

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

March 24, 2013

TO: Honorable Jim Pitts, Chair, House Committee on Appropriations

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB7 by Darby (Relating to the amounts, availability, and use of certain statutorily dedicated revenue and accounts; reducing or affecting the amounts or rates of certain statutorily dedicated fees and assessments.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB7, As Introduced: a positive impact of \$109,505,000 through the biennium ending August 31, 2015, if the effective date of the bill is June 1, 2013; or a positive impact of \$99,108,000 through the biennium ending August 31, 2015, if the effective date of the bill is September 1, 2013. Combined, the net loss to the General Revenue-Dedicated accounts and the net gain to General Revenue Fund 0001 associated with the reallocation of interest and earnings would offset each other, resulting in no significant impact for certification purposes.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

The following tables reflect the estimated impact if the effective date of the bill is June 1, 2013.

All Funds, Six-Year Impact:

Fiscal Year	Probable Revenue Gain from <i>General Revenue Fund</i> 1	Probable Revenue (Loss) from <i>Combined Select General Revenue Dedicated</i>	Probable Revenue (Loss) from <i>Solid Waste Disposal Acct</i> 5000	Probable Revenue (Loss) from <i>Texas Emissions Reduction Plan</i> 5071
2013	\$10,397,000	(\$10,397,000)	(\$2,127,000)	(\$22,263,000)
2014	\$46,347,000	(\$46,347,000)	(\$8,700,000)	(\$91,102,000)
2015	\$52,761,000	(\$52,761,000)	(\$8,600,000)	(\$93,317,000)
2016	\$52,761,000	(\$52,761,000)	(\$8,600,000)	(\$118,222,000)
2017	\$52,761,000	(\$52,761,000)	(\$8,600,000)	(\$120,585,000)
2018	\$52,761,000	(\$52,761,000)	(\$8,600,000)	(\$122,968,000)

Fiscal Year	Probable Savings from State Highway Fund 6
2013	\$22,263,000
2014	\$91,102,000
2015	\$93,317,000
2016	\$118,222,000
2017	\$120,585,000
2018	\$122,968,000

The following tables reflect the estimated impact if the effective date of the bill is September 1, 2013.

Fiscal Year	Probable Revenue Gain from General Revenue Fund 1	Probable Revenue (Loss) from Combined Select General Revenue Dedicated	Probable Revenue (Loss) from Solid Waste Disposal Acct 5000	Probable Revenue (Loss) from Texas Emissions Reduction Plan 5071
2014	\$46,347,000	(\$46,347,000)	(\$8,700,000)	(\$91,102,000)
2015	\$52,761,000	(\$52,761,000)	(\$8,600,000)	(\$93,317,000)
2016	\$52,761,000	(\$52,761,000)	(\$8,600,000)	(\$118,222,000)
2017	\$52,761,000	(\$52,761,000)	(\$8,600,000)	(\$120,585,000)
2018	\$52,761,000	(\$52,761,000)	(\$8,600,000)	(\$122,968,000)

Fiscal Year	Probable Savings from State Highway Fund 6
2014	\$91,102,000
2015	\$93,317,000
2016	\$118,222,000
2017	\$120,585,000
2018	\$122,968,000

Fiscal Analysis

Among other provisions, the bill would implement recommendations in the Legislative Budget Board's report, "Options to Reduce Reliance on General-Revenue Dedicated Accounts for Certification of the State Budget" submitted to the Eighty-Third Texas Legislature, 2013.

The bill would require the Legislative Budget Board to develop and implement a process to review the dedication, appropriation, and accumulation of General Revenue-Dedicated Funds.

The bill would make all interest or other earnings that accrue on revenue held in an account in the General Revenue Fund, any part of which Section 403.095, Texas Government Code, makes available for certification, available for any general governmental purpose. The bill requires the Comptroller of Public Accounts (Comptroller) to deposit the interest and earnings to the credit of the General Revenue Fund. The bill excepts from this provision interest or earnings on certain tuition revenue.

The bill would reduce certain solid waste disposal fees, or "tipping" fees, by approximately one

quarter. The bill would increase the allocation of tipping fee revenue deposited to the General Revenue-Dedicated Waste Management Account 549 from 50 to 66.7 percent. The bill would reduce the allocation of tipping fee revenue deposited to the General Revenue-Dedicated Solid Waste Disposal Fees Account 5000 from 50 to 33.3 percent.

The bill would expand the purposes for which money in the General Revenue-Dedicated 9-1-1 Service Fees Account 5050 may be appropriated to include appropriations to the Texas A&M Forest Service for providing assistance to volunteer fire departments.

The bill would expand the purposes for which money in the General Revenue-Dedicated Designated Trauma Facility and Emergency Medical Services Account 5111 may be appropriated to include appropriations to the Texas Higher Education Coordinating Board for graduate-level medical education programs or graduate-level nursing education programs.

The bill would require the Comptroller to limit the assessment against certain insurers for rural fire protection to the total amount that the General Appropriations Act appropriates from the Volunteer Fire Department Assistance Account 5064 for that fiscal year.

The bill would require the Texas Commission on Environmental Quality (TCEQ) to investigate and report on the amount of petroleum product delivery fee revenue that would be necessary to cover the costs necessary to conclude certain programs and activities relating to the remediation of leaking petroleum storage tanks before September 1, 2021.

The bill would repeal the provision that requires the Texas Department of Motor Vehicles to remit non-constitutional State Highway Fund 0006 to the Comptroller for deposit to the General Revenue-Dedicated Emissions Reduction Plan Account 5071 in an amount of money equal to the amount certificate of title fees deposited to the credit of the Texas Mobility Fund 0365.

The bill would take effect immediately upon enactment, assuming it received the requisite two-thirds majority votes in both houses of the Legislature. Otherwise, it would take effect September 1, 2013.

Methodology

It is assumed that the costs to the Legislative Budget Board associated with the development and implementation of a process to review the dedication, appropriation, and accumulation of General Revenue-Dedicated Funds would not be significant and could be absorbed within existing resources.

The allocation of all interest and earnings on balances and revenues in the General Revenue-Dedicated accounts that are used for certification purposes to General Revenue Fund 0001 would result in a revenue loss to those General Revenue-Dedicated accounts and a gain to General Revenue Fund 0001 in an amount estimated by the Comptroller to be \$109.5 million through the biennium ending August 31, 2015, if the effective date of the bill is June 1, 2013, or \$99.1 million through the biennium ending August 31, 2015, if the effective date of the bill is September 1, 2013. Combined, the net loss to the General Revenue-Dedicated accounts and the net gain to General Revenue Fund 0001 associated with the reallocation of interest and earnings would offset each other, resulting in no significant impact for certification purposes.

The reduction of rates for and revenue collections from certain solid waste disposal fees, and a change in the allocation of those fees, would result in a loss in revenue to General Revenue-

Dedicated Solid Waste Disposal Fees Account 5000 in an amount estimated by the Comptroller to be \$19.4 million through the biennium ending August 31, 2015, if the effective date of the bill is June 1, 2013, or \$17.3 million through the biennium ending August 31, 2015, if the effective date of the bill is September 1, 2013. There would be no net effect for revenues allocated to General Revenue-Dedicated Waste Management Account 549.

According to the Comptroller, the fiscal impact of limiting the assessment against certain insurers for rural fire protection cannot be determined. However, it would have the effect of balancing Account 5064 revenues and appropriations for this purpose.

According to TCEQ, the evaluation of the petroleum product delivery fee to determine the amount necessary to conclude the program and activities is not expected to have significant fiscal implications.

The repeal of the transfer of non-constitutional State Highway Fund 0006 money to General Revenue-Dedicated Emissions Reduction Plan Account 5071 would result in a loss of revenue to Account 5071 in an amount estimated by the Comptroller to be \$206.7 million through the biennium ending August 31, 2015, if the effective date of the bill is June 1, 2013, or \$184.4 million through the biennium ending August 31, 2015, if the effective date of the bill is September 1, 2013, and a savings to State Highway Fund 0006 in an equal amount.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 454 Department of Insurance, 477 Commission on State Emergency Communications, 537 State Health Services, Department of, 576 Texas A&M Forest Service, 582 Commission on Environmental Quality, 601 Department of Transportation, 781 Higher Education Coordinating Board

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