

## **BILL ANALYSIS**

Senate Research Center  
82R5425 JSA-D

S.B. 698  
By: Watson  
Finance  
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As Filed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

S.B. 698 states that on legislation reducing revenue to the state, the Legislative Budget Board (LBB) would be required to produce a statement declaring functions that would be affected by the revenue reduction.

Under current practices, legislation may pass that negatively impacts state revenue; however, the impact of these revenue reductions are not always clear. The state does not necessarily need to be specific about cuts that would be required due to those reductions until after the legislation is in place.

S.B. 698 would require impact analyses of bills that reduce general revenue to the state, or that reduce or increase fee revenue to the state. As soon as practicable after a bill affecting general revenue is filed, the LBB would be required to prepare an impact statement identifying proposed appropriations that would result in less general revenue. The statement would have to say, for each of those appropriations, how much revenue would be lost, what services and functions that revenue pays for and how those services and functions might be affected, and other sources to revenue that could be used to supplement the reduced appropriation. Where revenue is increased, the statement would have to declare how that money would be used and the effect of its use. These statements would need to be updated as bills move through the legislative process.

As proposed, S.B. 698 amends current law relating to the analysis of certain legislative measures making an appropriation or affecting a state tax or fee.

### **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. Amends Chapter 322, Government Code, by adding Sections 322.0085 and 322.0086, as follows:

Sec. 322.0085. IMPACT ANALYSIS OF REDUCTIONS IN GENERAL REVENUE APPROPRIATIONS. (a) Defines "appropriations bill" in this section.

(b) Requires the director of the Legislative Budget Board (director), as soon as practicable after an appropriations bill is filed in either house of the legislature, to prepare an appropriations impact statement for the bill that identifies each proposed appropriation that would:

(1) result in a total amount of general revenue appropriations available for any purpose for the succeeding fiscal biennium that is less than the total amount of general revenue appropriations available for the same purpose for the current fiscal biennium, after considering other appropriations from general revenue for the same purpose and after adjusting, in a manner determined by the director, the total amount of appropriations for that

purpose for the current biennium to reflect the state's population growth and monetary inflation during the current biennium; or

(2) result in a reduction in the total amount of general revenue appropriations available for any purpose for the current fiscal biennium.

(c) Requires the director, for each appropriation that the director determines will result in a comparative reduction in the total amount of general revenue appropriations available for a purpose, to:

(1) determine and report in the statement the estimated amount of the reduction;

(2) include in the statement a description of the services and functions for which the appropriation may be used and of how those services and functions may be affected by the reduction; and

(3) identify in the statement any other sources of funding, including increases in fees or other charges, that lawfully could be used for that purpose and made available to supplement the reduced appropriation.

(d) Requires the director, as soon as practicable after a bill to which this section applies is reported from committee, engrossed by the house of origin, reported to the house of origin with amendments by the other house, or reported to either house by a conference committee, to revise the statement required by this section to reflect any changes to the bill made by the applicable committee, house, or conference committee.

(e) Requires the director, by e-mail or other method the director determines appropriate, to make each impact statement required by this section available to each member of the legislature as soon as practicable after the statement is prepared.

Sec. 322.0086. IMPACT ANALYSIS OF STATE TAX AND FEE BILLS. (a) Defines "tax bill," "fee bill," "state fee," and "state tax" in this section.

(b) Requires the director, as soon as practicable after a tax bill or fee bill is filed in either house of the legislature, to prepare an impact statement for the bill that:

(1) states the amount of each increase or reduction in state revenue estimated to result from the changes in law made by the bill;

(2) describes the services and functions for which any increase in state revenue identified under Subdivision (1) may be used and describes the projected effect of the increased revenue on those services and functions; and

(3) for any reduction in state revenue identified under Subdivision (1), describes the services and functions for which the affected state revenue is used and describes the projected effect of the reduction on those services and functions.

(c) Requires the director, as soon as practicable after a bill to which this section applies is reported from committee, engrossed by the house of origin, reported to the house of origin with amendments by the other house, or reported to either house by a conference committee, to revise the statement required by this section to reflect any changes to the bill made by the applicable committee, house, or conference committee.

(d) Requires the director, by e-mail or other method the director determines appropriate, to make each impact statement required by this section available to each member of the legislature as soon as practicable after the statement is prepared.

SECTION 2. Effective date: upon passage or September 1, 2011.