

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

May 30, 2015

TO: Honorable Dan Patrick, Lieutenant Governor, Senate
Honorable Joe Straus, Speaker of the House, House of Representatives

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **HB6** by Otto (Relating to the creation and re-creation of funds and accounts, the dedication and rededication of revenue, and the exemption of unappropriated money from use for general governmental purposes.), **Conference Committee Report**

Estimated Two-year Net Impact to General Revenue Related Funds for HB6, Conference Committee Report: a negative impact of (\$19,100,000) through the biennium ending August 31, 2017.

The bill would also result in a reduction of \$549,678,000 in amounts available for certification of the 2016-17 General Appropriations Act, associated with the exemption of certain General Revenue-Dedicated account balances from being available for that purpose.

Any other net gains or losses from the re-creation of existing funds or accounts as exempted in this bill are dependent upon the passage of another act of the Eighty-fourth Legislature, Regular Session, 2015, and are dependent upon appropriations made in the 2016-17 General Appropriations Act.

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

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2016	(\$12,600,000)
2017	(\$6,500,000)
2018	(\$9,550,000)
2019	(\$9,550,000)
2020	(\$9,500,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from General Revenue Fund 1	Probable Revenue Gain/(Loss) from Disaster Contingency Acct 453	Probable Revenue Gain/(Loss) from New General Revenue Dedicated - Environmental Radiation and Perpetual Care Account	Probable Certification Gain/Loss from Various General Revenue Dedicated Accounts
2016	(\$12,600,000)	\$6,100,000	\$6,596,000	(\$549,678,000)
2017	(\$6,500,000)	\$0	\$6,596,000	\$0
2018	(\$9,550,000)	\$0	\$6,596,000	\$0
2019	(\$9,550,000)	\$0	\$6,596,000	\$0
2020	(\$9,500,000)	\$0	\$6,596,000	\$0

Fiscal Year	Probable Revenue Gain/(Loss) from New Floodplain Management Account	Probable Savings/(Cost) from State Highway Fund 6	Probable Revenue Gain/(Loss) from New TexasSure Fund
2016	\$0	(\$5,175,000)	\$5,175,000
2017	\$0	(\$5,175,000)	\$5,175,000
2018	\$3,050,000	(\$5,175,000)	\$5,175,000
2019	\$3,050,000	(\$5,175,000)	\$5,175,000
2020	\$3,050,000	(\$5,175,000)	\$5,175,000

Fiscal Analysis

The bill would abolish all funds, accounts, and revenue dedications created or recreated by the Eighty-fourth Legislature, Regular Session, 2015, unless specifically exempted under separate sections of this bill. Any funds, accounts, or revenue dedications abolished under this bill would be deposited to the credit of the unobligated portion of the General Revenue Fund. The bill would define the entities to which this bill would apply; and it would provide for the abolition of new or re-created funds, accounts, and revenue dedications, unless they were specifically exempted in the bill.

The bill would exempt dedications, funds, and accounts that were enacted before the Eighty-fourth Legislature convened to comply with the State Constitution or federal law, or that remained exempt from the abolishment and removal of dedication provisions of the former Section 403.094(h) of the Government Code, and increases in existing fees or in other revenue that were previously dedicated or required to be deposited in a fund or account exempted prior to the Eighty-fourth Legislature, Regular Session, 2015.

Federal funds, created by the Eighty-fourth Legislature, Regular Session, 2015, for which separate accounting is required by federal law, would be exempt. In particular, this bill would not apply to a special fund in the state treasury established by the Comptroller for the purpose of holding money received from the federal government as authorized by House Bill 8 or other similar legislation enacted by the Eighty-fourth Legislature, Regular Session, 2015.

The bill would exempt all trust funds and bond funds created by the Eighty-fourth Legislature, Regular Session, 2015, except that the funds would have to be held in the State Treasury, with the Comptroller in trust, or outside the State Treasury upon approval by the Comptroller.

The bill would exempt funds or accounts created or re-created or revenue dedicated or

rededicated under a constitutional amendment proposed by an act of the Eighty-fourth Legislature, Regular Session, 2015, if approved by the voters.

The bill would re-create the Environmental Radiation and Perpetual Care Account created by Section 401.306, Health and Safety Code, as enacted by Section 12, Chapter 1159 (Senate Bill 347), Acts of the Eighty-third Legislature, Regular Session, 2013. All revenue that had been dedicated to that account by Senate Bill 347 would be rededicated for that purpose. Bill provisions would also exempt this account from abolition.

The bill would also re-create the Floodplain Management Account created by Section 16.3161, Texas Water Code, as enacted by Section 7, Chapter 1323 (Senate Bill 1436), Acts of the Eightieth Legislature, Regular Session, 2007. The account would be a special fund outside of the General Revenue Fund, but in the State Treasury. All revenue that had been dedicated to that account by Senate Bill 1436 would be rededicated for that purpose, except that revenue deposited to the Floodplain Account may be transferred to the General Revenue-Dedicated Disaster Contingency Fund No. 453 for extraordinary costs associated with flood risk analysis, planning, and public education. Bill provisions direct the Comptroller to transfer all revenue estimated to be deposited to the Floodplain Management Account in the 2016-17 Biennium to the General Revenue-Dedicated Disaster Contingency Fund No. 453 on September 1, 2015. Bill provisions would also exempt this account/fund from abolition.

The bill would amend Transportation Code, Section 502.357, to direct the Comptroller to deposit a portion of the financial responsibility program fees collected under this section to the credit of fund in the State Treasury, but outside of the General Revenue Fund, known as the TexasSure Fund in the amount necessary to cover the amounts appropriated to the Texas Department of Insurance from that fund. Both the TexasSure Fund and the dedication of financial responsibility of program fees to the Fund would be exempt from abolition under bill provisions.

The bill would amend Sections 403.095(b) and (d) of the Government Code to update references to the Eighty-fourth Legislature and to August 31, 2017. A new Section 403.095(e) would specify that the provisions of 403.095 would not apply to the following accounts or funds:

- (1) GR-D Account 36 - the Texas Department of Insurance Operating Account;
- (2) GR-D Account 544 - Lifetime License Endowment Account No. 544;
- (3) GR-D Account 5044-Permanent Fund for Health and Tobacco Education and Enforcement;
- (4) GR-D Account 5045-Permanent Fund for Children and Public Health;
- (5) GR-D Account 5046-Permanent Fund for Emergency Medical Services and Trauma Care;
- (6) GR-D Account 5047-Permanent Hospital Fund for Rural Health Facility Capital Improvement;
- (7) GR-D Account 5048-Permanent Hospital Fund for Capital Improvements and the Texas Center for Infectious Disease;
- (8) GR-D Account 5084-Child Abuse and Neglect Prevention Operating;
- (9) GR-D Account 5085-Child Abuse and Neglect Prevention Trust; and
- (10) the separate current account of each institution of higher education in the General Revenue Fund.

With the exception of select General Revenue-Dedicated accounts, dedicated revenues exceeding amounts appropriated by the Eighty-fourth Legislature would be available for certification through August 31, 2017. Funds outside of the State Treasury, trust funds, funds created by the State Constitution or a court, and funds for which separate accounting was required by federal law would be exempt from this section. These provisions would expire September 1, 2017.

Accounts created or recreated in the General Revenue Fund, and related revenue dedications that

would not be abolished include: (1) the Veterans Recovery Account created by House Bill 175 or similar legislation; (2) the Texas B-on-Time Student Loan Account continued as an account by House Bill 700 or similar legislation; (3) the Texas Farm and Ranchlands Conservation Fund continued as an account by House Bill 1925; (4) the Global Agricultural Innovation Institute Account created by House Bill 3983 or similar legislation; (5) the Hospital Perpetual Care Account created by Senate Bill 424 or similar legislation; (6) the Mathematics and Science Teacher Investment Fund continued as an account by Senate Bill 686 or similar legislation; (7) the account in the General Revenue Fund to which certain fee revenue is deposited by the Texas Medical Board as provided by Senate Bill 848 or similar legislation; (8) the Wine Industry Development re-created by Senate Bill 880 or similar legislation; (9) the Professional Development Account continued as an account by Senate Bill 893 or similar legislation; (10) the Compensation to Child Pornography Victims Fund created by Senate Bill 1010 or similar legislation; (11) the Truancy Prevention and Diversion Fund recreated by Senate Bill 1925 or similar legislation; and (12) the Deferred Maintenance Fund created by Senate Bill 2004 or similar legislation.

Funds created or recreated outside the General Revenue Fund, both inside and outside the State Treasury, and related revenue dedications that would not be abolished include: (1) a separate fund in the treasury of a political subdivision or maintained by a state law enforcement agency for scholarships for children of peace officers killed in the line of duty as authorized by House Bill 530 or similar legislation; (2) the Texas Research University Fund, the Texas Comprehensive Research Fund and the Core Research Support Fund created or recreated by House Bill 1000 or similar legislation; (3) a special fund outside the State Treasury created to receive certain fees payable to the State Securities Board as provided by House Bill 2493 or similar legislation; (4) the County Road Oil and Gas Fund created as a trust fund outside the State Treasury to be administered by the Comptroller by House Bill 2521 or similar legislation; (5) the Permanent Fund Supporting Graduate Medical Education created by Senate Bill 18 or similar legislation; (6) a special fund to be maintained by the Texas Appraiser Licensing and Certification Board created by Senate Bill 1007 or similar legislation; (7) the Grain Producer Indemnity Fund created by Senate Bill 1099; and (8) the Texas Department of Motor Vehicles (DMV) Fund recreated by Senate Bill 1512 or similar legislation.

Revenue dedications or rededications that would not be abolished include: (1) the dedication of revenue provided by House Bill 14 or similar legislation; (2) the dedication of certain fee revenue provided by House Bill 984 or similar legislation; (3) the dedication of revenue consisting of penalties, payments or civil restitution to Judicial Fund No. 573 provided by House Bill 1079 or similar legislation; (4) the dedication of voluntary contributions to the fund for veterans' assistance provided by House Bill 1584 or similar legislation; (5) the dedication of fee revenue to the DMV Fund by House Bill 2085 or similar legislation; (6) the dedication of tax revenue imposed under Chapter 151, Tax Code for deposit to the Rural Volunteer Fire Department Insurance Fund added by House Bill 2113, Senate Bill 761 or similar legislation; (7) the dedication of certain fee revenue by House Bill 2145 or similar legislation; (8) the dedication of certain penalty revenue and fee revenue to the Texas Department of Insurance Operating Account as provided by House Bill 2466 or similar legislation and House Bill 2491 or similar legislation; (9) the dedication of fee revenue to the Texas Department of Insurance operating account no. 36 provided by House Bill 2491 or similar legislation; (10) the dedication of fee revenue to the State Highway Fund as provided by House Bill 2861 or similar legislation; (11) the dedication of voluntary contributions to the Glenda Dawson Donate Life-Texas Registry Fund and the dedication of certain fee revenue to the Texas Mobility Fund provided by House Bill 3283, Senate Bill 1561 or similar legislation; (12) the dedication of voluntary contributions to the fund for veterans' assistance provided by House Bill 3710 or similar legislation; (13) the dedication of certain funds received by the Texas Department of Transportation to the State Highway Fund by House Bill 3868 or similar legislation; (14) the dedication of tax revenue to the General Revenue-

Dedicated Oil and Gas Regulation and Cleanup Account No. 5155 by House Bill 4034 or similar legislation; (15) the dedication of fee revenue by Senate Bill 195 or similar legislation; (16) the dedication of revenue by Senate Bill 204 or similar legislation; (17) the dedication of revenue by Senate Bill 208 or similar legislation; (18) the dedication of penalty revenue to the Compensation of Victims of Crime Fund No. 469 by Senate Bill 273 or similar legislation; (19) the dedication of fee revenue to the State Highway Fund and the DMV fund by Senate Bill 562 or similar legislation; (20) the dedication of certain funds received by TxDOT to the State Highway Fund provided by Senate Bill 638 or similar legislation; (21) the dedication of fee revenue by Senate Bill 699 or similar legislation; (22) the dedication of certain revenue as provided by Senate Bill 783 or similar legislation; (23) the dedication of fee revenue to the Texas Department of Housing and Community Affairs by Senate Bill 976 or similar legislation; (24) the dedication of funds received by the Texas Parks and Wildlife Department to the General Revenue-Dedicated Game, Fish and Water Safety Account No. 9 and the General Revenue-Dedicated State Parks Account No. 64 by Senate Bill 1132 or similar legislation; (25) the dedication of fee revenue by House Bill 2439 or similar legislation; and (26) the dedication of fee revenue by House Bill 872 or similar legislation.

New specialty license plate accounts created by the Eighty-fourth Legislature would be exempt from abolition. Additionally, under bill provisions, all license plate revenue would be deposited to the credit of the appropriate subaccount in the License Plate Trust Fund No. 802.

Any accounts, funds or revenue dedications associated with the Governor's University Research Initiative Fund or any other fund created by House Bill 7, House Bill 26, Senate Bill 632 or similar legislation, Eighty-fourth Legislature, Regular Session, 2015, would be exempt from abolition. Any accounts, funds or revenue dedications associated with the State Bullion Depository created by House Bill 483 or similar legislation, Eighty-fourth Legislature, Regular Session, 2015, would be exempt from abolition. Any accounts, funds or revenue dedications created or recreated by House Bill 7 or similar legislation, Eighty-fourth Legislature, Regular Session, 2015, would be exempt from abolition. Finally, any consumer-directed healthcare plan accounts created by House Bill 966 or similar legislation, Eighty-fourth Legislature, Regular Session, 2015, would be exempt from abolition.

The provisions of this bill would prevail over any other act of the Eighty-fourth Legislature, Regular Session, 2015, regardless of the date of enactment, purporting to dedicate or rededicate a fund, account, or revenue in the State Treasury, or amending Section 403.095 of the Government Code.

This bill would take effect immediately upon enactment, assuming it received the requisite two-thirds majority vote in both houses of the Legislature. Otherwise, it would take effect on the 91st day after the last day of the legislative session.

Methodology

This bill has various fiscal effects, some of which may be estimated at this time and others which cannot because they are dependent on the passage of other bills and appropriation decisions by the Eighty-fourth Legislature.

Bill provisions that would exempt select General Revenue-Dedicated accounts from Government Code, Section 403.095(b), would reduce the amount of funds available for general purpose spending in the 2016-17 biennium by \$549.7 million. This estimated fiscal impact is based on the fiscal year 2015 ending balances for the affected accounts as reported in the Biennial Revenue Estimate for the 2016-17 biennium and does not reflect appropriation decisions by the Eighty-

fourth Legislature that may affect these account balances. The amount of unappropriated funds in the select General Revenue-Dedicated accounts above that would not be available for certification purposes in subsequent biennia would depend on actions of future Legislatures and cannot be determined at this time.

The revenue dedication for the Floodplain Management Account is the first \$3.05 million in insurance maintenance taxes received in the state fiscal year. Rededicating the first \$3.05 million in insurance maintenance taxes received in each fiscal year to the Floodplain Management Account would result in a corresponding loss in the same amount to the General Revenue Fund. Bill provisions would require the CPA to transfer an amount equal to the estimate of revenue to be deposited to the Floodplain Management Account in the 2016-17 biennium to the General Revenue-Dedicated Disaster Contingency Fund No. 453 on September 1, 2015. This amount, \$6.1 million, is included in the tables above as a loss to the General Revenue Fund in fiscal year 2016 and a gain to the General Revenue-Dedicated Disaster Contingency Fund No. 453 in fiscal year 2016. For purposes of this analysis, it is assumed that the \$3.05 million deposit of insurance maintenance taxes to the Floodplain Management Account would begin in fiscal year 2018 and continue thereafter.

Based on the Biennial Revenue Estimate for the 2016-17 Biennium, the loss to the General Revenue Fund due to rededicating the 20 percent surcharge on non-party compact waste to the General Revenue-Dedicated Environmental Radiation and Perpetual Care Account is \$6.5 million each fiscal year or \$13.0 million for the biennium. According to the Texas Commission on Environmental Quality, provisions in the bill would affect certain license fees and would, in turn, increase annual revenue to the new dedicated Environmental Radiation and Perpetual Care account by \$96,000.

The fiscal impact of establishing the TexasSure Fund is based on fiscal year 2015 appropriations to the TDI for the TexasSure Motor Responsibility Verification Program. This analysis assumes that no funds from the TexasSure Fund would be used for employee salaries or benefits.

Finally, the fiscal impact relating to other funds, accounts, and revenue dedications that would be abolished and become part of the General Revenue Fund cannot be determined at this time. Similarly, any net gain or loss from the re-creation of existing funds or accounts as exempted in this bill are dependent upon the passage of another act of the Eighty-fourth Legislature and appropriation decisions and cannot be estimated at this time.

Local Government Impact

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

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: UP, KK, JJ, ZS, SD