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HOUSE RESEARCH ORGANIZATION

daily floor report

Wednesday, May 03, 2017
85th Legislature, Number 62
The House convenes at 10 a.m.
Part Two

Eighty-three bills and two joint resolutions are on the daily calendar for second-reading consideration today. Those analyzed or digested in Part Two of today's *Daily Floor Report* are listed on the following page.

Dwayne Bohac
Chairman
85(R) - 62

HOUSE RESEARCH ORGANIZATION
Daily Floor Report
Wednesday, May 03, 2017
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Part 2

HB 1566 by Frullo	Expanding mediation procedures for certain health benefit claims	37
HB 1633 by Rodriguez	Expanding eligibility for certain bill payment assistance programs	40
HB 1776 by Ashby	Replacing the U.S. history EOC test with the civics test for citizenship	42
HB 1753 by Farrar	Allowing beneficiary designations of motor vehicles by owners	46
HB 2468 by S. Davis	Studying the assessments used to make parole decisions	49
HB 2529 by Meyer	Defining coercion for the purposes of human trafficking offenses	51
HB 3921 by Parker	Reporting, addressing financial exploitation of certain vulnerable adults	53
HB 2646 by Martinez	Allowing certain advance purchases of property for transportation projects	57
HB 2771 by Phelan	Eliminating a fee collected for wastewater treatment permit applications	59
HB 3537 by Geren	Use of fish, game license fees when sent to deferred maintenance account	61
HB 3593 by Bernal	Addressing career and technology education provided by public schools	63
HB 4237 by Moody	Expanding eligibility for mental health first aid training program	66
HB 855 by Capriglione	Managing, investing new stabilization, legacy accounts within ESF	68
HB 1808 by Meyer	Committing certain sex offenses against child regardless of knowing age	74
HB 3849 by Zerwas	Dedicated fund balances available for budget certification	76

SUBJECT: Expanding mediation procedures for certain health benefit claims

COMMITTEE: Insurance — committee substitute recommended

VOTE: 9 ayes — Phillips, Muñoz, R. Anderson, Gooden, Oliverson, Paul, Sanford, Turner, Vo

0 nays

WITNESSES: For — Blake Hutson, AARP Texas; Stacey Pogue, Center for Public Policy Priorities; Amanda Martin, Texas Association of Business; Jamie Dudensing, Texas Association of Health Plans; David Teuscher, Texas Medical Association; (*Registered, but did not testify*: Shelby Massey, American Heart Association; Patricia Kolodzey, Blue Cross Blue Shield of Texas; Gyl Switzer, Mental Health America of Texas; Greg Hansch, National Alliance on Mental Illness (NAMI) Texas; Will Francis, National Association of Social Workers-Texas Chapter; Adriana Kohler, Texans Care for Children; Lee Manross, Texas Association of Health Underwriters; Jennifer Cawley, Texas Association of Life and Health Insurers; Ann Fickel, Texas Classroom Teachers Association; Michael Grimes, Texas College of Emergency Physicians; Craig Holzheaser, Texas EMS Alliance; Sara Gonzalez, Texas Hospital Association; Joshua Houston, Texas Impact; Kathy Hutto, Texas Occupational Therapy Association; Rachael Reed, Texas Ophthalmological Association; Bobby Hillert, Texas Orthopaedic Association; Jenna Courtney, Texas Radiological Society; Brock Gregg, Texas Retired Teachers Association; Price Ashley, Texas Society of Pathologists; Dwight Harris, Texas AFT)

Against — None

On — Jill Sluder, Texas Ambulatory Surgery Center Society; Rick Morris, Texas Attorney Mediators Coalition; (*Registered, but did not testify*: Doug Danzeiser, Beverly Rosendahl, and Jamie Walker, Texas Department of Insurance; Katrina Daniel, Teacher Retirement System)

BACKGROUND: Insurance Code, ch. 1467 establishes mandatory mediation of certain settlements of an out-of-network health benefit claim. An individual

qualifies for mediation if he or she receives benefits through a preferred provider benefit plan or a plan under the Texas Employees Group Benefits Act. An enrollee can request mediation if:

- the bill is $500 after copayments, deductibles, and coinsurance; and
- the claim is for a medical service or supply provided by a facility-based physician in a hospital that is a preferred provider or that has a contract with the administrator of the health benefit plan.

Facility-based physicians include radiologists, anesthesiologists, pathologists, emergency department physicians, neonatologists, or assistant surgeons.

If an enrollee requests mediation, the physician, or a representative, and the insurer or administrator must participate in the mediation.

DIGEST:

CSHB 1566 would expand mandatory mediation procedures for settlements to certain out-of-network health benefit claims. An individual would qualify for mediation if he or she received benefits through the Teacher Retirement System of Texas (TRS), including TRS-Care and TRS-ActiveCare. Mediation could be requested for a claim for emergency care or a health care service or supply provided by a physician, health care practitioner, facility or other health care provider. Facilities under this provision would include a licensed ambulatory surgical center, birthing center, hospital, or a freestanding emergency medical care facility.

The bill also would require facility-based providers and emergency care providers to include certain information in a bill for an out-of-network health benefit claim eligible for mediation. The bill would have to contain a plain-language explanation of the mediation process, a statement on the possibility of reduced out-of-pocket expenses, and certain contact information for the Texas Department of Insurance. This language requirement also would apply to an explanation of benefits sent to an enrollee by an insurer or administrator.

The bill also would repeal the requirement that a mediator report bad faith mediation to the commissioner of the Texas Medical Board.

The bill would take effect September 1, 2017, and would apply only to a claim for health care, medical services, or supplies provided on or after January 1, 2018.

SUPPORTERS SAY:

CSHB 1566 would allow more consumers to use mediation to reduce the costs of unexpected medical bills. Mediation has proven to be an effective tool, reducing the amount of an average balance bill from $1,150 to $180. However, several health care facilities, insurance providers, and health plans do not currently qualify for mandatory mediation services. This expansion is needed to reduce the burden of health care costs on Texans.

The bill also would better inform consumers of the mediation procedures by adding certain disclosure language to medical bills sent to enrollees.

The bill would not need to address insurance companies because current law already requires a health benefit plan to provide an estimate of payments that will be made for a procedure within 10 days of an enrollee's request.

OPPONENTS SAY:

While CSHB 1566 seeks to better inform patients of potential bills, it would not go far enough to expand requirements for more transparent billing information to insurance companies, which ultimately determine the amount of expenses covered. The bill would place those requirements only on insurance providers, so consumer still could receive surprise medical bills.

NOTES:

A companion bill, SB 507 by Hancock, was substituted and reported favorably from the House Committee on Insurance on May 2.

SUBJECT: Expanding eligibility for certain bill payment assistance programs

COMMITTEE: State Affairs — favorable, without amendment

VOTE: 12 ayes — Cook, Giddings, Craddick, Farrar, Guillen, K. King, Kuempel, Meyer, Oliveira, Paddie, E. Rodriguez, Smithee

0 nays

1 absent — Geren

WITNESSES: For — Maria Garcia, CPS Energy; Robert Puente, San Antonio Water System (SAWS); (*Registered, but did not testify*: Megan Dodge, City of San Antonio; Donovan Burton and Hope Wells, San Antonio Water System (SAWS); Jennifer Allmon, Texas Catholic Conference of Bishops; Walt Baum, Texas Public Power Association)

Against — None

BACKGROUND: Government Code, sec. 1502.056(a) makes utility customers of municipally owned utilities eligible for bill payment assistance in municipalities of more than one million but less than two million if they are low-income and have been threatened with disconnection from service for nonpayment of bills.

Some observers note that low-income families who are customers of the municipally owned utility systems in San Antonio, CPS Energy and the San Antonio Water System, are ineligible for the utilities' bill payment assistance programs unless they have been threatened with disconnection due to nonpayment of bills.

DIGEST: HB 1633 would make low-income utility customers of municipally owned utilities eligible for bill payment assistance in municipalities of more than 1 million but less than 2 million regardless of whether they had been threatened with disconnection from service for nonpayment of bills.

The bill would take effect September 1, 2017.

NOTES: A companion bill, SB 758 by Menéndez, was approved by the Senate on March 30 and reported favorably from the House Committee on State Affairs on May 1.

SUBJECT: Replacing the U.S. history EOC test with the civics test for citizenship

COMMITTEE: Public Education — committee substitute recommended

VOTE: 10 ayes — Huberty, Bernal, Allen, Bohac, Deshotel, Gooden, K. King, Koop, Meyer, VanDeaver

0 nays

1 absent — Dutton

WITNESSES: For — Thomas Ratliff, Civics Education Institute, Joe Foss Institute; Randy Willis, Granger ISD, Texas Association of Rural Schools; (*Registered, but did not testify*: Audrey Young, Apple Springs ISD Board of Trustees; Chris Remy)

Against — (*Registered, but did not testify*: Jaime Puente, Texas Graduate Student Diversity)

On — Theresa Trevino, Texans Advocating for Meaningful Student Assessment; (*Registered, but did not testify*: Kara Belew and Penny Schwinn, Texas Education Agency; Kim Cook and Heather Sheffield, Texans Advocating for Meaningful Student Assessment; Karin Foster)

BACKGROUND: Under Education Code, sec. 39.025(a), public high school students otherwise eligible to graduate are required to perform satisfactorily on certain end-of-course (EOC) assessments before receiving a diploma. For most students, this includes the EOC assessment in U.S. history.

DIGEST: CSHB 1776 would eliminate the U.S. history end-of-course (EOC) assessment and require students in the foundation high school program to demonstrate satisfactory performance on a civics test required for U.S. citizenship as a condition of graduation.

The Commissioner of Education would adopt rules requiring a school district to administer the civics test, which would consist of all the questions on the test administered to candidates for U.S. citizenship

through the naturalization process presented in a multiple-choice format. A school district would administer the civics test to a student when the school counselor or the student's U.S. history teacher determined the student was ready for the test. Students would have to answer at least 70 percent of the questions correctly to achieve satisfactory performance.

The admission, review, and dismissal committee of a student in a special education program would be required to determine:

- whether any allowable modification was necessary in administering the civics test to the student to appropriately measure the student's achievement; and
- if the committee found the civics test, even with modifications, would not appropriately measure the student's achievement, whether the student was required to achieve satisfactory performance on the civics test to receive a high school diploma.

Commissioner rules on the administration of the civics test:

- would require the test to be administered electronically in the presence of a teacher, campus testing coordinator, or certain others and scored by that person or the school district;
- would require the test results to be submitted to the Texas Education Agency (TEA) no later than the last instructional day of the school year in which the test was administered; and
- could not restrict the high school grade level at which a student could take the civics test or limit the number of attempts a student could make to achieve satisfactory performance.

A student required to perform satisfactorily on the U.S. history EOC assessment in order to graduate based on the law in effect on January 1, 2017, could satisfy that requirement by passing the civics test. This provision would expire September 1, 2025.

For purposes of the public school accountability system, a reference in code to the U.S. history EOC assessment would include the civics test. Correctly answering 70 percent of the questions on the civics test would

meet the standard for satisfactory performance, and the commissioner would determine the level of performance to indicate college readiness. To the extent there was a conflict between the provisions on school accountability and any other provision of law, the provisions in CSHB 1776 would prevail.

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 September 1, 2017, and would apply beginning with students who entered grade 9 during the 2018-19 school year.

SUPPORTERS SAY:

HB 1776 would replace the U.S. history end-of-course exam with the civics test required for U.S. citizenship, replacing a test that is too long and contains too much information to be mastered in one school year with a test that measures the critical knowledge students must have to be engaged citizens. The U.S. citizenship test requires knowledge of the most fundamental components of U.S. history. The bill would allow the U.S. citizenship test to be taken whenever the teacher or administrator felt the student was ready, giving more control and flexibility to local schools.

OPPONENTS SAY:

Unlike the current U.S. history EOC assessment, the civics test proposed in CSHB 1776 is not aligned with the Texas essential knowledge and skills. It would be inappropriate to administer a test designed for prospective citizens as a measure of student proficiency in high school history and a requirement for graduation.

OTHER OPPONENTS SAY:

Requiring the U.S. citizenship test still would result in a high-stakes test in U.S. history being required for graduation. There are too many high-stakes tests in the public school system and the number should be reduced.

NOTES:

According to the Legislative Budget Board's (LBB's) fiscal note, CSHB 1776 would have a net positive impact to the state of $2 million to general revenue related funds through fiscal 2018-19 because it is assumed that school districts and charters, rather than the state, would be required to pay for the civics test. The LBB estimates the total local cost to school districts and charters would be $7.2 million annually beginning in school

year 2020-21. These costs would be distributed across districts and charters based on student enrollment and could vary considerably among districts.

SUBJECT: Allowing beneficiary designations of motor vehicles by owners

COMMITTEE: Judiciary and Civil Jurisprudence — committee substitute recommended

VOTE: 9 ayes — Smithee, Farrar, Gutierrez, Hernandez, Laubenberg, Murr, Neave, Rinaldi, Schofield

0 nays

WITNESSES: For — Trish McAllister, Texas Access to Justice Commission; (*Registered, but did not testify*: Jacqueline Pontello, One Voice Texas; Guy Herman, Statutory Probate Courts of Texas; Karen Phillips, Texas Automobile Dealers Association; Lora Davis; Steve Davis; Craig Hopper)

Against — None

On — (*Registered, but did not testify*: Jeremiah Kuntz and Clint Thompson, Texas Department of Motor Vehicles)

BACKGROUND: Transportation Code, sec. 501.023 governs applications for motor vehicle titles. To obtain a title, the owner of a motor vehicle must present identification and apply to the county assessor-collector in the county where the owner is domiciled or where the motor vehicle is purchased or encumbered. The assessor-collector must send the application to the Texas Department of Motor Vehicles or enter it into the department's titling system within 72 hours after receiving it.

Concerns have been raised that no mechanism is currently available, other than probate, for the owner of a motor vehicle to arrange for the transfer of the vehicle at the owner's death.

DIGEST: CSHB 1753 would create a method for an owner of a motor vehicle to transfer his or her interest in the vehicle to a sole beneficiary effective on the owner's death. The owner would have to make a beneficiary designation, which would be a revocable nontestamentary instrument that could be changed at any time by the owner without the consent of the beneficiary. It could not be revoked or superseded by a will, regardless of

when the will was made.

To make the designation, the owner would have to submit an application for title with the designation to the county assessor-collector. To be effective, the title would have to contain the legal name of the designated beneficiary, and the designation would have to state that the transfer of interest in the vehicle was to occur at the owner's death. The owner could change or revoke the beneficiary designation at any time by submitting a new application for title.

During the life of the owner, the designation would not:

- affect any interest or right of the owner making the designation;
- create a legal or equitable interest in favor of the beneficiary;
- affect an interest or right of a secured or unsecured creditor; or
- affect the owner's or the beneficiary's eligibility for any form of public assistance, subject to applicable federal law.

If the beneficiary failed to survive the owner by 120 hours, the designation would lapse and the interest in the vehicle would pass as if the designation were a devise made in a will.

If the beneficiary survived the owner by 120 hours, the interest in the vehicle would be transferred to the beneficiary, unless the beneficiary chose to disclaim his or her interest in a manner provided by the Uniform Disclaimer of Property Interests Act. The beneficiary would have to submit an application for title within 180 days of the owner's death with satisfactory proof of the owner's death. The Department of Motor Vehicles would then have to transfer title to the beneficiary. The beneficiary would take the vehicle subject to all encumbrances, assignments, contracts, liens, and other interests that the vehicle was subject to at the owner's death.

If the vehicle was owned by joint owners with a right of survivorship, all joint owners would have to make the beneficiary designation or agree to revoke or change a beneficiary designation. If only one joint owner remained, that owner could revoke or change the designation. The beneficiary could not claim his or her interest until all joint owners had

passed.

The bill would take effect on September 1, 2017.

NOTES: A companion bill, SB 869 by Huffman, was approved by the Senate on April 19.

SUBJECT: Studying the assessments used to make parole decisions

COMMITTEE: Corrections — committee substitute recommended

VOTE: 7 ayes — White, Allen, S. Davis, Romero, Sanford, Schaefer, Tinderholt

0 nays

WITNESSES: For — Doots Dufours, Diocese of Austin; Greg Glod, Texas Public Policy Foundation; Andy Kahan, Victim Advocate City of Houston; (*Registered, but did not testify*: Nicholas Hudson, American Civil Liberties Union of Texas; Douglas Smith, Texas Criminal Justice Coalition; Jeff Heckler, Texas Probation Association)

Against — Jorge Renaud, Texas Advocates for Justice; (*Registered, but did not testify*: Reginald Smith, Communities for Recovery; Latosha Taylor, Grassroots Leadership; Lauren Johnson)

On — David Gutierrez and Tim McDonnell, Board of Pardons and Paroles

BACKGROUND: Government Code, sec. 508.144 requires the Board of Pardons and Paroles to develop guidelines to determine whether an inmate should be granted parole. The guidelines score each inmate based on a number of factors, including severity of the offense and likelihood of a favorable parole outcome.

DIGEST: CSHB 2468 would require the Board of Pardons and Paroles to study the effectiveness of the assessment components of the parole guidelines used by the board and parole panels in determining which inmates should be released on parole.

In conducting the study, the Board of Pardons and Paroles would obtain from the Texas Board of Criminal Justice, the Texas Department of Criminal Justice, and any other criminal justice agency information on recidivism of inmates considered for parole between January 1, 2015, and December 31, 2017. The board would evaluate the effectiveness of the

assessments by comparing and analyzing the recidivism rates and parole guideline score of the inmates used in the study and determine for each category or score within the guidelines the number of parolees who were convicted of a misdemeanor or a felony or had their parole revoked for reasons other than a new conviction.

The board would report the study results to the governor, the lieutenant governor, and members of the Legislature by January 1, 2019, including recommendations for improving parole review and suggested changes to assessments, guidelines, or recommended parole approval rates.

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 September 1, 2017.

SUPPORTERS SAY:

CSHB 2468 would allow the Board of Pardons and Paroles to review the tools it uses to evaluate the suitability of inmates for parole, which would help avoid preventable tragedies. Unfortunately, there are serial offenders who go on to commit violent crimes, including murder, after they are released from prison early. The bill would involve a careful review of the guidelines currently in place to allow policymakers to identify any shortcomings in the existing approach.

The bill is deliberately narrow in scope to help ensure that the board could absorb the reporting requirements within its existing resources. According to the Legislative Budget Board's fiscal note, the bill would have no significant costs to the state.

OPPONENTS SAY:

CSHB 2468 would take too narrow a look at a complicated issue that requires in-depth analysis. Any attempt to adequately review parole guidelines and recidivism would incur expenses beyond those that could be absorbed within the Board of Pardons and Paroles' existing resources.

SUBJECT: Defining coercion for the purposes of human trafficking offenses

COMMITTEE: Criminal Jurisprudence — committee substitute recommended

VOTE: 7 ayes — Moody, Hunter, Canales, Gervin-Hawkins, Hefner, Lang, Wilson

0 nays

WITNESSES: For — Brooke Grona-Robb; (*Registered, but did not testify*: Michael Boulette, Archdiocese of San Antonio; Kathryn Freeman, Christian Life Commission; Robert Coerver, Diocese of Lubbock; Joseph Strickland, Diocese of Tyler; Katija Gruene, Green Party of Texas; Jessica Anderson, Houston Police Department; James Jones, San Antonio Police Department; Rene Lara, Texas AFL-CIO; Noel Johnson, Texas Municipal Police Association; Thomas Parkinson)

Against — None

On — Floyd Goodwin, Texas Department of Public Safety; Melissa Holman, Texas Office of the Attorney General

BACKGROUND: Penal Code, sec. 20A.02(a)(3) makes it an offense to knowingly traffic another person and, through force, fraud, or coercion, cause the trafficked person to engage in prostitution, promotion of prostitution, aggravated promotion of prostitution, or compelling prostitution.

DIGEST: CSHB 2529 would define coercion to include the following actions:

- threatening to or actually destroying, concealing, confiscating, or withholding the trafficked person's actual or purported government record or identifying documents;
- receiving any form of support, financial or otherwise, from proceeds of an activity described in Penal Code, sec. 20A.02(a)(3);
- or controlling the proceeds of an activity described in Penal Code, sec. 20A.02(a)(3).

The bill would take effect September 1, 2017, and would apply only to an offense committed on or after that date.

SUBJECT: Reporting, addressing financial exploitation of certain vulnerable adults

COMMITTEE: Investments and Financial Services — committee substitute recommended

VOTE: 5 ayes — Parker, Burrows, Dean, Holland, Longoria

0 nays

2 absent — Stephenson, E. Johnson

WITNESSES: For — Rodney Mogen, National Association of Insurance and Financial Advisors - Texas; Ann Baddour, Texas Appleseed; Celeste Embrey, Texas Bankers Association; Kelly Rodgers, Wells Fargo Bank; (*Registered, but did not testify*: Tim Morstad, AARP; Laura Rosen, Center for Public Policy Priorities; Dan Donohoe, Comerica Bank; Myra Leo, Financial Services Institute; Stephen Scurlock, Independent Bankers Association of Texas; Brian Yarbrough, JPMorgan Chase; David Farabee andTim Vonkennel, National Association of Insurance and Financial Advisors; Billy Phenix, Securities Industry and Financial Markets Association (SIFMA); Lee Manross, Texas Association of Health Underwriters; Jennifer Cawley, Texas Association of Life and Health Insurers; Jeff Huffman, Texas Credit Union Association; Joshua Houston, Texas Impact; John Fleming, Texas Mortgage Bankers Association; James Thurston, United Ways of Texas)

On — Kez Wold, Department of Family and Protective Services; (*Registered, but did not testify*: Gloria Salinas, Attorney General; Lisa Kanne and Lauren Villa, Department of Family and Protective Services; John Morgan, State Securities Board)

BACKGROUND: Concerns have been raised that seniors lose a significant amount of money each year to financial exploitation, believed to be the most common type of abuse elderly adults face, and that certain individuals who are well situated to identify and prevent the financial exploitation of vulnerable adults may not have the appropriate statutory authority to do so.

DIGEST: CSHB 3921 would establish ways for financial institutions and securities

professionals to report and address suspected financial exploitation of their clients who were 65 or older or had certain disabilities. If financial exploitation of a vulnerable adult was suspected, the bill would require financial institutions and securities professionals to report it to the Department of Family and Protective Services (DFPS) and the securities commissioner, as applicable, allow them to notify certain third parties familiar with the adult, and place a hold on financial transactions for a specified period.

Under the bill, financial exploitation would mean the wrongful or unauthorized taking or use of a person's money or other property or identifying information. It also could include an act or omission by a person, including through the use of a power of attorney, conservatorship, or guardianship, to obtain control through deception or undue influence over the person's property to deprive that person of ownership or benefit of it.

Reporting. The bill would require employees of financial institutions to report to the financial institution suspected financial exploitation of a vulnerable adult who was an account holder. Securities professionals who suspected such financial exploitation would have to notify the dealer or investment advisor for whom they served.

Financial institutions would assess any suspected financial exploitation and submit a report to DFPS. Securities dealers or investment advisors would have to report to both DFPS and the securities commissioner, according to rules prescribed by the State Securities Board. Reports would have to be submitted by the earlier of the date the financial institution, securities dealer, or investment advisor completed an assessment of the suspected financial exploitation or within five days of learning of it.

Third-party notification. CSHB 3921 would allow financial institutions, securities dealers, or investment advisors who reported suspected financial exploitation to DFPS and, if applicable, the securities commissioner to notify a third party who was reasonably associated with the vulnerable adult and who was not suspected of financial exploitation.

Holds on transactions. The bill would allow financial institutions,

securities dealers, and investment advisors who reported the suspected financial exploitation to DFPS and the securities commissioner, if applicable, to place a hold on transactions that involved the account of a vulnerable adult and was believed to be related to the suspected financial exploitation. A hold would be required to be placed if it was requested by DFPS, law enforcement, or the securities commissioner.

A hold would expire 10 business days after the report was made. If it was requested by law enforcement or a government agency investigating the potential exploitation, a financial institution, securities dealer, or investment adviser could extend the hold for a period of up to 30 days. The financial institution, dealer, or investment advisor also could petition a court to extend a hold, and a court could enter an order shortening or extending the hold or providing other relief.

Immunity. Under the bill, those who reported the suspected financial exploitation of a vulnerable adult, notified relevant third parties, or participated in a judicial proceeding arising from a report or notification would be immune from civil or criminal liability. Immunity would not be granted if they acted in bad faith or with a malicious purpose.

The bill also would establish immunity from civil or criminal liability or disciplinary action resulting from an action or failure to act for those who placed or did not place a hold on a transaction, if they did so in good faith.

Records. CSHB 3921 would require financial institutions, dealers, and investment advisors, to the extent permitted by federal law, to provide records related to the suspected financial exploitation of a vulnerable adult to DFPS, law enforcement, a prosecuting attorney's office, or the securities commissioner, if applicable, when reporting suspected incidents or upon request in accordance with an investigation.

Internal policies. CSHB 3921 would require financial institutions, securities dealers, and investment advisors to adopt internal policies and procedures on the reporting and assessment requirements and on holding transactions involving the account of a vulnerable adult who was believed to be subject to financial exploitation. The policies and procedures could authorize the entity to report suspected financial exploitation to other

appropriate agencies, including the attorney general, the Federal Trade Commission, and law enforcement.

The bill would take effect September 1, 2017.

NOTES: A companion bill, SB 2067 by Hancock, was considered in a public hearing of the Senate Committee on Business and Commerce on April 25 and left pending.

SUBJECT: Allowing certain advance purchases of property for transportation projects

COMMITTEE: Transportation — favorable, without amendment

VOTE: 10 ayes — Morrison, Martinez, Burkett, Y. Davis, Israel, Phillips, Pickett, E. Thompson, S. Thompson, Wray

0 nays

3 absent — Goldman, Minjarez, Simmons

WITNESSES: For — (*Registered, but did not testify*: Leticia Van de Putte, Zachry Corporation)

Against — (*Registered, but did not testify*: Vincent May, Texans for Accountable Government; Jim Baxa)

On — Kyle Madsen, Texas Department of Transportation; (*Registered, but did not testify*: Gus Cannon, Texas Department of Transportation)

BACKGROUND: Transportation Code, sec. 202.112 allows the Texas Transportation Commission to buy an option to acquire property before a final decision has been made as to whether a transportation facility, such as a road, will be located on that property. The option and any subsequent renewal periods must expire within five years. The commission is prohibited from making any advance acquisition using eminent domain.

DIGEST: HB 2646 would allow the Texas Transportation Commission to buy real property before a final decision has been made as to whether a project will be located on that property or before an environmental clearance has been issued for the project by the appropriate federal or state authority.

The bill also would allow the purchase of an option on real property before an environmental clearance has been issued for the project.

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 September 1, 2017.

NOTES: The author plans to offer a floor amendment that would require the Texas Transportation Commission to first offer property it had obtained under Transportation Code, sec. 202.112 to the person from whom the commission acquired it. The offer price would be either the fair market value or the price the commission paid for the property, whichever was lower.

SUBJECT: Eliminating a fee collected for wastewater treatment permit applications

COMMITTEE: Environmental Regulation — committee substitute recommended

VOTE: 8 ayes — Pickett, E. Thompson, Dale, Kacal, Landgraf, Lozano, Reynolds, E. Rodriguez

1 absent — Cyrier

WITNESSES: For — (*Registered, but did not testify*: Donna Warndof, Harris County Commissioners Court; Alisa Max, Harris County Engineering Department; Randall Chelette and Wiley Cloud, Texas Onsite Wastewater Association)

Against — None

On — (*Registered, but did not testify*: Greg Yturralde, Texas Commission on Environmental Quality)

BACKGROUND: Health and Safety Code, sec. 367.010 requires the Texas Commission on Environmental Quality (TCEQ) and each county, municipality, public health department, and river authority to collect a $10 fee for each on-site wastewater treatment permit application processed. The fees are forwarded to TCEQ, which deposits them in the water resource management account.

In 1987, the Texas On-Site Wastewater Treatment Research Council was created to collect fees for on-site wastewater treatment permit applications and distribute the funds as grants to research wastewater treatment technology and systems. The Texas On-Site Wastewater Treatment Research Council underwent Sunset review in 2011 and its duties were absorbed by TCEQ, which has continued to collect the on-site wastewater treatment permit application fees but has not awarded further research grant funding.

Concerns have been raised that the collection of these fees, intended to fund research into wastewater treatment technology and systems, is no

longer necessary, as the wastewater treatment industry has matured and the fee proceeds are no longer awarded as competitive grants.

DIGEST:

CSHB 2771 would eliminate the collection of the $10 application fee for an on-site wastewater treatment permit by repealing Health and Safety Code sec. 367.010.

The bill also would allow the Texas Commission on Environmental Quality to accept gifts in addition to grants and donations for deposit in the water resource management account. The commission could direct the disbursal of grants only, rather than grants and donations, through its procedures for awarding grant funding.

The bill would take effect September 1, 2017.

NOTES:

According to the Legislative Budget Board, the bill would have no impact to general revenue related funds but would have a negative impact of $341,000 annually on the water resource management account.

SUBJECT: Use of fish, game license fees when sent to deferred maintenance account

COMMITTEE: Appropriations — favorable, without amendment

VOTE: 24 ayes — Zerwas, Longoria, Ashby, G. Bonnen, Capriglione, Cosper, S. Davis, Dean, Giddings, Gonzales, González, Howard, Koop, Miller, Muñoz, Perez, Phelan, Raney, Roberts, J. Rodriguez, Sheffield, Simmons, VanDeaver, Walle

0 nays

3 absent — Dukes, Rose, Wu

WITNESSES: For — (*Registered, but did not testify*: Monty Wynn, Texas Municipal League; Julie Acevedo, City of Dallas)

Against — None

On — Ursula Parks, Legislative Budget Board; (*Registered, but did not testify*: Michael Jensen, Texas Parks and Wildlife Department)

BACKGROUND: In 2015, the 84th Legislature created the deferred maintenance fund as an account in the general revenue fund. Government Code, sec. 2165.401 states the purpose of the fund as bringing state facilities into a better state of repair to ensure the safety of employees and visitors, the efficiency of building operations, and a long-term reduction in repair costs by addressing deferred maintenance issues. The fund consists of money appropriated, credited, or transferred to it by or at the direction of the Legislature. The fiscal 2016-17 General Appropriations Act transferred an appropriation that had been made to the Texas Parks and Wildlife Department from the state's game, fish, and water safety account to the deferred maintenance account for capital construction and maintenance at the department.

Restrictions in federal law prohibit the diversion of certain hunting and fishing license fees for purposes other than the administration of fish and game departments.

DIGEST:

HB 3537 would make funds from certain accounts related to fish and game licenses currently subject to federal restrictions continue to be spent in accordance with those restrictions if they were appropriated or transferred to the state's deferred maintenance fund.

The bill would apply to funds in the deferred maintenance fund for which the use is restricted under the federal Sport Fish Restoration Act, the federal Wildlife Restoration Act, or another federal law. The restriction would apply to funds that come from an appropriation or transfer from the game, fish, and water safety account, the lifetime license endowment account, or another fund or account.

The money deposited in the deferred maintenance fund would continue to be subject to the federal restrictions and could be used only for a function required to manage Texas' fish and wildlife resources in accordance with the federal restrictions. This also would apply to interest and other earnings from these types of funds that are credited to the account.

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 September 1, 2017.

SUBJECT: Addressing career and technology education provided by public schools

COMMITTEE: Public Education — committee substitute recommended

VOTE: 8 ayes — Huberty, Bernal, Bohac, Dutton, Gooden, K. King, Koop, VanDeaver

0 nays

3 absent — Allen, Deshotel, Meyer

WITNESSES: For — Priscilla Camacho, San Antonio Chamber of Commerce; (*Registered, but did not testify*: Drew Scheberle, Greater Austin Chamber of Commerce; Chris Frandsen, League of Women Voters of Texas; Annie Spilman, National Federation of Independent Business/Texas; Seth Rau, San Antonio ISD; Caroline Joiner, TechNet; Stephanie Simpson, Texas Association of Manufacturers; Michael White, Texas Construction Association; Kyle Ward, Texas PTA; Mike Meroney, Texas Workforce Coalition, BASF Corporation, and Huntsman Corporation; Cherise Rohr-Allegrini)

Against — None

On — (*Registered, but did not testify*: Kara Belew, Monica Martinez, Shelly Ramos, and Quentin Suffren, Texas Education Agency)

BACKGROUND: Education Code, sec. 28.002 requires each school district that offers K-12 instruction to offer a foundational curriculum of math, science, English, and social studies, and an enrichment curriculum that includes career and technology education, technology applications, and other subject areas.

Sec. 28.025(b-1) requires high school students to take certain courses for the foundational curriculum, including two credits in the same foreign language. Sec. 28.025(b-12) allows computer programming languages to satisfy the foreign language requirement.

Sec. 28.025(c-1) allows high school students to complete specific courses

to earn an endorsement on their transcript in one of five areas, including in science, technology, engineering, and mathematics (STEM).

Concerns have been raised that Texas' public education system is not equipped to meet the workforce needs of businesses and government agencies as these industries face cybersecurity threats. To grow a skilled workforce, students need access to the latest programs, hardware, and internships that focus on the cybersecurity industry.

DIGEST:

CSHB 3593 would make certain changes regarding cybersecurity-related curricula and programs in public schools.

Curriculum. Technology applications courses would be included under career and technology education. As soon as practicable after the effective date of the bill, the State Board of Education (SBOE) would be required to modify the essential knowledge and skills of the career and technology education curriculum to conform with this change.

A school district could offer a course in cybersecurity that was approved by the board of trustees for credit without obtaining SBOE approval if the district partners with an institution of higher education that offered an undergraduate degree program in cybersecurity to develop and provide the course. A cybersecurity course provided by a campus or extension center for this purpose would not be subject to the approval of the Texas Higher Education Coordinating Board.

The school district would be required to annually report to the Texas Education Agency the names of the cybersecurity courses and institutions of higher education in which students have enrolled.

Graduation credit. The SBOE would be required to approve courses in cybersecurity for high school graduation credit. High school students could take computer coding courses to satisfy the two-credit foreign language requirement. Courses in cybersecurity and computer coding would qualify for the STEM endorsement option.

New instructional facility allotment. A school district could use funds allotted for expenses associated with opening a new instructional facility

to renovate an existing facility to serve as a dedicated cybersecurity computer laboratory.

Subsidy for certification exam. A teacher would be entitled to a subsidy after passing a certification examination related to cybersecurity.

Technology literacy assessment pilot program. The assessment instrument that the SBOE adopted to use in a pilot program that assessed student technology proficiency would have to measure relevant essential knowledge and skills requirements for career and technology education relating to technology applications.

Public school accountability. In evaluating the performance of high schools and districts with high schools, the commissioner of education would adopt as a performance indicator the percentage of students who successfully completed a practicum or internship approved by the SBOE.

Effective date. 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, 2017, and would apply beginning with the 2017-2018 school year.

NOTES: According the Legislative Budget Board, the bill would have an estimated negative impact of around $45 million to general revenue related funds through fiscal 2018-19, with a similar impact in subsequent biennia.

SUBJECT: Expanding eligibility for mental health first aid training program

COMMITTEE: Public Health — favorable, without amendment

VOTE: 11 ayes — Price, Sheffield, Arévalo, Burkett, Coleman, Collier, Cortez, Guerra, Klick, Oliverson, Zedler

0 nays

WITNESSES: For — Rene Hurtado, Emergence Health Network; Lee Johnson, Texas Council of Community Centers; (*Registered, but did not testify*: Christine Bryan, Clarity Child Guidance Center; Jeff Miller, Disability Rights Texas; Stephen Ellsesser, Emergence Health Network; Christine Yanas, Methodist Healthcare Ministries of South Texas; Deborah Rosales-Elkins and Greg Hansch, National Alliance on Mental Illness (NAMI) Texas; Gwendolyn Quintana, National Alliance on Mental Illness, Austin Affiliate Advocacy Committee; Will Francis, National Association of Social Workers-Texas Chapter; Josette Saxton, Texans Care for Children; Jan Friese, Texas Counseling Association; Joshua Houston, Texas Impact; Troy Alexander, Texas Medical Association; Dwight Harris, Texasaft; Aidan Utzman, United Ways of Texas)

Against — None

On — (*Registered, but did not testify*: Robert Dole, Health and Human Services Commission)

BACKGROUND: Health and Safety Code, sec. 1001.203 requires the Department of State Health Services (DSHS), subject to appropriations, to give grants to local mental health authorities (LMHAs) that provide a mental health first aid training program to school district employees and school resource officers. LMHAs receive $100 for each school district employee and school resource officer that completes the training.

Sec. 1001.2031 allows DSHS to allocate any unobligated money appropriated to make grants for mental health first aid training for supplemental grants. DSHS could give these supplemental grants to an

LMHA that submitted a revised plan for a mental health first aid training program that demonstrated how the additional grant money would be used if made available.

Sec. 1001.205 requires DSHS to submit an annual report to the Legislature by December 1 on the number and type of employees or other persons who completed the LMHA's mental health first aid training.

Observers have suggested that allowing university employees to take mental health first aid training would increase awareness of concerns about students' mental health and reduce the stigma surrounding the issue.

DIGEST:

HB 4237 would expand the list of eligible employees who could receive mental health first aid training from a local mental health authority (LMHA) to include university employees. LMHAs would receive $100 for each university employee that completed the training and could receive supplemental grants subject to applicable criteria.

The Department of State Health Services would be required to include the number of university employees who completed the training during the preceding fiscal year in its annual report to the Legislature.

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 September 1, 2017.

NOTES:

A companion bill, SB 1533 by Rodríguez, was approved by the Senate on April 20 and referred to the House Public Health Committee on April 28.

SUBJECT: Managing, investing new stabilization, legacy accounts within ESF

COMMITTEE: Appropriations — committee substitute recommended

VOTE: 24 ayes — Zerwas, Longoria, Ashby, G. Bonnen, Capriglione, Cosper, S. Davis, Dean, Giddings, Gonzales, González, Howard, Koop, Miller, Muñoz, Perez, Phelan, Raney, Roberts, J. Rodriguez, Sheffield, Simmons, VanDeaver, Walle

0 nays

3 absent — Dukes, Rose, Wu

WITNESSES: For — (*Registered, but did not testify*: Ted Melina Raab, Texas AFT (American Federation of Teachers); Drew Scherberle, The Greater Austin Chamber of Commerce)

Against — (*Registered, but did not testify*: Adam Cahn, Cahnman's Musings)

On — Glenn Hegar and Paul Ballard, Comptroller of Public Accounts; (*Registered, but did not testify*: Phillip Ashley, Piper Montemayor, and Victoria North, Comptroller of Public Accounts)

BACKGROUND: The Economic Stabilization Fund (ESF), also known as the rainy day fund, is expected to reach $11.9 billion by the end of fiscal 2018-19, absent appropriations from the fund, according to the comptroller's biennial revenue estimate. Revenue for the ESF comes almost entirely from oil and natural gas production taxes. Before fiscal 2015, the ESF received 75 percent of any oil or natural gas production tax revenue that exceeded the amount collected in fiscal 1987. A constitutional amendment adopted in 2014 requires the comptroller to send one-half of this amount to the State Highway Fund (Fund 6), with the rest continuing to go to the ESF.

The comptroller reduces or withholds allocations to Fund 6 as needed to maintain a sufficient balance in the ESF. As required by Government

Code, sec. 316.092, the Select Committee to Determine a Sufficient Balance of the Economic Stabilization Fund recently determined $7.5 billion to be a sufficient minimum balance for fiscal 2018-19. Government Code, sec. 316.092(d) establishes procedures for the Legislature to approve or change the sufficient balance adopted by the committee.

The comptroller also must transfer one-half of any unencumbered balance remaining in the general revenue fund at the end of a biennium to the ESF (Art. 3, sec. 49-g). Only twice has such a balance been transferred to the ESF under this provision — once in fiscal 1992 ($20.2 million) and again in fiscal 2008 ($1.8 billion).

The ESF may not exceed 10 percent of the total amount deposited into general revenue (minus certain types of income and funds) during the previous biennium. The cap for fiscal 2018-19 is $16.9 billion.

Spending money from the ESF requires legislative approval. At least three-fifths of the members present in each house of the Legislature must approve spending from the ESF to cover but not exceed an unanticipated deficit in a current budget or offset a decline in revenue for a future budget. However, any amount from the ESF may be spent for any purpose if approved by at least two-thirds of the members present in each house. Money drawn from the ESF counts toward the state's constitutional spending limit, according to the Legislative Budget Board.

DIGEST:

CSHB 855 would outline the management and investment parameters for two new accounts that could be created by constitutional amendment within the Economic Stabilization Fund (ESF) and one new fund that could be a repository of some money that currently goes into the ESF.

The bill would apply to three new entities that could be established under Sec. 49-g, Art. 3 of the Texas Constitution:

- the Texas stabilization account in the ESF;
- the Texas legacy account in the ESF; and
- the Texas legacy distribution fund.

The bill would establish criteria for the management of these funds. The comptroller would be given authority related to the funds to acquire, exchange, sell, supervise, manage, or retain any type of investment that a prudent investor who was exercising reasonable care, skill, and caution would pursue. The comptroller's actions would have to be done in light of the purposes, terms, distribution, requirements, and other circumstances prevailing at that time for the account or fund. The comptroller's management would be subject to procedures and restrictions the comptroller establishes and in amounts the comptroller considers appropriate.

The objectives and purposes of the Texas stabilization account would be to preserve the account's principal, the purchasing power of the principal, and the account's liquidity.

The investment objectives and purposes of the Texas legacy account would be to generate earnings on its principal to maintain and increase the principal's purchasing power and to provide for annual earnings distribution to the Texas legacy fund.

The bill would repeal the current calculation for determining the sufficient balance of the ESF and would establish a new calculation that would be applied to the Texas stabilization account. The sufficient balance of the Texas stabilization account would be equal to 8 percent of the certified general revenue-related appropriations for the biennium. The comptroller would be required to determine the sufficient balance amount.

The bill would take effect January 1, 2018, but only if a constitutional amendment approved by the 85th legislative session was approved by the voters.

SUPPORTERS SAY:

CSHB 855 would establish the management and investment framework for a revised Economic Stabilization Fund (ESF) that could ensure the state has adequate money available for the original purpose of the ESF while also addressing long-term obligations. A constitutional amendment would be needed to revise the structure of the ESF and to create the new accounts and the fund outlined in the bill. The bill would be part of the efforts to modernize the state's savings and investment strategy to

continue good stewardship of state resources.

The bill would divide the current ESF into two buckets: the Texas stabilization account and the Texas legacy account. The Texas stabilization account would function as the ESF does today, as a savings account for the Legislature to use as it sees fit. The current constitutional mechanisms for spending would remain, including the vote thresholds. The bill would allow the stabilization account to be invested under the strategy that has been used since 2013 for a portion of the ESF and that maintains a stable, safe class of liquid assets. Under this strategy, investments could be targeted to earn at least inflation and to be available within days or soon thereafter.

The amount in the stabilization account would be determined by the sufficient balance calculation established by the bill and would ensure the state had adequate reserves. The bill would set this balance at 8 percent of certified general revenue related appropriations, which would be about $8.5 billion for the current biennium. This calculation would be close to the fiscal 2018-19 sufficient balance of $7.5 billion set by a legislative committee and would mirror credit rating agency guidelines.

Under the discussions for revising the Constitution along with CSHB 855, if stabilization account balance were lower than the sufficient balance amount, oil and gas severance taxes coming into the state would fill this fund first. Once the stabilization account had reached the sufficient balance, 50 percent of the oil and gas severance taxes would go to the State Highway Fund, with the rest to the newly created Texas legacy account.

The Texas legacy account would be the second bucket within the ESF and would function like an endowment. Under the discussions for a constitutional amendment, money in the legacy account would be invested and a portion of the earnings determined by the comptroller would be transferred to the Texas legacy distribution fund. The Texas legacy distribution fund would then be available for legislative appropriations under any parameters determined by a constitutional amendment.

Discussions have centered on allocating earnings from the legacy

distribution fund for long-term needs and obligations such as retiring state debt, reducing unfunded pension liabilities, maintaining the actuarial soundness of the Texas Tomorrow Fund, and deferred maintenance. These important but often under-funded items can be a consideration when the state's credit rating is determined, making them appropriate uses of these funds. These obligations of the state need to be dealt with, and this bill would help grow the revenue to do so. Putting state assets to work to fund long-term obligations that often cannot be met with general revenue would be a responsible way to steward taxpayers' money and meet the state's obligations.

The comptroller has managed the current ESF in a safe, judicious manner and would continue to do the same with the accounts and funds established by the bill without making state funds vulnerable. The bill would set appropriate investment objectives and purposes for each account and fund for the comptroller to follow and give the comptroller flexibility to make investment decisions. All accounts and funds would be subject to the prudent-investor standard, which is well defined and considered a best practice by intuitional investment managers.

The Legislature would retain its oversight of the spending of money from the accounts. The Texas stabilization account would be available, just like the ESF, for any appropriation the Legislature chooses to make, under the same parameters. Spending money from the Texas legacy distribution fund would have to be done by an appropriation, under guidelines that would be established in the Constitution.

OPPONENTS SAY:

CSHB 855 could subject the state's emergency cash reserves to unnecessary risk. To meet investment objectives, taxpayer dollars could be exposed to more risk, including from investing in private sector assets.

The state should keep what it needs in emergency reserves and return what it does not need to taxpayers. The Economic Stabilization Fund was set up as a way to stabilize spending caused by recession, depression, or other economic disruption or deal with an emergency, not as a way to raise revenue. Instead of establishing an endowment-like fund designed to support increased spending, the state should work to limit spending. Spending decisions, including those for long-term needs and debt, should

take place within the framework of available general revenue, not through a pool of separate funds.

NOTES: A companion bill, SB 1222 by V. Taylor, was referred to the Senate Finance Committee on March 9.

SUBJECT: Committing certain sex offenses against child regardless of knowing age

COMMITTEE: State Affairs — favorable, without amendment

VOTE: 12 ayes — Cook, Giddings, Craddick, Farrar, Geren, Guillen, Kuempel, Meyer, Oliveira, Paddie, E. Rodriguez, Smithee

0 nays

1 absent — K. King

WITNESSES: For — (*Registered, but did not testify*: Ann Hettinger, Center for the Preservation of American Ideals; Joshua Houston, Texas Impact; Jennifer Allmon, The Texas Catholic Conference of Bishops; Trayce Bradford; Sacha Jacobson)

Against — None

On — (*Registered, but did not testify*: Floyd Goodwin, Texas Department of Public Safety)

BACKGROUND: Penal Code, sec. 21.02 makes the continuous sexual abuse of a young child a crime and applies when a victim is younger than 14 years old. Penal Code, sec. 21.11 makes indecency with a child a crime and applies if certain actions are committed with a child younger than 17 years old.

Penal Code, sec. 22.011 defines the crime of sexual assault, with sec. 22.011(a)(2) covering sexual assault of a child, defined as a person younger than 17 years old. Penal Code, sec. 22.021 covers aggravated sexual assault and makes all sexual assaults of children under 14 qualify as aggravated sexual assault, and sec. 22.021(a)(1)(B) makes sexual assault of children 14 to 16 years old an aggravated offense.

The crime of sexual performance by a child is established in Penal Code, sec. 43.25, and Penal Code, sec. 43.251 establishes the crime of employment harmful to children, with a child being defined for both offenses as someone younger than 18 years old.

Penalties for these offenses range from third-degree felonies (two to 10 years in prison and an optional fine of up to $10,000), second-degree felonies (two to 20 years in prison and an optional fine of up to $10,000), and first-degree felonies (life in prison or a sentence of five to 99 years and an optional fine of up to $10,000).

DIGEST:

HB 1808 would establish that the following criminal offenses relating to children occur regardless of whether the person committing the crime knew the age of the victim at the time of the offense:

- continuous sexual abuse of a young child;
- indecency with a child;
- sexual assault of a child;
- aggravated sexual assault of a child;
- sexual performance by a child; and
- employment harmful to children.

The bill would take effect September 1, 2017.

SUBJECT: Dedicated fund balances available for budget certification

COMMITTEE: Appropriations — favorable, without amendment

VOTE: 22 ayes — Zerwas, Longoria, Ashby, G. Bonnen, Capriglione, Cosper, 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.