



# Testimony

## Reducing State Budget Reliance on Dedicated Accounts

Testimony before the House Appropriations Committee in support of HB 3849

by Vance Ginn, Ph.D.

Chairman Zerwas and Members of the Committee:

My name is Dr. Vance Ginn and I am an economist in the Center for Fiscal Policy at the Texas Public Policy Foundation, a 501(c)(3) non-profit, non-partisan free market think tank based here in Austin. Thank you for the opportunity to speak today in support of [HB 3849](#), which [would](#) “make reductions in dedicated accounts in the amounts by which estimated revenues and unobligated balances exceeded appropriations following certification of all appropriations enacted by the 85th Legislature.”

According to the [Legislative Budget Board](#), legislative appropriators have long used excess funds in general revenue-dedicated (GR-D) accounts to certify the budget. While this is a dated practice and has fortunately been recently pared back since the 2012-13 biennium, there is more work to do; this legislation would help speed up that process.

In fiscal 2004-05, appropriators had available a total of \$2.2 billion in unspent GR-D funds to certify the budget. These available GR-D funds rose 127 percent to \$5 billion in the 2012-13 biennium and have declined since by 30 percent to \$3.5 billion in the 2016-17 biennium. **Table 1** shows that the top 10 GR-D account balances available for certification were estimated to total \$2.5 billion, 71 percent of the total available in the current biennium.

**Table 1: Top 10 General-Revenue Dedicated Accounts Total \$2.5 Billion, 2016-17**

Acct. #	Acct. Name	Estimated Amount Available for Certification (Millions of \$)
5071	Emission Reduction Plan	\$1,246.3
5128	Employment and Training Investment Holdings	\$259.8
0151	Clean Air Account	\$246.0
5050	911 Services Fees	\$138.3
0655	Petroleum Storage Tank & Remediation Acct	\$135.4
5000	Solid Waste Disposal Fees	\$130.3
5144	Physician Education Loan Repayment Program	\$82.6
5101	Subsequent Injury	\$73.7
5155	Oil and Gas Regulation and Clean Up	\$72.7
0009	Game Fish and Water Safety	\$65.5

Source: [Texas Comptroller of Public Accounts](#)

Fortunately, many legislators understand that the practice of using dedicated account dollars to certify the budget is not an appropriate budgeting tool. This deceptive budgeting practice keeps government spending at artificially raised levels and hides the true cost of government from taxpayers.

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The Foundation recommends that the Legislature discontinue this practice by using the roll, ratchet, and adjust approach:

- **Roll back** the level of GR-D funds used for certifying the 2018-19 budget from the current biennium;
- **Ratchet down** the amount of GR-D funds used to certify the budget to zero by the 2022-23 budget; and
- **Adjust** taxes and fees that feed these accounts downward so that excessive balances cease to accumulate.

Texans expect the Legislature to provide transparency and accountability of taxpayer dollars so Texans understand the benefits achieved with their money. By enacting these reasonable reforms and ending the practice of using dedicated account balances to certify the budget, the Foundation is confident that transparency in the budgeting process will be alive and well.

We applaud the reduction in the share of dedicated dollars used to certify the state's budget during the last two sessions. HB 3849 would provide the next step to assuring that dedicated accounts do not continue to excessively grow the budget.

Thank you for your time and I look forward to answering any questions. ★

**Vance Ginn, Ph.D.**, is an economist in the Center for Fiscal Policy at the Texas Public Policy Foundation. He is an expert on Texas' state budget, franchise tax, tax and expenditure limit, and other fiscal issues. Before joining the Foundation in September 2013, Ginn was a Koch Fellow, and taught at three universities and one community college in Texas. He has published peer-reviewed articles in academic journals, as well as commentaries in major media outlets across Texas and the nation.

