

BILL ANALYSIS

Senate Research Center
87R27979 BRG-D

C.S.H.B. 2896
By: Bonnen (Nelson)
Finance
5/21/2021
Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

H.B. 2896 provides that funds, accounts, and dedications established by bills passed by the 87th Legislature become part of the General Revenue Fund unless they are exempted by this bill.

(Original Author's/Sponsor's Statement of Intent)

C.S.H.B. 2896 amends current law relating to the creation and re-creation of funds and accounts, the dedication and rededication of revenue and allocation of accrued interest on dedicated revenue, and the exemption of unappropriated money from use for general governmental purposes.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. DEFINITION. Defines "state agency."

SECTION 2. ABOLITION OF FUNDS, ACCOUNTS, AND DEDICATIONS. Provides that except as otherwise specifically provided by this Act, all funds and accounts created or re-created by an Act of the 87th Legislature, Regular Session, 2021, that becomes law and all dedications or rededications of revenue collected by a state agency for a particular purpose by an Act of the 87th Legislature, Regular Session, 2021, that becomes law are abolished on the later of August 31, 2021, or the date the Act creating or re-creating the fund or account or dedicating or rededicating revenue takes effect.

SECTION 3. PREVIOUSLY EXEMPT DEDICATIONS, FUNDS, AND ACCOUNTS. Provides that Section 2 of this Act does not apply to:

- (1) statutory dedications, funds, and accounts that were enacted before the 87th Legislature convened to comply with requirements of state constitutional or federal law;
- (2) dedications, funds, or accounts that remained exempt from former Section 403.094(h), Government Code, at the time dedications, accounts, and funds were abolished under that provision;
- (3) increases in fees or other revenue dedicated as described by this section; or
- (4) increases in fees or other revenue required to be deposited in a fund or account described by this section.

SECTION 4. FEDERAL FUNDS. Provides that Section 2 of this Act does not apply to funds created under an Act of the 87th Legislature, Regular Session, 2021, for which separate accounting is required by federal law, except that the funds are required to be deposited in accounts in the general revenue fund unless otherwise required by federal law.

SECTION 5. TRUST FUNDS. Provides that Section 2 of this Act does not apply to trust funds or dedicated revenue deposited to trust funds created under an Act of the 87th Legislature, Regular Session, 2021, except that the trust funds are required to be held in the state treasury, with the Comptroller of Public Accounts of the State of Texas (comptroller) in trust, or outside the state treasury with the comptroller's approval.

SECTION 6. BOND FUNDS. Provides that Section 2 of this Act does not apply to bond funds and pledged funds created or affected by an Act of the 87th Legislature, Regular Session, 2021, except that the funds are required to be held in the state treasury, with the comptroller in trust, or outside the state treasury with the comptroller's approval.

SECTION 7. CONSTITUTIONAL DEDICATIONS, FUNDS, AND ACCOUNTS. Provides that Section 2 of this Act does not apply to funds or accounts that would be created or re-created by the Texas Constitution or revenue that would be dedicated or rededicated by the Texas Constitution under a constitutional amendment proposed by the 87th Legislature, Regular Session, 2021, or to dedicated revenue deposited to funds or accounts that would be so created or re-created, if the constitutional amendment is approved by the voters.

SECTION 8. ADDITIONAL USES FOR DEDICATED FUNDS OR ACCOUNTS. Provides that Section 2 of this Act does not apply to a newly authorized use of money in a dedicated fund or dedicated account as provided by an Act of the 87th Legislature, Regular Session, 2021, to the extent:

- (1) the fund or account was exempted from abolition by an Act of the legislature that became law before January 1, 2021; and
- (2) the newly authorized use is within the scope of the original dedication of the fund or account.

SECTION 9. ACCOUNTS IN GENERAL REVENUE FUND. Provides that, effective on the later of the effective date of the Act creating or re-creating the specified account or August 31, 2021, the following accounts, the revenue deposited to the credit of those accounts, and the revenue dedicated for deposit to the credit of those accounts, are exempt from Section 2 of this Act and the accounts are created or re-created in the general revenue fund, if created or re-created by the Act of the 87th Legislature, Regular Session, 2021, that becomes law:

- (1) the broadband development account created as an account in the general revenue fund by House Bill No. 5 or similar legislation;
- (2) the Brain Institute of Texas research fund created as an account in the general revenue fund by House Bill No. 15 or similar legislation;
- (3) an account created in the general revenue fund by House Bill No. 211 or similar legislation;
- (4) the rural veterinarian incentive program account created as an account in the general revenue fund by House Bill No. 1259 or similar legislation;
- (5) the barbering and cosmetology school tuition protection account created by House Bill No. 1560 or similar legislation;
- (6) the micro-business recovery fund created as an account in the general revenue fund by House Bill No. 3271 or similar legislation;
- (7) the consumable hemp products account created as an account in the general revenue fund by House Bill No. 3948 or similar legislation;
- (8) the Texas youth livestock show fund created as an account in the general revenue fund by House Bill No. 3959 or similar legislation;

- (9) the Texas music incubator account created as an account in the general revenue fund by Senate Bill No. 609 or similar legislation;
- (10) the Breeders' Cup Developmental Account created as an account in the general revenue fund by Senate Bill No. 704 or similar legislation;
- (11) the Bulk Storage Vessel Performance Standards Program Account created by Senate Bill No. 900 or similar legislation;
- (12) an account created in the general revenue fund by Senate Bill No. 1137 or similar legislation;
- (13) the micro-business disaster recovery fund created as an account in the general revenue fund by Senate Bill No. 1465 or similar legislation; and
- (14) the opioid abatement account created as an account in the general revenue fund by Senate Bill No. 1827 or similar legislation.

SECTION 10. SEPARATE FUNDS. Provides that, effective on the later of the effective date of the Act creating or re-creating the specified fund or August 31, 2021, the following funds, if created or re-created by an Act of the 87th Legislature, Regular Session, 2021, the revenue deposited to the funds, and the revenue dedicated for deposit to the funds, are exempt from Section 2 of this Act, and the funds are created or re-created as separate funds inside or outside the state treasury, as specified by the Act creating or re-creating the fund:

- (1) the broadband pole replacement fund created as a fund in the state treasury by House Bill No. 1505 or similar legislation;
- (2) the state utilities reliability fund created as a special fund in the state treasury by House Bill No. 2000 or similar legislation;
- (3) the state utilities reliability revenue fund created as a special fund in the state treasury by House Bill No. 2000 or similar legislation;
- (4) the critical infrastructure resiliency fund created as a special fund in the state treasury by House Bill No. 2275 or similar legislation;
- (5) the disaster response loan fund created as a fund outside the state treasury by House Bill No. 2812 or similar legislation;
- (6) the open burn pit registry fund created as a special fund in the state treasury by House Bill No. 3953, House Bill No. 3957, or similar legislation;
- (7) the technology improvement and modernization fund created as a special fund in the state treasury by House Bill No. 4018 or similar legislation;
- (8) the broadband development fund created as a special fund in the state treasury by Senate Bill No. 5 or similar legislation;
- (9) the small business disaster recovery revolving fund created as a special fund outside the state treasury by Senate Bill No. 678 or similar legislation;
- (10) the horse industry escrow account created as a trust account outside the state treasury by Senate Bill No. 704 or similar legislation;
- (11) the Texas small and rural community success fund created as a trust fund outside the state treasury by Senate Bill No. 1465 or similar legislation; and
- (12) the opioid abatement trust fund created as a trust fund outside the state treasury by Senate Bill No. 1827 or similar legislation.

SECTION 11. REVENUE DEDICATIONS. Provides that effective on the later of the effective date of the Act dedicating or rededicating the specified revenue or August 31, 2021, the following dedications or rededications of revenue collected for a particular purpose are exempt from Section 2 of this Act, if dedicated or rededicated by an Act of the 87th Legislature, Regular Session, 2021:

- (1) the dedication of grants and donations to the state highway fund provided by House Bill No. 1075 or similar legislation;
- (2) the dedication of certain tax revenue to the specialty court account provided by House Bill No. 1256 or similar legislation;
- (3) the dedication of funds to the anthropogenic carbon dioxide storage trust fund provided by House Bill No. 1284 or similar legislation;
- (4) the dedication of revenue from the fee established by House Bill No. 1631 or similar legislation to the game, fish, and water safety account;
- (5) the dedication of municipal sales and use tax revenue provided by House Bill No. 1900 or similar legislation;
- (6) the dedication of revenue provided by House Bill No. 1904 or similar legislation;
- (7) the dedication of revenue to the state highway fund provided by House Bill No. 2577 or similar legislation;
- (8) the dedication of revenue to the designated trauma facility and emergency medical services account provided by House Bill No. 3514 or similar legislation;
- (9) the dedication of revenue to the Motor Vehicle Crime Prevention Authority provided by House Bill No. 3514 or similar legislation;
- (10) the dedication of revenue to the oil and gas regulation and cleanup fund provided by House Bill No. 3973 or similar legislation;
- (11) the dedication of revenue to the State Securities Board provided by House Bill No. 4131 or similar legislation;
- (12) the dedication of revenue provided by Senate Bill No. 4472 or similar legislation;
- (13) the dedication of revenue provided by Senate Bill No. 41 or similar legislation;
- (14) the dedication of revenue to the Texas mobility fund provided by Senate Bill No. 181 or similar legislation;
- (15) the dedication of grants and donations to the state highway fund provided by Senate Bill No. 633 or similar legislation;
- (16) the dedication of revenue provided by the Senate Bill No. 1263 or similar legislation;
- (17) the dedication of revenue to the state highway fund provided by Senate Bill No. 1728 or similar legislation;
- (18) the dedication of revenue from penalties imposed under Senate Bill No. 2038 or similar legislation to the freestanding emergency medical care facility licensing fund; and
- (19) the dedication of tax revenue provided by Senate Bill No. 2089 or similar legislation.

SECTION 12. REALLOCATION OF INTEREST ACCRUED ON CERTAIN DEDICATED REVENUE. (a) Provides that this section applies only to an account in the general revenue fund:

(1) any part of which Section 403.095 (Use of Dedicated Revenue), Government Code, makes available for certification under Section 403.121 (Contents of Estimate), Government Code; and

(2) that is created or re-created by an Act of the 87th Legislature, Regular Session, 2021.

(b) Provides that except as provided by this Act, all interest and other earnings that accrue on all revenue held in an account in the general revenue fund are available for any general governmental purpose.

(c) Requires the comptroller, except as provided by this Act, to deposit all interest and other earnings that accrue on all revenue held in an account in the general revenue fund to the credit of the general revenue fund.

SECTION 13. AMENDMENT OF SECTION 403.095, GOVERNMENT CODE. Amends Sections 403.095(b), (d), and (f), Government Code, effective September 1, 2021, as follows:

(b) Provides that, notwithstanding any law dedicating or setting aside revenue for a particular purpose or entity, dedicated revenues that on August 31, 2023, rather than August 31, 2021, are estimated to exceed the amount appropriated by the General Appropriations Act or other laws enacted by the 87th, rather than the 86th, Legislature are available for general governmental purposes and are considered available for the purpose of certification under Section 403.121.

(d) Requires the comptroller, following certification of the General Appropriations Act and other appropriations measures enacted by the 87th, rather than 86th, Legislature to reduce each dedicated account as directed by the legislature by an amount that is prohibited from exceeding the amount by which estimated revenues and unobligated balances exceed appropriations. Authorizes the reductions to be made in the amounts and at the times necessary for cash flow considerations to allow all the dedicated accounts to maintain adequate cash balances to transact routine business. Authorizes the legislature to authorize, in the General Appropriations Act, the temporary delay of the excess balance reduction required under this subsection. Provides that this subsection does not apply to revenues or balances in:

(1) funds outside the treasury;

(2) trust funds, which for purposes of this section include funds that may or are required to be used in whole or in part for the acquisition, development, construction, or maintenance of state and local government infrastructures, recreational facilities, or natural resource conservation facilities;

(3) funds created by the constitution or a court; or

(4) funds for which separate accounting is required by federal law.

(f) Provides that this section expires September 1, 2023, rather than September 1, 2021.

SECTION 14. AMENDMENT OF SECTION 504.6012, TRANSPORTATION CODE. Amends Section 504.6012, Transportation Code, effective September 1, 2021, as follows:

Sec. 504.6012. **ELIMINATION OF DEDICATED REVENUE ACCOUNTS; REVENUES IN TRUST.** (a) Requires the comptroller, notwithstanding any other law, not later than September 30, 2021, rather than September 30, 2019, to eliminate all dedicated accounts established for specialty license plates and to set aside the balances of

those dedicated accounts so that the balances may be appropriated only for the purposes intended as provided by the dedications.

(b) Requires that the portion of a fee payable that is designated for deposit to a dedicated account, on and after September 1, 2021, rather than September 1, 2019, be paid instead to the credit of an account in a trust fund created by the comptroller outside the general revenue fund. Provides that the comptroller is required to administer the trust fund and accounts and is authorized to allocate the corpus and earnings on each account only in accordance with the dedications of the revenue deposited to the trust fund accounts.

SECTION 15. EFFECT OF ACT. (a) Provides that this Act prevails over any other Act of the 87th Legislature, Regular Session, 2021, regardless of the relative dates of enactment, that purports to create or re-create a special fund or account or to dedicate or rededicate revenue to a particular purpose, including any fund, account, or revenue dedication abolished under former Section 403.094, Government Code.

(b) Provides that an exemption from the application of Section 403.095, Government Code, contained in another Act of the 87th Legislature, Regular Session, 2021, that is exempted from the application of Section 2 of this Act has no effect.

(c) Requires that revenue that would be deposited to the credit of a special account or fund, under the terms of another Act of the 87th Legislature, Regular Session, 2021, be deposited to the credit of the undedicated portion of the general revenue fund unless the fund, account, or dedication is exempted under this Act.

(d) Provides that this Act prevails over any other Act of the 87th Legislature, Regular Session, 2021, regardless of the relative dates of enactment, that purports to allocate interest or other earnings that accrue on revenue held in an account in the general revenue fund any part of which Section 403.095, Government Code, makes available for certification under Section 403.121, Government Code.

SECTION 16. EFFECTIVE DATE. Effective date, except as otherwise provided by this Act: upon passage or the 91st day after the last day of the legislative session.