



LEGISLATIVE BUDGET BOARD

Further Reduce Reliance on General Revenue—Dedicated Accounts for Certification of the State Budget

Legislative Policy Report

**SUBMITTED TO THE 86TH LEGISLATURE
PREPARED BY LEGISLATIVE BUDGET BOARD STAFF**

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General Revenue–Dedicated accounts are subaccounts within the General Revenue Fund that are for the deposit and accounting of revenues dedicated for a particular purpose. Since 1991, unappropriated General Revenue–Dedicated account balances have been counted as available to certify appropriations from the General Revenue Fund. Certification of appropriations is required by the Texas Constitution, Article III, Section 49a. In fiscal year 1991, the Comptroller of Public Accounts counted \$540.0 million in General Revenue–Dedicated account balances as available to certify appropriations of General Revenue Funds. Reliance on General Revenue–Dedicated accounts for certification increased as accounts were added and revenue collections in many accounts exceeded appropriations. By fiscal year 2011, the amount of General Revenue–Dedicated account balances available to certify appropriations of General Revenue Funds had reached \$4.9 billion.

For the 2016–17 biennium, the Legislature had reduced the amount of General Revenue–Dedicated account balances counted for certification to \$3.5 billion. Reducing the amount of General Revenue–Dedicated account balances that may be counted toward certification has consequences in terms of complying with the constitutional provision that limits appropriations for any biennium to revenue estimated to be available by the Comptroller of Public Accounts. Consequences of this reduction also affect appropriation and revenue decisions the Legislature may make. Partly as a result of changes in fiscal conditions, by fiscal year 2017, the amount available for certification increased to \$5.3 billion.

FACTS AND FINDINGS

- ◆ The practice of counting unappropriated General Revenue–Dedicated balances as available for certification enables the Legislature to appropriate smaller amounts from these dedicated accounts for their statutory purpose, leaving fund balances to facilitate compliance with the pay-as-you-go limit and to help fund budget priorities. This practice has led to the accumulation of large balances in multiple accounts.
- ◆ The Comptroller of Public Accounts counted \$5.3 billion in the balances of 177 General Revenue–Dedicated accounts as available to certify

appropriations of General Revenue Funds for the 2018–19 biennium.

- ◆ Due to General Revenue Fund cash-flow requirements and outstanding obligations at the end of each biennium, it is not practical to reduce the balances in all General Revenue–Dedicated accounts to zero.

OPTION

- ◆ **Option 1:** Continue the implementation of measures to reduce reliance on General Revenue–Dedicated account balances for certification of General Revenue Funds appropriations by exempting certain accounts from counting toward certification, adjusting revenue, increasing appropriations, or modifying uses of dedicated revenue. The extent to which the Legislature implements measures to reduce reliance on these balances should consider the prevailing fiscal conditions.

DISCUSSION

General Revenue–Dedicated accounts are subaccounts within the General Revenue Fund that are dedicated for a particular purpose or that receive revenue dedicated for a particular purpose. More than 200 of these accounts have been established. General Revenue–Dedicated accounts first were established through fund consolidation, a process intended to eliminate most statutory funds and revenue dedications.

The Seventy-second Legislature, First Called Session, 1991, initiated the fund consolidation process. The consolidation was intended to proceed in two steps. The first step occurred on August 31, 1993, when 281 special funds were brought into the General Revenue Fund as General Revenue–Dedicated accounts. In addition to establishing General Revenue–Dedicated accounts, this legislation added the Texas Government Code, Section 403.095. Subsection b of this provision made unappropriated revenues in these dedicated accounts available for general governmental purposes and certification of appropriations from the General Revenue Fund by the Comptroller of Public Accounts (CPA), pursuant to the Texas Constitution, Article III, Section 49-a, also known as the pay-as-you-go limit. This provision limits appropriations for any biennium, except in certain circumstances, to the amount of revenue estimated to

be available by CPA. In fiscal year 1991, General Revenue–Dedicated accounts increased the amount available for certification by \$540.0 million.

The second step in the fund consolidation process was scheduled to occur August 31, 1995, when all General Revenue–Dedicated accounts and statutory dedications of the revenue in those accounts were to be abolished. Ninety-seven of the 281 accounts that existed were abolished, but the Seventy-third Legislature, 1993, and the Seventy-fourth Legislature, 1995, exempted most dedicated accounts from being abolished and continued most revenue dedications. The accounts remained as General Revenue–Dedicated accounts, and since then the Legislature has established additional accounts. Although the fund consolidation process never was completed, during each biennium since 1995, the Legislature has enacted a fund consolidation bill that extended the Texas Government Code, Section 403.095, and specified which accounts and dedications are established or retained.

Since the initial elimination of accounts in 1995, General Revenue–Dedicated balances typically have not been transferred into the General Revenue Fund and have not been appropriated for general purposes. The balances, however, have been counted as available for certification of appropriations of General Revenue Funds. The practice of counting unappropriated General Revenue–Dedicated Funds balances as available for certification enables the Legislature to appropriate smaller amounts from these dedicated accounts for their statutory purposes, leaving fund balances to facilitate compliance with the pay-as-you-go limit and to help fund budget priorities. This practice has led to accumulations of large balances in multiple accounts.

The state’s reliance on General Revenue–Dedicated accounts for certification increased significantly since 1991, reaching \$4.9 billion in fiscal year 2011. Since that time, the Legislature has taken steps to reduce the account balances counted for certification. **Figure 1** shows the number of General Revenue–Dedicated accounts and the amount counted from them for certification of appropriations of General Revenue Funds for each biennium.

REQUIRED REVIEW OF GENERAL REVENUE–DEDICATED ACCOUNTS

The Eighty-third Legislature, Regular Session, 2013, directed the Legislative Budget Board (LBB) to monitor and evaluate dedicated revenue counted for certification of appropriations from the General Revenue Fund and to develop

**FIGURE 1
GENERAL REVENUE–DEDICATED ACCOUNTS COUNTED TOWARD CERTIFICATION OF APPROPRIATIONS FROM THE GENERAL REVENUE FUND, FISCAL YEARS 1991 TO 2017**

LEGISLATIVE SESSION	ACCOUNTS	AMOUNT AVAILABLE FOR CERTIFICATION (IN MILLIONS)
Seventy-second, 1991	278	\$540
Seventy-third, 1993	281	\$940
Seventy-fourth, 1995	184	\$1,310
Seventy-fifth, 1997	192	\$1,137
Seventy-sixth, 1999	202	\$1,339
Seventy-seventh, 2001	241	\$1,625
Seventy-eighth, 2003	245	\$2,197
Seventy-ninth, 2005	254	\$2,752
Eightieth, 2007	256	\$3,080
Eighty-first, 2009	265	\$3,666
Eighty-second, 2011	260	\$4,949
Eighty-third, 2013	224	\$4,171
Eighty-fourth, 2015	129	\$3,479
Eighty-fifth, 2017	177	\$5,301

SOURCE: Comptroller of Public Accounts.

recommendations to reduce reliance on dedicated revenue for certification. House Bill 7, Eighty-third Legislature, Regular Session, 2013, required the LBB to develop and implement a process to review the dedication, appropriation, and accumulation of General Revenue–Dedicated Funds. The legislation required the LBB to incorporate into budget recommendations appropriate measures to reduce reliance on available dedicated revenue for certification. The LBB also was required to include plans to further reduce reliance for the subsequent six years.

One tool to evaluate the practice of counting General Revenue–Dedicated accounts for certification is CPA’s *Report on Use of General Revenue Dedicated Accounts*, which CPA releases after the end of each regular legislative session. CPA’s report provides definitive information regarding the revenues, appropriations, and balances of each General Revenue–Dedicated account that is counted to certify appropriations of General Revenue Funds. The report also informs the public, provides transparency to the state budget, and is required by law.

The following sections summarize actions taken by the Legislature relating to counting dedicated revenue toward certification of appropriated General Revenue Funds and

analysis of this practice, including some counting of dedicated revenue that does not materially affect the level of appropriation or ultimate use of the account’s revenue.

GENERAL REVENUE–DEDICATED ACCOUNTS COUNTED FOR CERTIFICATION FOR THE 2018–19 BIENNIUM

In the January 2017 Biennial Revenue Estimate for the 2018–19 biennium, CPA estimated that beginning balances in General Revenue–Dedicated accounts would be \$5.5 billion, and that revenue collections in those accounts would total \$6.4 billion. The Legislature appropriated \$6.3 billion from General Revenue–Dedicated accounts. After accounting for the appropriations and legislative actions that would change the amount of revenue deposited into the accounts, and updates in the October 2017 Certification Revenue Estimate (CRE), CPA estimated that \$5.3 billion in General Revenue–Dedicated account balances was available to certify appropriations of General Revenue Funds. The \$5.3 billion counted for certification from General Revenue–Dedicated accounts was 5.0 percent of the \$106.7 billion General Revenue Funds budget for the 2018–19 biennium.

Figure 2 shows the amount of revenue in General Revenue–Dedicated accounts counted to certify appropriations of General Revenue Funds for the 2018–19 biennium. Ten select General Revenue–Dedicated accounts with the highest estimated balances available for certification are shown individually. The estimated balances in those 10 accounts total \$3.1 billion, or 58.0 percent of the total \$5.3 billion available for certification in dedicated accounts.

ACTIONS RELATING TO RELIANCE ON GENERAL REVENUE–DEDICATED ACCOUNTS BY THE EIGHTY-FIFTH LEGISLATURE, REGULAR SESSION, 2017

The Eighty-fifth Legislature, Regular Session, 2017, took several actions relating to the reliance on balances in General Revenue–Dedicated accounts to certify the state budget. These actions include certain appropriation decisions in the Eighty-fifth Legislature, General Appropriations Act (GAA), 2018–19 Biennium, and passing certain measures. Selected measures in the 2018–19 GAA and other legislation are shown in Figure 3.

In the October 2017 CRE, the CPA estimated that the fiscal year 2017 ending balance in General Revenue–Dedicated accounts available for certification was \$4.2 billion. The aggregate impact of these legislative actions shown in Figure 4 is an estimated \$1.2 billion increase in the amount of

**FIGURE 2
GENERAL REVENUE–DEDICATED ACCOUNT BALANCES AVAILABLE TO CERTIFY APPROPRIATIONS OF GENERAL REVENUE FUNDS, 2018–19 BIENNIUM**

(IN MILLIONS) ACCOUNT	AMOUNT COUNTED
(1) Account No. 5071, Texas Emissions Reduction Plan	\$1,744.3
(2) Account No. 151, Clean Air	\$303.7
(3) Account No. 5128, Employment and Training Investment Holding	\$227.8
(4) Account No. 36, Texas Department of Insurance Operating Account	\$148.4
(5) Account No. 5000, Solid Waste Disposal Fees	\$141.6
(6) Account No. 655, Petroleum Storage Tank Remediation	\$115.4
(7) Account No. 5050, 9–1–1 Service Fees	\$106.1
(8) Account No. 5103, Texas B-On-Time Student Loan	\$104.3
(9) Account No. 5144, Physician Education Loan Repayment Program	\$97.1
(10) Account No. 5101, Subsequent Injury	\$85.5
Total of top 10 accounts	\$3,074.3
Other General Revenue–Dedicated accounts counted for certification	\$2,226.4
Total amount counted for certification from General Revenue–Dedicated accounts for the 2018–19 biennium	\$5,300.7

SOURCE: Comptroller of Public Accounts.

General Revenue–Dedicated account balances counted as available for certification, from \$4.2 billion to \$5.3 billion for the 2018–19 biennium.

FUND CONSOLIDATION BILLS

During each session since 1995, the Legislature has passed a fund consolidation bill. Each fund consolidation bill provided that funds, accounts, and dedications nominally established by bills passed during that Legislature’s Regular Session were abolished and became part of the General Revenue Fund, unless they explicitly were exempted from being abolished in the fund consolidation bill. House Bill 3050, Seventy-fourth Legislature, 1995, set an expiration date for the Texas Government Code, Section 403.095, of August 31, 1997. Each subsequent fund consolidation bill has included a two-year extension of this section. Enacted fund consolidation bills are shown in Figure 5.

**FIGURE 3
SELECT MEASURES RELATING TO GENERAL REVENUE–DEDICATED REVENUE COUNTED FOR CERTIFICATION OF
APPROPRIATIONS OF GENERAL REVENUE FUNDS, 2018–19 BIENNIUM**

BILL	ACCOUNT OR FUND	MEASURE	FISCAL IMPACT (IN MILLIONS)
Senate Bill 1 (General Appropriations Act, 2018–19 Biennium)	52 General Revenue–Dedicated accounts	Appropriation from certain accounts exceeded revenue collections, resulting in decreases in the balance available for certification	(\$344.6)
	39 General Revenue–Dedicated accounts	Revenue collection for certain accounts exceeded amounts appropriated, resulting in growth in the balance available for certification	\$676.5
House Bill 3849	University current accounts and nine other General Revenue–Dedicated accounts	Remove exemption of available balance in each account from counting toward certification	\$685.4

SOURCE: Legislative Budget Board.

**FIGURE 4
ESTIMATED AGGREGATE IMPACT OF LEGISLATIVE ACTIONS RELATING TO RELIANCE ON GENERAL REVENUE–DEDICATED
ACCOUNTS FOR CERTIFICATION OF THE GENERAL APPROPRIATIONS ACT, 2018–19 BIENNIUM**

ACTION	FISCAL IMPACT (IN MILLIONS)
Estimated ending balance in General Revenue–Dedicated Accounts, as of August 31, 2017	\$4,150.6
Estimated change in General Revenue–Dedicated Account Balances due to Senate Bill 1 (General Appropriations Act, 2018–19 Biennium)	\$331.9
Estimated change in General Revenue–Dedicated Account Balances due to House Bill 3849	\$685.4
Total Adjustments, Reductions, Other Appropriations (House Bill 2, House Bill 3765, etc.) as reported in the Comptroller of Public Accounts’ <i>Report on Use of General Revenue–Dedicated Accounts</i>	\$228.6
Revenue estimate revision in the Certification Revenue Estimate, October 2017	(\$95.7)
Total increases	\$1,150.1
Estimated balances in General Revenue–Dedicated accounts available for certification of 2018–19 biennial appropriations of General Revenue Funds	\$5,300.7

NOTES:

(1) Estimated ending balance consists of actual fiscal year 2017 ending balance net of estimated balances returned to among those counted as available for certification, as a result of House Bill 3849, Eighty-fifth Legislature, Regular Session, 2017, as shown in the Comptroller of Public Accounts’ *Report on Use of General Revenue–Dedicated Accounts*, 2017.

(2) Totals may not sum due to rounding.

SOURCE: Texas Comptroller of Public Accounts.

House Bill 3849, Eighty-Fifth Legislature, Regular Session, 2017, the fund consolidation bill, authorizes the establishment of 10 General Revenue–Dedicated accounts, and two funds outside the Treasury. **Figure 6** shows the funds and accounts established by the Eighty-fifth Legislature and the primary administering agencies.

House Bill 3849, Eighty-Fifth Legislature, Regular Session, 2017, also removed provisions specifying that the Texas Government Code, Section 403.095(b), does not apply to nine General Revenue–Dedicated accounts and the account of each institution of higher education in the General Revenue Fund that includes tuition and other fees. Returning these account balances to among those counted as available

for certification increased the amount counted for the 2018–19 biennium by a total of \$685.4 million.

COUNTING GENERAL REVENUE–DEDICATED ACCOUNTS FOR CERTIFICATION

Counting dedicated revenue for certification of appropriations of General Revenue Funds affects various accounts differently and results in two distinct, but related, issues. The first issue is transparency. Counting balances for certification pursuant to the Texas Government Code, Section 403.095, authorizes the Legislature to appropriate more General Revenue Funds than would be authorized in the absence of unappropriated General Revenue–Dedicated account balances. This practice also results in the appearance that revenue that is dedicated for a

**FIGURE 5
FUND CONSOLIDATION BILLS
FISCAL YEARS 1995 TO 2015**

BILL	LEGISLATIVE SESSION
House Bill 3050	Seventy-fourth, 1995
House Bill 2948	Seventy-fifth, 1997
House Bill 3084	Seventy-sixth, 1999
House Bill 3088	Seventy-seventh, 2001
House Bill 3318	Seventy-eighth, 2003
Senate Bill 1605	Seventy-ninth, 2005
House Bill 3107	Eightieth, 2007
House Bill 4583	Eighty-first, 2009
Senate Bill 1588	Eighty-second, 2011
House Bill 6	Eighty-third, 2013
House Bill 6	Eighty-fourth, 2015
House Bill 3849	Eighty-fifth, 2017

SOURCE: Legislative Budget Board.

specific purpose is being spent for general purposes. This issue applies to all General Revenue–Dedicated accounts, even if counting revenue in the account for certification has little or no substantive effect on the account’s operation, administering agency, or programs funded by the account.

The second issue is that some revenue that is deposited to General Revenue–Dedicated accounts and dedicated for a particular purpose is not being appropriated fully, causing the balances in those accounts to accumulate. This issue affects some, but not all accounts.

For many accounts, dedicated revenue is appropriated and spent for its dedicated purpose. The balances in these accounts that are counted for certification are primarily the result of the timing of revenue collections and spending. These accounts have predictable cash balances at the end of each biennium. The balances do not accumulate significantly across the long term. For these accounts, counting the balances for certification of appropriations of General Revenue Funds has little or no effect on the accounts’ level of appropriations, operation, administering agency, or programs. Typically, these accounts do not require further action by the Legislature to modify revenue, appropriations, or revenue or account dedication.

FEDERAL ACCOUNTS

Another group of accounts that are not affected materially by being counted for certification are the General Revenue–Dedicated accounts that are designated as federal accounts. These accounts receive deposits of state and federal revenue, but most of the revenue is federal. Federal restrictions apply

**FIGURE 6
FUNDS, ACCOUNTS, AND DEDICATIONS ESTABLISHED BY THE EIGHTY-FIFTH LEGISLATURE, REGULAR SESSION, 2017**

FUND OR ACCOUNT	AGENCY	ESTABLISHING BILL
General Revenue–Dedicated Account		
Account No. 5175, Bingo Administration	Texas Lottery Commission	House Bill 2578
Account No. 5168, Cancer Prevention and Research Interest and Sinking	Cancer Prevention and Research Institute of Texas	House Bill 3849
Account No. 5174, Drug Court	Fiscal Programs within the Office of the Comptroller of Public Accounts	House Bill 3391
Account No. 5170, Evidence Testing	Trusted Programs within the Office of the Governor	House Bill 1729, House Bill 4102
Account No. 5171, Metal Recycling Entity Penalties	Department of Public Safety	Senate Bill 208
Account No. 5172, Prisoner Safety	Commission on Jail Standards	Senate Bill 1849
Account No. 5167, Ship Channel Improvement Revolving Account	Texas Department of Transportation	Senate Bill 28
Account No. 5173, Texas Forensic Science Commission	Office of Court Administration	Senate Bill 298
Account No. 5169, Veterans Recovery	Health and Human Services Commission	House Bill 271
Account No. 0185, Skills Development Fund	Texas Workforce Commission	House Bill 108
Outside the State Treasury		
National Museum of the Pacific War Museum Fund	Texas Historical Commission	House Bill 1492
Ending Homelessness Fund	Department of Housing and Community Affairs	House Bill 4102

SOURCE: Comptroller of Public Accounts.

to the use of these accounts. CPA considers the balances to be obligated for spending on federal programs. From these 20 accounts, \$104.7 million was available for certification of appropriations of General Revenue Funds for the 2018–19 biennium.

ACCOUNTS REQUIRING MINIMUM BALANCES FOR CASH FLOW

In addition to the accounts described previously, many accounts maintain balances at the end of each fiscal year to pay for encumbrances against the accounts and to enable the administering agencies to manage cash-flow imbalances within the fiscal year. LBB staff identified 52 General Revenue–Dedicated accounts that had year-to-date expenditures that exceeded year-to-date revenue collections during fiscal year 2017. Without the existing account balance, expenditures from these accounts could not be made. Those balances are replenished after revenue collections catch up with expenditures during the fiscal year. The 52 accounts identified represent a combined biennial deficit of \$344.6 million and used a combined balance of \$794.5 million to support cash-flow patterns. Therefore, if the Legislature reduces the unappropriated balances of these accounts to zero at the end of a fiscal year, the revenue collections in these accounts would be insufficient for expenditure needs.

ACCOUNTS REQUIRING BALANCES FOR LONG-TERM OBLIGATIONS AND INFRASTRUCTURE NEEDS

Some accounts with accumulated balances are intended to fund infrastructure demands and long-term state obligations. According to CPA, the balance in the General Revenue–Dedicated Account No. 5050, 9-1-1 Service Fee, available for certification of appropriations of General Revenue Funds for the 2018–19 biennium was \$106.1 million. However, this balance and subsequent revenues deposited into the account are required to fund the cost of maintaining 911 services and for multiyear implementation of Next Generation 911 Services. Similarly, a portion of the \$115.4 million CPA-estimated balance in the General Revenue–Dedicated Account No. 655, Petroleum Storage Tank Remediation, may be required to fund up to \$82.6 million in projected cleanup and monitoring costs. These costs are related to releases at 366 petroleum-contaminated sites that were reported to the Texas Commission on Environmental Quality on or before December 1998. Another example, the General Revenue–Dedicated Account No. 5128, Employment and Training Investment Holding, is funded by

an assessment levied on state employers and based on wages paid. Balances in the account are transferred to the Unemployment Compensation Trust Fund as needed to maintain a sufficient balance in the trust account to fund state obligations for unemployment compensation claims.

HIGHER EDUCATION CURRENT ACCOUNTS

Higher education current accounts are General Revenue–Dedicated accounts whose primary revenue source is statutory tuition. The funds in these accounts may be used only for the support, maintenance, and operation of the institutions. Balances in these accounts are caused by the timing of revenue collections and expenditures, and the year-end balances have been predictable. Counting balances in current accounts to certify appropriations of General Revenue Funds does not affect the operation of the accounts or the institutions administering the accounts. After having been exempted by the Eighty-fourth Legislature, 2015, from the account balances available for certification, House Bill 3849, Eighty-fifth Legislature, Regular Session, 2017, removed the exemption of these account balances, estimated to be \$469.4 million for the 2018–19 biennium, from those counted as available for certification.

SELF-LEVELING ACCOUNTS

Counting General Revenue–Dedicated balances for certification does not affect self-leveling accounts materially. Self-leveling accounts are those in which revenue collection are linked to appropriations levels. An example is the General Revenue–Dedicated Account No. 36, Department of Insurance Operating. The account is self-leveling and funded through fees and insurance maintenance taxes imposed by the Texas Department of Insurance (TDI). TDI adjusts the rates of its maintenance taxes to cover the cost of appropriations funded with the maintenance tax. After the Eighty-fourth Legislature, 2015, exempted self-leveling accounts from the balances available for certification, House Bill 3849, Eighty-fifth Legislature, Regular Session, 2017, removed the exemption of these account balances, estimated to be \$148.4 million for the 2018–19 biennium.

FURTHER REDUCE RELIANCE ON GENERAL REVENUE–DEDICATED ACCOUNTS

CPA does not count all General Revenue–Dedicated accounts in the General Revenue Fund as available for certification of appropriations due to constitutional, federal, or trust restrictions. In addition, some accounts have no ongoing sources of revenue, and the balances are unpredictable.

**FIGURE 7
EXAMPLES OF GENERAL REVENUE–DEDICATED ACCOUNTS TO CONSIDER FOR EXEMPTION FROM CERTIFICATION OF
APPROPRIATIONS FROM THE GENERAL REVENUE FUND FOR THE 2020–21 BIENNIUM**

ACCOUNT	DESCRIPTION	AMOUNT AVAILABLE FOR CERTIFICATION FOR THE 2018–19 BIENNIUM (IN MILLIONS)
Federal accounts (20 accounts)	Federal restrictions on use of accounts	\$104.7
Account No. 5128, Employment and Training Investment Holding	Long-term obligations	\$227.8
Account No. 5050, 9–1–1 Service Fee	Long-term obligations	\$106.1
Account No. 655, Petroleum Storage Tank Remediation	Long-term obligations, self-leveling account	\$115.4
Account No. 5103, Texas B-on-Time Student Loan	Account expires	\$104.3

SOURCES: Legislative Budget Board; Comptroller of Public Accounts.

As described previously, of accounts that are counted toward certification, not all are affected by this practice, including the following accounts:

- accounts designated as federal;
- accounts that require a balance for cash-flow needs;
- accounts that fund long-term obligations;
- university current accounts; and
- self-leveling accounts.

These accounts should be considered a lower priority for modifying current practices or statute. Examples of these accounts are shown in **Figure 7**. Excluding these balances from the total counted as available for certification for the 2018–19 biennium would have resulted in approximately \$658.3 million in unappropriated General Revenue–Dedicated account balances. Focusing on General Revenue–Dedicated account balances counted as available for certification that contribute to this total would enable the Legislature to more effectively reduce the reliance on these balances for certification.

As described previously, the Eighty-fourth Legislature, 2015, excluded certain General Revenue–Dedicated accounts from availability for certification of appropriations of General Revenue Funds for the 2016–17 biennium. Subsequently, the Eighty-fifth Legislature, Regular Session, 2017, returned those account balances to being counted as available for certification, which increased the amount counted for the 2018–19 biennium by \$685.4 million. These accounts are among the least affected by the practice of counting balances

for certification. **Figure 8** shows each account that the Eighty-fourth Legislature excluded and the Eighty-fifth Legislature returned to counting toward certification and the amount that was counted as available for certification for the 2018–19 biennium. The Legislature could consider exempting these accounts again.

Option 1 would continue the implementation of measures to reduce reliance on General Revenue–Dedicated account balances for certification of General Revenue Fund appropriations by exempting certain accounts from counting toward certification, adjusting revenue, increasing appropriations, or modifying uses of dedicated revenue. The extent to which the Legislature implements measures to reduce reliance on these balances should consider the prevailing fiscal conditions.

ACCOUNT-SPECIFIC MEASURES

For some accounts, revenue has been collected for a particular purpose and has not been appropriated fully for that purpose. The balances in those accounts accumulate as a result of revenue collections exceeding appropriations. The accumulation of dedicated revenue in these accounts could be addressed by implementing account-specific measures. Such measures include decreasing the amount of revenue deposited to the accounts, increasing appropriations for their dedicated purpose, expanding the dedication of the allowable use of the accounts, or transferring balances from the accounts. Increasing appropriations for the dedicated purpose can be addressed in the appropriations process. Reducing revenue deposited to an account, expanding the allowable uses of the account, or transferring account

**FIGURE 8
GENERAL REVENUE–DEDICATED ACCOUNTS RETURNED BY HOUSE BILL 3849, EIGHTY-FIFTH LEGISLATURE, REGULAR SESSION, 2017, TO COUNTING TOWARD CERTIFICATION OF APPROPRIATIONS FROM THE GENERAL REVENUE FUND 2018–19 BIENNIUM**

ACCOUNT	DESCRIPTION	AMOUNT AVAILABLE FOR CERTIFICATION (IN MILLIONS)
University current accounts (52 accounts)	<ul style="list-style-type: none"> accounts are fully appropriated; timing of tuition collection and expenditures results in predictable year-end balances; and revenue sources are tuition, other fees, and charges 	\$469.4
Account No. 36, Texas Department of Insurance Operating	<ul style="list-style-type: none"> self-leveling account; Texas Department of Insurance sets maintenance tax rate to cover appropriations; timing of tax due date results in year-end balance; and revenue source is maintenance tax 	\$148.4
Account No. 544, Lifetime License	<ul style="list-style-type: none"> trust or endowment account; only interest and earnings on corpus may be expended; and revenue sources are lifetime hunting, fishing, and combination licenses 	\$23.4
Tobacco Permanent Health Funds (5 accounts)	<ul style="list-style-type: none"> trust or endowment account(s); accounts established by the Seventy-sixth Legislature, 1999; account corpus consists of deposits from Tobacco Settlement Proceeds held in a fund outside the Treasury and managed by the Comptroller of Public Accounts through the Texas Treasury Safekeeping Trust Company; revenue source is interest and investment earnings only; estimated appropriation and unexpended balance authority within the biennium for four of the accounts; accounts dedicated for health-related programs at the Department of State Health Services and rural hospital grants at the Texas Department of Agriculture may expend available earnings only; and accounts eligible to retire bonds that finance the Cancer Prevention and Research Institute of Texas may expend the corpus and earnings 	\$23.2
Child Abuse Neglect and Prevention Operating and Trust Accounts (2 accounts)	<ul style="list-style-type: none"> trust accounts; Account No. 5084, Child Abuse Neglect and Prevention Operating; Account No. 5085, Child Abuse Neglect and Prevention Trust; revenue source is a portion of the marriage license fee; and funds from the trust account may be transferred to the operating account at any time; however, no more than the amount appropriated for the operating account for the fiscal year may be transferred 	\$21.0
Total		\$685.4

NOTE: Totals may not sum due to rounding.
SOURCES: Legislative Budget Board; Comptroller of Public Accounts.

balances typically requires statutory change, although some revenue sources are controlled by appropriation or rule.

As directed by House Bill 7, Eighty-third Legislature, Regular Session, 2013, LBB staff considered measures to reduce reliance on available dedicated revenue for certification in developing options for the 2020–21 General Appropriations Bill. Considering that appropriations bills include appropriations from General Revenue–Dedicated accounts that exceed estimated revenue or amounts appropriated in

the 2018–19 GAA, the General Revenue–Dedicated account balances available for certification are reduced.