

- SUBJECT:** Dedicated fund balances available for budget certification
- COMMITTEE:** Appropriations — favorable, without amendment
- VOTE:** 22 ayes — Zerwas, Longoria, Ashby, G. Bonnen, Capriglione, Cospers, S. Davis, Dean, Giddings, Gonzales, González, Howard, Koop, Muñoz, Jr., Perez, Phelan, Raney, Roberts, J. Rodriguez, Sheffield, VanDeaver, Walle
- 0 nays
- 5 absent — Dukes, Miller, Rose, Simmons, Wu
- WITNESSES:** For — Vance Ginn, Texas Public Policy Foundation
- Against — (*Registered, but did not testify:* Adam Cahn, Cahnman's Musings)
- On — (*Registered, but did not testify:* Rob Coleman, Comptroller)
- 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, many were not. Each session since 1995, the Legislature has enacted a funds consolidation bill detailing which funds, accounts, and dedications were exempt from being abolished.
- Since 1991, unappropriated balances in dedicated accounts have been counted as available to certify general revenue fund appropriations, according to the Legislative Budget Board's *Fiscal Size-Up* for the 2016-17 Biennium. Government Code, sec. 403.095(b), makes dedicated revenue that on August 31, 2017, 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. For fiscal 2016-17 there was \$3.5 billion in general revenue dedicated accounts available for certification, according to *Fiscal Size-Up* for the 2016-17 Biennium.

DIGEST:

HB 3849 would update references in Government Code, sec. 403.095(b) that govern the use of dedicated revenues to extend its provisions through fiscal 2019 and to make them apply to the 85th Legislature. The section would expire September 1, 2019. As a result, dedicated revenues that on August 31, 2019, were estimated to exceed the amount appropriated by the general appropriations act or other laws enacted by the 85th 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 84th Legislature on the later of August 31, 2017, or the date of when the act creating or dedicating them took effect.

Excluded from abolition would be dedications, funds, and accounts that:

- were enacted before the 85th Legislature convened to comply with requirements of state constitutional or federal law; or
- remained exempt from abolition during funds consolidation in 1991.

Abolition also would not apply to increases in fees or in other dedicated revenue and increases in fees required to be deposited in a fund or account covered by the bill. 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, dedicated accounts, or dedicated revenue as provided by the 85th Legislature if an act affected a fund, account, or revenue that was exempted from fund consolidation before January 1, 2017. Dedicated

funds, dedicated accounts, and dedicated revenue that were exempt from funds consolidation before January 1, 2017, could be used as provided by an act of the 85th Legislature. Changes in names or uses of previously exempted dedicated funds or accounts would not affect the dedication of the fund or account.

The bill would prevail over any other act of the 85th 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 85th Legislature would have no effect. Revenue that would be deposited in a special account or fund under another act of the 85th Legislature would be deposited in the undedicated portion of the general revenue fund unless exempted under HB 3849.

This 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.

NOTES:

A companion bill, SB 2218 by Nelson, was referred to the Senate Finance Committee on March 29.