



LEGISLATIVE BUDGET BOARD

Funding Measures

**PRESENTED TO HOUSE COMMITTEE ON APPROPRIATIONS
LEGISLATIVE BUDGET BOARD STAFF**

APRIL 2018

Statement of Interim Charge

Examine the use of onetime funding and deferral measures employed by the Legislature in the state budget for the 2018–19 biennium, as well as any other factors that may contribute to a structural deficit.

Explore strategies to ensure the state's ability to meet its ongoing fiscal obligations.

Transportation

- Voter approval of amendments to the Texas Constitution proposed by Senate Joint Resolution 5, Eighty-fourth Legislature, 2015, directed that a portion of sales tax and motor vehicle sales tax are to be deposited to the State Highway Fund (SHF).
- Sales Tax:
 - Beginning in 2018
 - \$2.5 billion each year of the net revenue from the state sales and use tax that exceeds the first \$28.0 billion is transferred
- Motor Vehicles Sales Tax:
 - Beginning in 2020
 - 35.0 percent of the amount collected in state motor vehicle sales tax greater than \$5.0 billion
 - The Comptroller of Public Accounts estimates that, based on historical trends, this amount could be approximately \$142.0 million for the 2020–21 biennium

Sales Tax Transfer Amount to SHF

ESTIMATE SOURCE	2018–19			2020–21				BIENNIAL DIFFERENCE
	2018 COLLECTIONS TRANSFERRED IN 2019	2019 COLLECTIONS TRANSFERRED IN 2019	2018–19 APPROPRIATIONS	2019 COLLECTIONS TRANSFERRED IN 2020 →	2020 COLLECTIONS TRANSFERRED IN 2020	2021 COLLECTIONS TRANSFERRED IN 2021	2020–21 SHF AVAILABLE FOR APPROPRIATION	
GAA/ BRE	2.2	0.7	2.9	1.8	2.5	2.5	6.8	3.9
CRE	2.3	0.9	3.2	1.6	2.5	2.5	6.6	3.4

Unclaimed Securities and Tax Amnesty

- The 2018–19 General Appropriations Act assumes available onetime revenue of \$500.0 million in General Revenue Funds for the accelerated sale of unclaimed securities and \$46.0 million in All Funds for a tax amnesty program pursuant to the following provisions in Article IX:
 - **Section 17.12. Accelerated Sale of Unclaimed Securities.** \$500,000,000 in General Revenue Funds appropriated elsewhere in this Act is supported by the Comptroller of Public Accounts accelerating the sale of unclaimed securities by at least \$500,000,000 in excess of the Comptroller's January 2017 Biennial Revenue Estimate and any additional general revenue certified as of the date of the enactment of this Act, and depositing those proceeds in the General Revenue Fund.
 - **Section 17.11. Tax Amnesty.** Out of funds appropriated elsewhere in this Act, the Comptroller of Public Accounts shall establish, for a limited duration, a tax amnesty program under the authority of Tax Code Section 111.103, designed to encourage a voluntary reporting by delinquent taxpayers who do not hold a permit, or are otherwise not registered for a tax or fee administered by the Comptroller, or those permitted taxpayers that may have underreported or owe additional taxes or fees. Such a program should provide for the waiver of penalty or interest, or both, but shall not apply to an established tax liability or taxpayers currently under audit review. The amnesty would include tax due from purchases as defined under current state tax statutes. \$27,730,000 in appropriations from the General Revenue Fund made elsewhere in this act and \$18,333,000 in appropriations from the Property Tax Relief Fund made elsewhere in this act are contingent upon the tax amnesty program generating a net increase in available General Revenue Funds in the 2018-19 biennium of at least \$46,063,000 over the Comptroller's January 2017 Biennial Revenue Estimate and any additional general revenue certified as of the date of the enactment of this Act.

General Land Office (School Land Board)

- 2018–19 appropriations for the Foundation School Program (FSP) include \$300.0 million from the Available School Fund, which was contingent on the School Land Board (SLB) at the General Land Office approving a distribution of the same amount directly from the Permanent School Fund assets controlled by the SLB.
- This allowed the General Revenue (Fund No. 193) draw for the FSP to be approximately \$300.0 million less than it otherwise would have been.
- This distribution is at the complete discretion of the SLB pursuant to the Texas Constitution, Article 7, Section 5(g), but may not exceed \$300.0 million per year.
- This is the second time SLB has approved such a distribution (first was in fiscal year 2013).

Deferrals and Supplemental Funding

Deferrals

- In general, a deferral refers to statutorily changing the payment date for an established payment schedule and moves a payment from one fiscal year, typically the past year of the biennium being funded, into the next, typically the first year of the next biennium:
 - A deferral does not create a shortfall that must be paid for in a subsequent supplemental bill
 - A deferral can be, but does not have to be, reversed the following session but must be repaid before this tool is available for use again
 - Deferrals in the Foundation School Program were last used by the Eighty-second Legislature in 2011 and the Seventy-eighth Legislature in 2003

Supplemental Funding

- Costs for an entitlement program that are not fully funded are paid for in a subsequent supplemental bill
- The Legislature may consider supplemental bill requests from agencies for additional costs for non-entitlement programs



LEGISLATIVE BUDGET BOARD

Contact the LBB

Legislative Budget Board

www.lbb.state.tx.us

512.463.1200