

SUBJECT: Use of balances in the state inaugural fund

COMMITTEE: Ways and Means — favorable, without amendment

VOTE: 8 ayes — Craddick, Wolens, Finnell, Holzheuser, Horn, Marchant, Place, Romo

0 nays

3 absent — Heflin, T. Hunter, Oliveira

WITNESSES: None

DIGEST: HB 735 would create the governor's endowment fund and the lieutenant governor's endowment fund within the general revenue fund. Each endowment fund would receive part of the revenue from the state inaugural fund. The inaugural fund would retain \$100,000 plus any amount necessary to fund obligations of the state inaugural committee. Any additional funds would be divided equally between the governor's endowment fund and the lieutenant governor's endowment fund. The committees could also accept additional contributions of money or gifts of services in support of committee activities.

Each committee could expend its funds for educational, historical, or charitable purposes, or for the improvement of state property. The funds could be spent only for projects or purposes that solely or primarily benefit the state and Texas residents.

The governor and the lieutenant governor would each name a three-member committee to administer the respective funds and would designate the chair. Committee members would be unpaid and would not be reimbursed for expenses during their two-year terms. The spouses of the governor and the lieutenant governor would be eligible to serve on the committees. The committees would be governed by the open records and open meetings acts but not by Government Code Chapter 2001, dealing with administrative practices, or by Government Code secs. 403.094 and 403.095, which deal with consolidation of funds and abolition of fund dedications.

The bill would take effect immediately if approved by a two-thirds vote of the membership of each house.

**SUPPORTERS
SAY:**

Money raised to fund the January inaugural ceremonies for the governor and the lieutenant governor, but that is not spent, is being kept needlessly frozen in the inaugural fund in the State Treasury. This money, raised from private contributions, could be put to use for worthy projects. HB 735 would allow money in the inaugural fund in excess of \$100,000 (about \$360,000 at present) to be divided and spent by committees named by the governor and the lieutenant governor. The money would be used strictly for educational, historical, charitable purposes or for the improvement of state property. The money could only be spent to benefit the state and its residents, allowing the contributors to continue honoring their state.

The members of the committee will serve without compensation or reimbursement for travel or personal expenses incurred in carrying out committee activities.

The fiscal note determination that the bill would result in a probable reduction in the amount available for general revenue certification and spending in fiscal 1995 is technically true, but somewhat misleading. Under current law any excess inaugural funds in the treasury are held in a state account and may be appropriated *only* for expenditures related to conducting inaugural ceremonies. Therefore, while these funds are now counted for certification purposes because they remain in the treasury, they cannot be spent for any purpose except inaugural activities, which will not occur for another four years. HB 735 would simply free any surplus to be spent for other worthy purposes once the inaugural bills have been paid.

The bill specifies that \$100,000 would remain in the inaugural fund for use by future governors and lieutenant governors for inaugural expenses.

**OPPONENTS
SAY:**

The committees created by HB 735 would have fairly broad discretion regarding how money in the endowment funds could be spent and how additional money for the funds could be solicited. Committees under the control of appointees of the governor and the lieutenant governor could engage in promotional activities for these officials by spending money under the guise of educational or charitable purposes.

Creating these funds would set up a mechanism for special interests to contribute indirectly to the governor and lieutenant governor outside the regulated political contribution process. Allowing the spouses of the governor and the lieutenant governor to serve on their respective committees could put additional pressure on potential donors to give to the endowment funds and increase the possibility that the funds might be used for promotional purposes.

According to the fiscal note, HB 735 would reduce the amount of available general revenue by \$368,000 in fiscal 1995. Although money in the inaugural fund currently cannot be spent for other purposes, the bill would still reduce the total amount available for certification.