



Ending State Budget Certification with Dedicated Accounts

Testimony before the Senate Finance Committee on the Fee Structure Review

by the Honorable Talmadge Heflin

Chair Nelson and Members of the Committee:

My name is Talmadge Heflin, and I am the director of the Center for Fiscal Policy at the Texas Public Policy Foundation, a 501(c)(3) nonprofit, non-partisan, free-market think tank based here in Austin. Thank you for the opportunity to speak today on [ways](#) “to reduce and lessen reliance on general revenue-dedicated fee balances to certify the budget.”

General revenue-dedicated (GR-D) accounts have long been [used](#) to certify the budget. While this is a dated practice that has been pared back since the 2012-13 budget period, the [practice](#) continues in the current 2018-19 budget.

Fortunately, there has been continued discussion among legislators to limit the practice of using dedicated account dollars to certify the budget. This deceptive budgeting practice keeps government spending at artificially elevated levels, hiding the true cost of government from taxpayers. Moreover, the more taxpayer dollars are dedicated, the less flexibility legislators have to appropriate them in the appropriations process for legislative priorities, like cutting taxes.

To provide transparency and accountability of taxpayer dollars while eliminating the excessive burden of these dedicated fees, the Foundation recommends using the roll, ratchet, and adjust approach:

- **Roll** back the level of GR-D funds used for certifying the budget each period;
- **Ratchet** down the amount of GR-D funds used to certify the budget to zero as soon as possible; and
- **Adjust** taxes and fees that fund these accounts downward so these balances cease to accumulate.

The Foundation is confident that these reasonable reforms to end the practice of using dedicated account balances to certify the budget will improve transparency in the budgeting process. We appreciate your efforts toward this goal as it will allow more opportunities to pass conservative budgets and cut taxes so Texans can thrive.

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



The Honorable Talmadge Heflin is the director of the Texas Public Policy Foundation's Center for Fiscal Policy. Prior to joining the Foundation, Heflin served the people of Harris County as a state representative for 11 terms. Well-regarded as a legislative leader on budget and tax issues by Democratic and Republican speakers alike, he for several terms was the only House member to serve on both the Ways and Means and the Appropriations committees. In the 78th Session, Heflin served as chairman of the House Committee on Appropriations. He navigated a \$10 billion state budget shortfall through targeted spending cuts that allowed Texans to avoid a tax increase.

