

**SUBJECT:** Appropriations-related changes for Article 8 agencies

**COMMITTEE:** Appropriations — committee substitute recommended

**VOTE:** 22 ayes — Heflin, Luna, Berman, Branch, B. Brown, F. Brown, Crownover, J. Davis, Deshotel, Ellis, Hamric, Hope, Hupp, Isett, E. Jones, Kolkhorst, Menendez, Pickett, Pitts, Solis, Stick, Wohlgemuth

0 nays

7 absent — Dukes, Eiland, Gutierrez, McClendon, Raymond, Truitt, Turner

**WITNESSES:** For — None

Against — None

On — Sheila Bailey, State Office of Administrative Hearings

**BACKGROUND:** Texas Constitution, Art. 3, sec. 35 limits bills to one subject, except for general appropriations bills, which can include various subjects and accounts. However, this provision has been interpreted as prohibiting the general appropriations bill from changing substantive law. In other words, appropriations bills deal only with spending. Because the levels of funding in an appropriations bill assume certain programmatic changes, the statutory changes required to meet that funding level are contained in other legislation.

On April 17, the House passed HB 1 by Heflin, the House version of the general appropriations bill for fiscal 2004-2005. The Senate passed its version of the bill on April 29, and the bill now is in conference committee.

The statutory changes required to implement the final version of the state budget will be contained in a series of bills, all of which have been reported favorably by the House Appropriations Committee.

For further discussion of issues in the state budget, see HRO State Finance Report Number 78-2, *CSHB 1: The House Appropriations Committee's Proposed Budget for Fiscal 2004-05*, April 9, 2003.

**DIGEST:** CSHB 3378 would specify that the Legislature may reduce or eliminate appropriations required by statute for entities that receive state funds under Article 8 of the general appropriations act, notwithstanding any other statute, to achieve a balanced budget.

The bill would make the injury fund for the Texas Workers Compensation Commission (TWCC) a dedicated general revenue account instead of a special treasury fund. It would eliminate current restrictions on the purposes for which money may be appropriated from the system benefit fund, administered by the Public Utility Commission, and would remove the specification that the fund is a trust fund with the comptroller in the state treasury.

Currently, \$1 of each administrative fee on a nonreal property loan and 50 cents of the fee on a secondary mortgage loan must be deposited with the comptroller for use in carrying out the Finance Commission's financial services study. CSHB 3378 would make these deposits permissive, rather than mandatory. It also would make the financial services study permissive.

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, 2003.

**NOTES:** As filed, HB 3378 would have directed the State Office of Administrative Hearings, Texas Department of Insurance, Texas State Board of Medical Examiners, Texas Racing Commission, and TWCC to reduce expenditures in specific ways.

The companion bill, SB 1869 by Bivins, has been referred to the Senate Finance Committee.

Other bills that would make statutory revisions to implement HB 1 are:

- HB 3306 by Berman, relating to appropriations for the judiciary in Article 4;
- HB 3443 by Pickett, relating to appropriations for business and economic development agencies in Article 7;

- HB 3441 by Pickett, relating to appropriations for general government agencies in Article 1;
- HB 3519 by Wohlgemuth, relating to appropriations for health and human services agencies in Article 2;
- HB 3459 by Pitts, relating to appropriations for agencies of public education and higher education in Article 3;
- HB 3305 by Berman, relating to appropriations for criminal justice agencies in Article 5; and
- HB 3442 by Pickett, relating to natural resources agency appropriations in Article 6.

HB 3318 by Luna, eliminating certain dedicated funds and freeing them for general spending also would make the system benefit fund and subsequent injury fund dedicated accounts in the general revenue fund. According to the fiscal note, this would increase the amount available for certification by a total of \$80.3 million in fiscal 2004-05.