

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION**

**April 17, 2003**

**TO:** Honorable Kenny Marchant, Chair, House Committee on State Affairs

**FROM:** John Keel, Director, Legislative Budget Board

**IN RE: HJR15** by Isett (Proposing a constitutional amendment concerning the restriction on the rate of growth of appropriations.), **Committee Report 1st House, Substituted**

**No fiscal implication to the State is anticipated in the current biennium**, other than the cost of publication. The cost to the state for publication of the resolution is \$85,275.

Currently, Article VIII, Section 22, Texas Constitution, limits the biennial growth of certain appropriations to the estimated rate of growth of the state's economy. The current limit applies only to appropriations from state tax revenue not dedicated by the constitution. The resolution proposes a constitutional amendment which, if adopted, would limit the biennial growth of appropriations from all state revenue sources, except federal funds, to the rate equal to the sum of the estimated rate of growth of the state's population and the estimated rate of inflation in the state.

Also under current law, the appropriations limit for a subsequent biennium can increase or decrease as a result of changes in estimated appropriations for the then current biennium. The proposed amendment would allow only net decreases in estimated appropriations to affect the appropriations limit for the subsequent biennium.

Also under current law, the legislature, after adopting a resolution to exceed the limit by a majority vote in each house, may make appropriations in excess of the limit. The proposed amendment would require that a resolution to exceed the limit receive a two-thirds vote of the membership of each house.

Also under current law, bills making appropriations are sent to the Comptroller for certification under the Article III, Section 49a, "pay as you go" constitutional limit, but Comptroller certification of compliance with the Article VIII, Section 22 limit is not required. Under the proposed amendment, Comptroller certification of compliance with both the "pay as you go limit" and the Article VIII limit would be required.

The change from a limit based on the growth of personal income to one based on population growth and inflation would be likely to reduce the allowable rate of growth of appropriations in later biennia. For the purpose of illustration, the estimated rate of growth of personal income used to set the 2004-05 limit was 11.83 percent, while the Comptroller's estimate of the sum of population growth and inflation for 2004-05 is 9.04 percent. The fiscal impact of expanding the application of the limit to all funds, except federal funds, would depend on the composition of state revenue in each biennium..

The amended Article VIII limit would first apply to appropriations for the 2006-07 biennium.

**Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 304 Comptroller of Public Accounts

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