

SUBJECT: Authorizing spending reductions for Article 6 agencies

COMMITTEE: Appropriations — committee substitute recommended

VOTE: 18 ayes — Heflin, Luna, Berman, Branch, B. Brown, F. Brown, Crownover, J. Davis, Deshotel, Ellis, Hamric, Hope, Hupp, Isett, Pickett, Pitts, Stick, Wohlgemuth

0 nays

11 absent — Dukes, Eiland, Gutierrez, E. Jones, Kolkhorst, McClendon, Menendez, Raymond, Solis, Truitt, Turner

WITNESSES: For — None

Against — Michal Anne Lord, Texas Recreation and Park Society

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 2004-05. 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: HB 3442 would specify that, notwithstanding any other statute, a state agency that receives an appropriation under Article 6 of the general appropriations act could reduce or recover expenditures by:

- consolidating required reports and filing or delivering them by electronic means, and using electronic transmission for other communications such as applications, notices, billing statements, and certificates;
- extending the effective period of any license, permit, or registration issued or administered by the agency;
- entering into a contract with another governmental entity to perform the agency's duties;
- adopting additional eligibility requirements for people who receive benefits from the agency, while ensuring that the benefits would be received by the most deserving beneficiaries; and
- adopting and collecting fees to cover operating costs.

Article 6 agencies include the Texas Commission on Environmental Quality, Texas Parks and Wildlife Department, General Land Office, Texas Water Development Board, Texas Railroad Commission (RRC), Texas Department of Agriculture, Texas Animal Health Commission (TAHC), Soil and Water Conservation Board, Texas Council on Environmental Technology, and river compact commissions.

CSHB 3442 would require the TAHC to reduce its expenditure of state money related to regulating horse riding stables and would repeal the section of the Occupations Code governing riding stables.

The RRC by rule would have to provide for administrative hearings on contested utility cases to be conducted by RRC commissioners and hearings examiners, as well as by the utility division of the State Office of Administrative Hearings (SOAH). The rules would have to allow a RRC hearings examiner to conduct hearings and make final decisions in contested cases that were not heard by a commissioner. SOAH would have to charge the RRC a fixed annual rate for hearings it conducted only if the Legislature appropriated money for that purpose. Otherwise, SOAH would have to charge the RRC an hourly rate for any hearings it conducted.

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 3442 contained a clause specifying that the Legislature could reduce or eliminate the amount of state funds required by statute for agencies in Article 6 to achieve a balanced budget. It did not include authorization for Article 6 agencies to reduce or recover expenditures by the general methods listed above. It contained provisions related to the coastal protection fund, Texas Parks and Wildlife Department expenditures and accounts, and RRC expenditures not contained in the committee substitute.

The companion bill, SB 1863 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 3378 by Hope, relating to appropriations for Article 8 regulatory agencies.