

## BILL ANALYSIS

Senate Research Center  
83S30002 JJT-D

S.B. 1  
By: Nichols et al.  
Finance  
7/30/2013  
As Filed

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

As proposed, S.B. 1 amends current law relating to the creation and functions of legislative select committees on transportation funding, expenditures, and finance and to the preservation of a sufficient balance in the economic stabilization fund.

### 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. (a) Requires the speaker of the house of representatives to appoint nine members to a House Select Committee on Transportation Funding, Expenditures, and Finance and designate one member as chair. Requires the lieutenant governor to appoint nine members to a Senate Select Committee on Transportation Funding, Expenditures, and Finance and designate one member as chair. Requires the speaker and lieutenant governor to make the appointments not later than December 15, 2013.

(b) Authorizes the committees established under this section to meet separately at the call of the chair of the committee or jointly at the call of both chairs. Requires the chairs, in joint meetings, to act as joint chairs.

(c) Requires the committees established under this section, meeting separately or jointly, to review, study, and evaluate:

(1) the future reliability of all current state transportation funding sources;

(2) alternatives that are authorized to increase available state funding for surface transportation, including an examination of increases to current surface-transportation-related funding streams and possible diversions of non-surface-transportation-related funding streams toward surface transportation funding;

(3) the use of debt financing in state transportation funding, including the uses of the Texas Mobility Fund, and the effects on long-term transportation planning of using debt financing;

(4) alternative transportation funding options in use nationally and internationally;

(5) current and historic appropriations to the Texas Department of Transportation (TxDOT), including:

(A) whether TxDOT's budget structure best maximizes the application of limited public funds toward highway maintenance and construction;

(B) whether there are opportunities to reduce the use of money from the state highway fund by TxDOT for activities not related to highway

maintenance and construction, including such uses as employee salaries and benefits; and

(C) possible benefits of developing a budget for TxDOT for the 2016-2017 state fiscal biennium using zero-based budgeting principles;

(6) the uses of the state highway fund for agencies other than TxDOT, including and emphasizing the use of that fund for the Department of Public Safety of the State of Texas; and

(7) the original purpose of the economic stabilization fund established by Section 49-g (Economic Stabilization Fund), Article III (Legislative Department), Texas Constitution, whether that purpose remains relevant, and whether it remains appropriate to continue using the net amount of oil and gas production taxes received in the 1987 state fiscal year as the basis for making general revenue transfers to the economic stabilization fund.

(d) Requires the committees established under this section, following consideration of the factors described by Subsection (c) of this section, to jointly adopt recommendations related to the reviewed subjects and to provide a written report of the committees' recommendations on the reviewed subjects to the legislature not later than November 1, 2014.

(e) Authorizes the committees established under this section to exercise any power of a committee of their respective chambers and any powers of a joint committee. Provides that for the purposes of this Act, the committees established under this section are considered a joint committee and the cost of operation of each committee may be borne in the same manner as the cost of a joint committee. Authorizes the Texas Legislative Council to provide funding for the operations of the committees. Provides that to the extent not inconsistent with this resolution, the joint rules adopted by the 83rd Legislature for the administration of joint interim legislative study committees apply to the committees established under this section.

(f) Provides that this section expires January 13, 2015.

SECTION 2. (a) Amends Chapter 316, Government Code, by adding Subchapter H, as follows:

#### SUBCHAPTER H. PRESERVATION OF SUFFICIENT BALANCE IN ECONOMIC STABILIZATION FUND

Sec. 316.091. DEFINITIONS. Defines "board" and "fund" in this subchapter.

Sec. 316.092. DETERMINATION OF SUFFICIENT BALANCE. (a) Requires the Legislative Budget Board (LBB), for the purposes of Section 49-g(c-2) (relating to requiring the comptroller to reduce the amount that would otherwise be allocated to the state highway fund as provided by Subsection (c-1) of this section by the lesser of the total amount of the allocation to that fund or the amount necessary for the anticipated balance of the economic stabilization fund, after any transfer that may be made under Subsection (b) of this section and the transfer and allocation to be made as provided by Subsections (c) and (c-1) of this section, to equal \$6 billion, if the anticipated balance of the economic stabilization fund after any transfer that is authorized to be made under Subsection (b) of this section and any transfer and allocation of money that is authorized to be made as provided by Subsections (c) and (c-1) of this section would be less than \$6 billion), Article III, Texas Constitution, before LBB submits the budget as prescribed by Section 322.008(c) (relating to requiring the director of LBB, not later than the fifth day after a regular legislative session convenes, to transmit a copy of the budget of estimated appropriations prepared by the director to the governor and each member of the legislature), to determine and adopt for the next state fiscal biennium a sufficient balance of the economic stabilization fund (fund)

in an amount that LBB estimates will ensure an appropriate amount of revenue available in the fund. Requires LBB, in determining the sufficient balance for that fiscal biennium, to consider:

- (1) the history of fund balances;
- (2) the history of transfers to the fund;
- (3) estimated fund balances during that fiscal biennium;
- (4) estimated transfers to the fund to occur during that fiscal biennium;
- (5) information available to the board regarding state highway congestion and funding demands; and
- (6) any other information requested by the board regarding the state's financial condition.

(b) Requires the comptroller of public accounts of the State of Texas (comptroller), on or before October 1 of each even-numbered year, to provide to LBB the comptroller's projection of the amounts to be transferred to the fund during the next state fiscal biennium.

Sec. 316.093. ADJUSTMENT OF CONSTITUTIONAL ALLOCATIONS TO FUND AND STATE HIGHWAY FUND. (a) Requires the comptroller, before the comptroller makes transfers for a state fiscal year in accordance with Section 49-g(c) (relating to requiring the comptroller, not later than the 90th day of each fiscal year, to transfer from general revenue to the economic stabilization fund the amounts prescribed by Subsections (d) and (e) of this section), Article III, Texas Constitution, to determine whether the sum of the balance of the fund on the preceding August 31, any projected transfer to the fund under Section 49-g(b) (relating to requiring the comptroller, not later than the 90th day of each biennium, to transfer to the economic stabilization fund one-half of any unencumbered positive balance of general revenues on the last day of the preceding biennium) of that article, and any projected transfer to the fund under Section 49-g(c) of that article in accordance with the allocations for the transfer as provided by Section 49-g(c-1) (relating to requiring the comptroller to allocate one-half of the sum of the amounts described by Subsections (d) and (e) of this section and required to be transferred from the general revenue fund under Subsection (c) of this section, to the economic stabilization fund and the remainder to the state highway fund, except as provided by Subsection (c-2) of this section) of that article is less than the sufficient balance adopted under Section 316.092.

(b) Requires the comptroller to adjust the allocation of amounts to be transferred to the fund and to the state highway fund as provided by Section 49-g(c), Article III, Texas Constitution, if the sum described by Subsection (a) is less than the sufficient balance adopted under Section 316.092, so that:

- (1) the amount allocated for transfer to the fund is increased by an additional amount equal to the lesser of the remaining one-half of the sum of the amounts allocated for transfer under Sections 49-g(d) (relating to requiring the comptroller to transfer to the economic stabilization fund an amount equal to 75 percent of the difference between those amounts if in the preceding year the state received from oil production taxes a net amount greater than the net amount of oil production taxes received by the state in the fiscal year ending August 31, 1987) and (e) (relating to requiring the comptroller to transfer to the economic stabilization fund an amount equal to 75 percent of the difference between those amounts if in the preceding year the state received from gas

production taxes a net amount greater than the net amount of gas production taxes received by the state in the fiscal year ending August 31, 1987) of that article or the amount necessary for the sufficient balance to be reached when considered together with other estimated transfers to the fund during the then-current fiscal year; and

(2) the amount allocated for transfer to the state highway fund is reduced by the amount of the increased allocation to the fund under Subdivision (1).

(c) Requires the comptroller, if LBB has not adopted under Section 316.092 a sufficient balance for the comptroller to consider under this section, to adjust the allocation of amounts to be transferred to the fund and to the state highway fund as provided by Section 49-g(c), Article III, Texas Constitution, so that the total of those amounts is transferred to the economic stabilization fund, except that the comptroller is required to reduce a transfer made under this subsection as necessary to prevent the amount in the fund from exceeding the limit in effect for that biennium under Section 49-g(g) (relating to prohibiting the amount in the economic stabilization fund, during each fiscal biennium, from exceeding an amount equal to 10 percent of the total amount, excluding investment income, interest income, and amounts borrowed from special funds, deposited in general revenue during the preceding biennium) of that article.

(d) Requires LBB, as soon as practicable after the effective date of this section, to determine and adopt a sufficient balance of the fund applicable to the transfers to be made under Section 49-g(c), Article III, Texas Constitution, for the state fiscal year beginning September 1, 2014, and a sufficient balance of the fund applicable to the transfers to be made under that subsection for the next fiscal biennium. Prohibits the comptroller from making the transfers required under Section 49-g(c) of that article for the state fiscal year beginning September 1, 2014, until LBB has adopted a sufficient balance under this subsection. Requires the comptroller to make that transfer on the 30th day after the effective date of this section in accordance with Subsection (c) of this section if LBB has not adopted the balance before the 30th day after the effective date of this section. Provides that this subsection expires September 1, 2015.

(b) Effective date, this section: immediately upon approval by the voters of the constitutional amendment relating to providing for the transfer of certain general revenue to the economic stabilization fund and the state highway fund and for the dedication of the revenue transferred to the state highway fund. Provides that if that amendment is not approved by the voters, this section has no effect.

SECTION 3. Effective date, except as otherwise provided by this Act: upon passage or on the 91st day after the last day of the legislative session.