorized to transfer the appropriation made pursuant to this provision to the appropriate strategy items listed above.

Senate Bill 1355 was vetoed by the Governor; consequently, this veto action eliminates funding proposed for the implementation of that bill.

Animal Health Commission Page VI-7

4. Contingency Appropriation for Senate Bill 1124. Contingent upon the enactment of Senate Bill 1124, or similar legislation relating to the regulation of aquaculture, by the Seventy-fifth Legislature, Regular Session, the Animal Health Commission is hereby appropriated $13,000 for fiscal year 1998 and $13,000 for fiscal year 1999 out of revenues collected pursuant to Senate Bill 1124 for the purpose of implementing that Act. The Animal Health Commission is hereby authorized to transfer the appropriation made pursuant to this provision to the appropriate strategy items listed above.

This veto action deletes a rider that was contingent upon proposed legislation which did not pass.

General Land Office and Veterans’ Land Board Page VI-14

20. Contingency Appropriation for Senate Bill 1339. Contingent upon the enactment of Senate Bill 1339, or similar legislation relating to Coastal Erosion, by the Seventy-fifth Legislature, Regular Session, the General Land Office is hereby appropriated $103,800 for fiscal year 1998 and $135,500 for fiscal year 1999 out of additional revenues collected pursuant to Senate Bill 1339 for the purpose of implementing that Act. The General Land Office is hereby authorized to transfer the appropriation made pursuant to this provision to the appropriate strategy items listed above.

This veto action deletes a rider that was contingent upon proposed legislation which did not pass.

Natural Resource Conservation Commission Page VI-27

29. Contingency Appropriation for Senate Bill 1586: Scrap Tire Recycling Account, Unexpended Balances. Contingent upon the enactment of Senate Bill 1586, or similar legislation relating to the Scrap Tire Recycling Program, by the Seventy-fifth Legislature, Regular Session, the Texas Natural Resource Conservation Commission (TNRCC) is hereby appropriated an amount not to exceed $9,665,460 which is one-half of the estimated fund balance of the Scrap Tire Recycling Fund (Account #5001) as of August 31, 1997. These funds shall only be used to make payments to actual end users of shredded tire pieces and of whole scrap tires from a priority enforcement list site identified in an inventory conducted by the TNRCC after September 1, 1997.

The Texas Natural Resource Conservation Commission is hereby authorized to transfer the appropriations made pursuant to this provision to the appropriate strategy items listed above. Any unexpended balances from the appropriation as of August 31, 1997 are hereby appropriated for the same purpose for the fiscal year beginning September 1, 1998.
This veto action deletes a rider that was contingent upon proposed legislation which did not pass.

30. Contingency Appropriation for Senate Bill 1586. Contingent upon the enactment of Senate Bill 1586, or similar legislation relating to the Scrap Tire Recycling Program, by the Seventy-fifth Legislature, Regular Session, the Texas Natural Resources Conservation Commission is hereby appropriated $12,496,455 for fiscal year 1998 and $22,500,000 for fiscal year 1999 out of additional revenues collected pursuant to Senate Bill 1586 for the purpose of implementing that Act. The Texas Natural Resource Conservation Commission is hereby authorized to transfer the appropriations made pursuant to this provision to the appropriate strategy items listed above.

Also contingent upon the enactment of Senate Bill 1586, or similar legislation, the "Number of Full-time Equivalent Positions (FTE)" figure indicated above is hereby increased by 27.2 for fiscal year 1998 and by 27.2 for fiscal year 1999.

The following incremental changes to key measure targets reflect funding levels contingent upon enactment of Senate Bill 1586, by the Seventy-fifth Legislature, Regular Session:

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<th>For the Years Ending</th>
<th>August 31,</th>
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<td>Percent of Used Tires Forwarded to End-use (percentage points)</td>
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<td>Number of Registered Waste Tire Processors</td>
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This veto action deletes a rider that was contingent upon proposed legislation which did not pass.

ARTICLE VIII - REGULATORY

Office of Consumer Credit Commissioner

Page VIII-25

3. Contingency Appropriation for Senate Bill 1781. Contingent upon enactment of Senate Bill 1781, or similar legislation relating to consumer credit counseling and education, by the Seventy-fifth Legislature, Regular Session, the Office of the Consumer Credit Commissioner is hereby appropriated $100,000 for fiscal year 1998 and $100,000 for fiscal year 1999 out of additional revenues collected pursuant to Senate Bill 1781 for the purpose of implementing the Act. The Office of the Consumer Credit Commissioner is hereby authorized to transfer the appropriation made pursuant to this provision to the appropriate strategy items listed above.

This veto action deletes a rider that was contingent upon proposed legislation which did not pass.
12. Contingency Appropriation: Senate Bill 976. Contingent upon enactment of Senate Bill 976, or similar legislation by the Seventy-fifth Legislature relating to providing ombudsman services to Medicare recipients enrolled in managed care plans, the Department of Insurance is hereby appropriated $42,375 in fiscal year 1998 and $37,229 in fiscal year 1999 from the Texas Department of Insurance Operating Fund Account 0036-General Revenue Dedicated for the purpose of implementing that Act. Also contingent on the enactment of Senate Bill 976 or similar legislation, the "Number of Full-time Equivalent Positions (FTE)" figure indicated above is hereby increased by one for fiscal year 1998 and by one for fiscal year 1999. The Department of Insurance is hereby authorized to transfer the appropriation made pursuant to this provision to the appropriate strategy items listed above.

This veto action deletes a rider that was contingent upon proposed legislation which did not pass.

11. Contingency Appropriation for House Bill 1391. Contingent upon the enactment of House Bill 1391, or similar legislation relating to continuing education requirements for air conditioning and refrigeration licensees, by the Seventy-fifth Legislature, Regular Session, the Department of Licensing and Regulation is hereby appropriated $12,000 for fiscal year 1998 and $43,364 for fiscal year 1999 out of additional revenue collected pursuant to House Bill 1391 for the purpose of implementing that Act. The Department of Licensing and Regulation is hereby authorized to transfer the appropriation made pursuant to this provision to the appropriate strategy items listed above.

This veto action deletes a rider that was contingent upon proposed legislation which did not pass.

13. Contingency Appropriation for Senate Bill 627. Contingent upon the enactment of Senate Bill 627, or similar legislation relating to the licensing and regulation of bail bondsmen, by the Seventy-fifth Legislature, Regular Session, the Department of Licensing and Regulation is hereby appropriated $134,180 for fiscal year 1998 and $118,310 for fiscal year 1999 out of additional revenue collected pursuant to Senate Bill 627 for the purpose of implementing that Act. The Department of Licensing and Regulation is hereby authorized to transfer the appropriation made pursuant to this provision to the appropriate strategy items listed above. Also contingent on the enactment of Senate Bill 627, or similar legislation, the "Number of Full-time Equivalent Positions (FTE)" figure indicated above is hereby increased by three for fiscal year 1998 and by three for fiscal year 1999.

This veto action deletes a rider that was contingent upon proposed legislation which did not pass.

5. Contingency Appropriation for Senate Bill 1699. Contingent upon the enactment of Senate Bill 1699, or similar legislation relating to a physician profile, by the Seventy-fifth Legislature, Regular Session, the Board of Medical Examiners is hereby appropriated $256,367 for fiscal year 1998 and $42,702 for fiscal year 1999 out of additional revenues collected pursuant to Senate Bill 1699 for the purpose of implementing that Act. Also contingent on the enactment of Senate Bill 1699, or similar legislation, the "Number of Full-time Equivalent Positions (FTE)" figure indicated above is hereby increased by 5.0 for fiscal year 1998 and by 2.0 for fiscal year 1999. The Board of Medical Examiners is hereby authorized to transfer the appropriation made pursuant to this provision to the appropriate strategy items listed above.
4. **Contingency Appropriation: Senate Bill 805.** Contingent upon the enactment of Senate Bill 805, or similar legislation relating to the licensing of plumbers in certain incorporated and unincorporated areas of the state, by the Seventy-fifth Legislature, Regular Session, the Board of Plumbing Examiners is hereby appropriated $386,876 for fiscal year 1998 and $314,876 for fiscal year 1999 out of general revenue for the purpose of implementing that Act. Such appropriations are also contingent on the Board of Plumbing Examiners assessing fees sufficient to generate, during the 1998-99 biennium, $736,346 in excess of: (1) $3,741,893, Object Code 3175, contained in the Comptroller of Public Accounts’ Biennial Revenue Estimate for 1998 and 1999, and (2) the $72,000 required to be raised in rider 3. The Board of Plumbing Examiners, upon completion of necessary actions to assess or increase such additional fees, shall furnish copies of board minutes and other information supporting the estimated revenues to be generated for the 1998-99 biennium under the revised fee structure to the Comptroller of Public Accounts. If the Comptroller finds the information sufficient to support the projection of increased revenues, a finding of fact to that effect shall be issued and the contingent appropriation shall be made available for the intended purposes. Funds appropriated by this provision may be expended for capital budget purposes, notwithstanding limitations on capital budget expenditures elsewhere in this Act. Also contingent on the enactment of Senate Bill 805, or similar legislation, the "Number of Full-time Equivalent Positions (FTE)" figure indicated above is hereby increased by two for fiscal year 1998 and by two for fiscal year 1999.
House Bill 1 was received by the Governor's Office less than ten days prior to adjournment of the Regular Session of the Seventy-fifth Legislature. I have signed House Bill 1, which shall be filed with the Secretary of State, together with this Proclamation stating my objections to individual items of appropriation therein. In accordance with Article IV, Section 14 of the Texas Constitution, individual items of appropriation objected to shall be of no force or effect. The remaining portion of the bill shall be effective according to its terms.

The Secretary of State shall take notice of this action and notify the Legislature.

IN TESTIMONY WHEREOF, I have hereunto signed my name officially and caused the seal of the State to be affixed hereeto at Austin, this 21st day of June, 1997.

[Signature]
George W. Bush
Governor of Texas

Antonio O. Garza, Jr.
Secretary of State