

By: Krause

H.B. No. 594

A BILL TO BE ENTITLED

AN ACT

relating to a limit on the rate of growth of certain appropriations.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Sections 316.001, 316.002, and 316.006, Government Code, are amended to read as follows:

Sec. 316.001. LIMIT. (a) For purposes of this subchapter, "consolidated general revenue appropriations" means appropriations from:

(1) the general revenue fund in the state treasury;

(2) a dedicated account in the general revenue fund in the state treasury; or

(3) a general revenue-related fund in the state treasury as identified in the biennial statement required of the comptroller under Section 49a, Article III, Texas Constitution.

(b) The rate of growth of appropriations in a state fiscal biennium from state tax revenues not dedicated by the constitution may not exceed the estimated rate of growth of the state's economy.

(c) The rate of growth of consolidated general revenue appropriations in a state fiscal biennium may not exceed the estimated average biennial rate of growth of this state's population during the state fiscal biennium preceding the biennium for which appropriations are made and during the state fiscal biennium for which appropriations are made, adjusted by the estimated average biennial rate of monetary inflation in this state

1 during the same period, as determined under Section 316.002.

2 (d) For purposes of this subchapter, the following  
3 appropriations must be excluded from computations used to determine  
4 whether appropriations exceed the amount authorized by Subsection  
5 (c):

6 (1) an appropriation to pay for a rebate of state  
7 taxes;

8 (2) an appropriation for a purpose that provides tax  
9 relief; or

10 (3) an appropriation to pay costs associated with  
11 natural disaster recovery.

12 (e) The Legislative Budget Board shall determine the rates  
13 described by Subsection (c) using the most recent information  
14 available from sources the board considers reliable, including the  
15 United States Bureau of Labor Statistics Consumer Price Index and  
16 the Texas Demographic Center.

17 Sec. 316.002. DUTIES OF LEGISLATIVE BUDGET BOARD. (a)  
18 Before the Legislative Budget Board transmits [~~submits~~] the budget  
19 for the next state fiscal biennium as prescribed by Section  
20 322.008(c), the board shall establish:

21 (1) the limit on the rate of growth of appropriations  
22 from state tax revenues not dedicated by the constitution for that  
23 state fiscal biennium, as compared to the previous state fiscal  
24 biennium, based on the estimated rate of growth of the state's  
25 economy from the current state fiscal biennium to the next state  
26 fiscal biennium; and

27 (2) the limit on the rate of growth of consolidated

1 general revenue appropriations for that state fiscal biennium, as  
2 compared to the previous state fiscal biennium, by subtracting one  
3 from the product of:

4 (A) the sum of one and the estimated average  
5 biennial rate of growth of this state's population during the state  
6 fiscal biennium preceding the biennium for which appropriations are  
7 made and during the state fiscal biennium for which appropriations  
8 are made; and

9 (B) the sum of one and the estimated average  
10 biennial rate of monetary inflation during the state fiscal  
11 biennium preceding the biennium for which appropriations are made  
12 and during the state fiscal biennium for which appropriations are  
13 made ~~[the level of appropriations for the current biennium from~~  
14 ~~state tax revenues not dedicated by the constitution; and~~

15 ~~[(3) the amount of state tax revenues not dedicated by~~  
16 ~~the constitution that could be appropriated for the next biennium~~  
17 ~~within the limit established by the estimated rate of growth of the~~  
18 ~~state's economy].~~

19 (b) Except as provided by Subsection (c), the board shall  
20 determine the estimated rate of growth of the state's economy for  
21 purposes of Subsection (a)(1) by dividing the estimated Texas total  
22 personal income for the next state fiscal biennium by the estimated  
23 Texas total personal income for the current state fiscal biennium.  
24 Using standard statistical methods, the board shall make the  
25 estimate by projecting through the biennium the estimated Texas  
26 total personal income reported by the United States Department of  
27 Commerce or its successor in function.

1 (c) If a more comprehensive definition of the rate of growth  
2 of the state's economy is developed and is approved by the committee  
3 established by Section 316.005, the board may use that definition  
4 in calculating the limit on the rate of growth of appropriations  
5 from state tax revenues not dedicated by the constitution under  
6 Subsection (a)(1).

7 (d) Except as provided by Subsection (e), the board shall  
8 determine for the next state fiscal biennium a limit on the amount  
9 of:

10 (1) appropriations from state tax revenues not  
11 dedicated by the constitution by multiplying the amount of  
12 appropriations from state tax revenues not dedicated by the  
13 constitution for the current state fiscal biennium by the sum of one  
14 and the limit on the rate of growth of appropriations from state tax  
15 revenues not dedicated by the constitution established by the board  
16 under Subsection (a)(1); and

17 (2) consolidated general revenue appropriations by  
18 multiplying the amount of consolidated general revenue  
19 appropriations for the current state fiscal biennium by the sum of  
20 one and the limit on the rate of growth of consolidated general  
21 revenue appropriations established by the board under Subsection  
22 (a)(2).

23 (e) If the rate determined under Subsection (a)(1) is a  
24 negative number, the amount of appropriations from state tax  
25 revenues not dedicated by the constitution for the next state  
26 fiscal biennium may not exceed the amount of appropriations from  
27 state tax revenues not dedicated by the constitution in the current

1 state fiscal biennium. If the rate determined under Subsection  
2 (a)(2) is a negative number, the amount of consolidated general  
3 revenue appropriations for the next state fiscal biennium may not  
4 exceed the amount of consolidated general revenue appropriations in  
5 the current state fiscal biennium.

6 (f) To ensure compliance with this subchapter and Section  
7 22, Article VIII, [~~Section 22, of the~~] Texas Constitution, the  
8 Legislative Budget Board may not transmit in any form to the  
9 governor or the legislature the budget as prescribed by Section  
10 322.008(c) or the general appropriations bill as prescribed by  
11 Section 322.008(d) until the board adopts:

12 (1) the limit on the rate of growth of appropriations  
13 from state tax revenues not dedicated by the constitution under  
14 Section 316.001(b); and

15 (2) the limit on the rate of growth of consolidated  
16 general revenue appropriations under Section 316.001(c) [~~has been~~  
17 ~~adopted as required by this subchapter~~].

18 (g) [~~(e)~~] In the absence of an action by the Legislative  
19 Budget Board to adopt the limits [~~a spending limit~~] as provided by  
20 this section:

21 (1) for purposes of Section 316.001(b):

22 (A) [~~in Subsections (a) and (b),~~] the estimated  
23 rate of growth of [~~in~~] the state's economy from the current state  
24 fiscal biennium to the next state fiscal biennium shall be treated  
25 as if it were zero; [~~7~~] and

26 (B) the amount of state tax revenues not  
27 dedicated by the constitution that could be appropriated within the

1 limit established by the estimated rate of growth of [~~in~~] the  
2 state's economy shall be the same as the amount [~~level~~] of those  
3 appropriations for the current state fiscal biennium; and

4 (2) for purposes of Section 316.001(c):

5 (A) the estimated average biennial rates of  
6 growth of this state's population and of monetary inflation shall  
7 be treated as if they were zero; and

8 (B) the amount of consolidated general revenue  
9 appropriations that could be appropriated within the limit  
10 established by that subsection shall be the same as the amount of  
11 those appropriations for the current state fiscal biennium.

12 Sec. 316.006. LIMIT ON BUDGET RECOMMENDATIONS. Unless  
13 authorized by majority vote of the members of the board from each  
14 house, the Legislative Budget Board budget recommendations:

15 (1) relating to the proposed appropriations from [~~of~~]  
16 state tax revenues not dedicated by the constitution may not exceed  
17 the limit on appropriations from those sources adopted by the  
18 committee under Section 316.005; and

19 (2) relating to the proposed consolidated general  
20 revenue appropriations may not exceed the limit on appropriations  
21 from those sources adopted by the committee under Section 316.005.

22 SECTION 2. Section 316.007(a), Government Code, is amended  
23 to read as follows:

24 (a) The Legislative Budget Board shall include in its budget  
25 recommendations:

26 (1) the proposed limit of appropriations from state  
27 tax revenues not dedicated by the constitution; and

1           (2) the proposed limit of consolidated general revenue  
2 appropriations.

3           SECTION 3. Section 316.008(a), Government Code, is amended  
4 to read as follows:

5           (a) Unless the legislature adopts a resolution under  
6 Section 22, Article VIII, [Section 22(b), of the] Texas  
7 Constitution, raising the proposed limit on appropriations from  
8 state tax revenues not dedicated by the constitution, the proposed  
9 limit is binding on the legislature with respect to all  
10 appropriations for the next state fiscal biennium made from those  
11 [state tax] revenues [not dedicated by the constitution]. The  
12 proposed limit on consolidated general revenue appropriations is  
13 binding on the legislature with respect to all appropriations for  
14 the next state fiscal biennium made from those sources unless the  
15 legislature adopts a resolution raising the proposed limit that is  
16 approved by a record vote of three-fifths of the members of each  
17 house of the legislature. The resolution must find that an  
18 emergency exists, identify the nature of the emergency, and specify  
19 the amount authorized. The excess amount authorized under this  
20 subsection may not exceed the amount specified in the resolution.

21           SECTION 4. The changes in law made by this Act apply only in  
22 relation to appropriations made for the state fiscal biennium  
23 beginning September 1, 2023, and subsequent state fiscal bienniums.  
24 Appropriations for the state fiscal biennium beginning September 1,  
25 2021, are governed by Sections 316.001, 316.002, 316.006, 316.007,  
26 and 316.008, Government Code, as those sections existed on  
27 September 1, 2020, and the former law is continued in effect for

1 that purpose.

2 SECTION 5. This Act takes effect September 1, 2021.