

BILL ANALYSIS

Senate Research Center
88R12317 KBB-D

H.B. 3461
By: Bonnen (Huffman)
Finance
5/4/2023
Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Every legislature for more than two decades has passed a funds consolidation bill to specify which general revenue-dedicated accounts are available to use for budget certification and which are exempt. It has been further noted that recently, the legislature has worked to reduce the state's reliance on dedicated accounts for the purpose of certification by appropriating those funds for allowable use and exempting others from certification in the fund consolidation bill. H.B. 3461 seeks to enable the fund consolidation process.

H.B. 3461 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. Provides that "state agency," in any provision of this Act that does not amend current law, means an office, institution, or other agency that is in the executive or judicial branch of state government, has authority that is not limited to a geographical portion of the state, and was created by the constitution or a statute of this state. Provides that the term does not include an institution of higher education as defined by Section 61.003 (Definitions), Education Code.

SECTION 2. ABOLITION OF FUNDS, ACCOUNTS, AND DEDICATIONS. Provides that all funds and accounts created or re-created by an Act of the 88th Legislature, Regular Session, 2023, that becomes law and all dedications or rededications of revenue collected by a state agency for a particular purpose by an Act of the 88th Legislature, Regular Session, 2023, that becomes law are abolished on the later of August 31, 2023, or the date the Act creating or re-creating the fund or account or dedicating or rededicating revenue takes effect, except as otherwise specifically provided by this Act.

SECTION 3. PREVIOUSLY EXEMPT DEDICATIONS, FUNDS, AND ACCOUNTS. Provides that Section 2 of this Act does not apply to certain dedications, funds, accounts, fees, or other revenue.

SECTION 4. FEDERAL FUNDS. Provides that Section 2 of this Act does not apply to funds created under an Act of the 88th Legislature, Regular Session, 2023, 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 88th Legislature, Regular Session, 2023, 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 88th Legislature, Regular Session, 2023, 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 88th Legislature, Regular Session, 2023, 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 88th Legislature, Regular Session, 2023, to the extent the fund or account was exempted from abolition by an Act of the legislature that became law before January 1, 2023, and the newly authorized use is within the scope of the original dedication of the fund or account.

SECTION 9. REALLOCATION OF INTEREST ACCRUED ON CERTAIN DEDICATED REVENUE. (a) Provides that this section applies only to an account in the general revenue fund 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 that is created or re-created by an Act of the 88th Legislature, Regular Session, 2023.

(b) Provides that all interest and other earnings that accrue on all revenue held in an account in the general revenue fund, except as provided by this Act, 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 10. AMENDMENT OF SECTION 403.095, GOVERNMENT CODE. Amends Sections 403.095(b), (d), and (f), Government Code, effective September 1, 2023, as follows:

(b) Provides that dedicated revenues that on August 31, 2025, rather than 2023, are estimated to exceed the amount appropriated by the General Appropriations Act or other laws enacted by the 88th Legislature, rather than the 87th Legislature, notwithstanding any law dedicating or setting aside revenue for a particular purpose or entity, 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 88th Legislature, rather than by the 87th 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.

(f) Provides that this section expires September 1, 2025, rather than 2023.

SECTION 11. AMENDMENT OF SECTION 504.6012, TRANSPORTATION CODE. Amends Section 504.6012, Transportation Code, effective September 1, 2023, 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, 2023, rather than September 30, 2021, 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, 2023, rather than September 1, 2021, be paid instead to the credit of an account in a trust fund created by the comptroller outside the general revenue fund.

SECTION 12. EFFECT OF ACT. (a) Provides that this Act prevails over any other Act of the 88th Legislature, Regular Session, 2023, 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 (Consolidation of Funds; Abolition of Dedications), Government Code.

(b) Provides that an exemption from the application of Section 403.095, Government Code, contained in another Act of the 88th Legislature, Regular Session, 2023, that is exempted from the application of Section 2 of this Act has no effect.

(c) Requires that revenue that, under the terms of another Act of the 88th Legislature, Regular Session, 2023, would be deposited to the credit of a special account or fund, 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 88th Legislature, Regular Session, 2023, 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 13. 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.