

SUBJECT: Revising provisions governing general revenue dedicated accounts, funds

COMMITTEE: Appropriations — favorable, without amendment

VOTE: 23 ayes — Zerwas, Longoria, C. Bell, G. Bonnen, Buckley, Capriglione, Cortez, S. Davis, M. González, Hefner, Howard, Jarvis Johnson, Miller, Muñoz, Schaefer, Sherman, Smith, Stucky, Toth, J. Turner, VanDeaver, Walle, Wilson

0 nays

4 absent — Minjarez, Rose, Sheffield, Wu

WITNESSES: For — (*Registered, but did not testify:* Ryan Brannan, Galveston Park Board of Trustees; Scott Houston, Texas Municipal League; Jim Baxa)

Against — None

On — (*Registered, but did not testify:* Jennifer Quereau and Brendon Riggs, Legislative Budget Board)

BACKGROUND: Texas Constitution Art. 3, sec. 49a limits state spending to the amount of revenue the comptroller estimates will be available during the two-year budget period. The comptroller must certify that the state will have enough revenue to pay for the approved spending.

General revenue dedicated funds are funds collected for a specific purpose designated in state law. Under Government Code sec. 403.095, the comptroller includes in the estimate of funds available for general-purpose spending the amounts in general revenue dedicated accounts expected to exceed appropriations from those accounts at the end of the current biennium.

Concerns have been raised about the state relying on funds dedicated for specific purposes to certify budget spending, and some have proposed that the state continue efforts to reduce that reliance.

DIGEST: HB 2802 would modify provisions governing dedicated revenues that are available for budget certification, exclude certain funds from budget certification, and revise the uses of certain funds.

Dedicated funds counted toward budget certification. The bill would extend from 2019 to 2021 the general authorization that makes available for budget certification certain dedicated revenues that are estimated to exceed the amount appropriated from them. The bill also would update references from the 85th Legislature to the 86th Legislature and would extend the expiration date on sections dealing with the use of dedicated revenue from 2019 to 2021.

The bill would create new provisions that would exclude dedicated revenues in certain accounts or funds from being available for budget certification. The exclusion would apply to:

- the Texas Department of Insurance operating account;
- the lifetime license endowment account;
- the permanent fund for the health and tobacco education and enforcement account;
- the permanent fund for the children and public health account;
- the permanent fund for the emergency medical services and trauma care account;
- the permanent fund for the rural health facility capital improvement account;
- the permanent hospital fund for the capital improvements and the Texas Center for Infectious Disease account;
- the child abuse and neglect prevention operating fund account;
- the child abuse and neglect prevention trust fund account; and
- the separate fund account of each institution of higher education in the general revenue fund.

Texas Emissions Reduction Plan. The bill would add to permissible uses of funding under the Texas Emissions Reduction Plan. Under the bill, it

could be used for energy efficiency upgrades for state facilities and a vehicle emissions inspection and maintenance program administered by the Department of Public Safety.

911 emergency service fee. The bill would allow the Commission on State Emergency Communications to reduce the current monthly 50-cent fee imposed on each wireless telecommunications connection if it determined that the reduction would not prevent entities providing 911 service from receiving adequate funding.

Coastal protection fund. The bill would expand the uses of the Coastal Protection Fund to include coastal resiliency projects identified in the Texas Coastal Resiliency Master Plan published in 2017 by the General Land Office (GLO), or a successor plan. The bill would specify that the GLO could not carry out a coastal resiliency project that it was not authorized by law to carry out. The bill would exempt funds spent for coastal resiliency projects from requirements that the GLO commissioner try to recover or pursue reimbursement of funds from certain parties.

Game, fish, and water safety account. The bill would expand uses of the game, fish, and water safety account to include the same coastal resiliency projects that the bill would authorize for the coastal protection fund.

The bill would take effect September 1, 2019.

NOTES:

According to the Legislative Budget Board, the bill would result in a reduction of \$777.6 million in the amount available for budget certification for fiscal 2020-21.