

By: Callegari

H.B. No. 175

A BILL TO BE ENTITLED

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AN ACT

relating to the constitutional limit on the rate of growth of appropriations and the use of surplus state revenues.

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) The rate of growth of appropriations in a biennium from all sources of revenue other than the federal government [~~state tax revenues not dedicated by the constitution~~] may not exceed a rate determined by adding the estimated rate of the increase or decrease in the state's population during the preceding state fiscal biennium and the estimated rate of inflation or deflation during that preceding biennium in the prices of a set of goods determined to be representative of this [~~the estimated rate of growth of the~~] state's economy as a whole.

(b) If the sum of the estimated rates described by Subsection (a) is a negative number, appropriations for the biennium from all sources of revenue other than the federal government must decrease as prescribed by this subchapter.

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

1 (1) the maximum allowable rate of growth of
2 appropriations between the current state fiscal biennium and the
3 next state fiscal biennium, in accordance with Section 22, Article
4 VIII, Texas Constitution, expressed as a percentage, by adding the
5 following estimated rates, as determined by the board:

6 (A) the estimated rate of change of the state's
7 population during the current state fiscal biennium, expressed as a
8 percentage; and

9 (B) the estimated rate of inflation or deflation
10 during the current state fiscal biennium in the price of a set of
11 goods determined by the board to be representative of this state's
12 economy as a whole during that [~~estimated rate of growth of the~~
13 ~~state's economy from the current biennium to the next~~] biennium,
14 expressed as a percentage;

15 (2) the amount [~~level~~] of appropriations for the
16 current biennium from all sources of revenue except the federal
17 government [~~state tax revenues not dedicated by the constitution~~];
18 and

19 (3) the amount of revenue from all sources except the
20 federal government [~~state tax revenues not dedicated by the~~
21 ~~constitution~~] that could be appropriated for the next biennium
22 within the limit established in accordance with the maximum rate of
23 growth determined under Subdivision (1) and the amount of
24 appropriations for the current biennium determined under
25 Subdivision (2) [~~by the estimated rate of growth of the state's~~
26 ~~economy~~].

27 (b) If the sum of the estimated rate of increase or decrease

1 in the state's population and the estimated rate of inflation or
2 deflation is a negative number, the amount of appropriations in the
3 next biennium from all sources of revenue other than the federal
4 government may not exceed the amount of appropriations from those
5 sources in the current biennium reduced by the product of that
6 amount and the sum of those rates. [~~Except as provided by Subsection~~
7 ~~(c), the board shall determine the estimated rate of growth of the~~
8 ~~state's economy by dividing the estimated Texas total personal~~
9 ~~income for the next biennium by the estimated Texas total personal~~
10 ~~income for the current biennium. Using standard statistical~~
11 ~~methods, the board shall make the estimate by projecting through~~
12 ~~the biennium the estimated Texas total personal income reported by~~
13 ~~the United States Department of Commerce or its successor in~~
14 ~~function.~~]

15 (c) [~~If a more comprehensive definition of the rate of~~
16 ~~growth of the state's economy is developed and is approved by the~~
17 ~~committee established by Section 316.005, the board may use that~~
18 ~~definition in calculating the limit on appropriations.~~

19 [~~(d)~~] To ensure compliance with Section 22, Article VIII,
20 [~~Section 22, of the~~] Texas Constitution, the Legislative Budget
21 Board may not transmit in any form to the governor or the
22 legislature the budget as prescribed by Section 322.008(c) or the
23 general appropriations bill as prescribed by Section 322.008(d)
24 until the limit on the rate of growth of appropriations has been
25 adopted as required by this subchapter.

26 (d) [~~(e)~~] In the absence of an action by the Legislative
27 Budget Board to adopt a spending limit as provided by this section

1 ~~[in Subsections (a) and (b)]~~, the sum of the estimated rate of
2 population growth and the estimated rate of inflation ~~[in the~~
3 ~~state's economy from the current biennium to the next biennium]~~
4 shall be treated as if that rate ~~[it]~~ were zero, and the amount of
5 revenue from all sources other than the federal government that may
6 ~~[state tax revenues not dedicated by the constitution that could]~~
7 be appropriated for the next biennium is ~~[within the limit~~
8 ~~established by the estimated rate of growth in the state's economy~~
9 ~~shall be]~~ the same as the amount ~~[level]~~ of appropriations from
10 those revenues for the current biennium.

11 Sec. 316.006. LIMIT ON BUDGET RECOMMENDATIONS. Unless
12 authorized by majority vote of the members of the board from each
13 house, the Legislative Budget Board budget recommendations
14 relating to the proposed appropriations of revenue from all sources
15 except the federal government ~~[state tax revenues not dedicated by~~
16 ~~the constitution]~~ may not exceed the limit adopted by the committee
17 under Section 316.005.

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

20 (a) The Legislative Budget Board shall include in its budget
21 recommendations the proposed limit of appropriations from all
22 sources of revenue except the federal government ~~[state tax~~
23 ~~revenues not dedicated by the constitution]~~.

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

26 (a) Unless the legislature adopts a resolution under
27 Section 22, Article VIII, ~~[Section 22(b), of the]~~ Texas

1 Constitution, raising the proposed limit on appropriations, the
2 proposed limit is binding on the legislature with respect to all
3 appropriations for the next biennium made from all sources of
4 revenue except the federal government [~~state tax revenues not~~
5 ~~dedicated by the constitution~~].

6 SECTION 4. Subchapter H, Chapter 151, Tax Code, is amended
7 by adding Section 151.327 to read as follows:

8 Sec. 151.327. CONSUMER GOODS VALUED AT LESS THAN \$500 FOR
9 DECLARED PERIOD. (a) In this section:

10 (1) "Board" means the Legislative Budget Board.

11 (2) "Fund" means the tax holiday fund.

12 (b) The board may declare a limited period during which the
13 sale of tangible personal property, the sales price of which is less
14 than \$500, is exempted from the taxes imposed by this chapter. In
15 considering whether to declare a period under this subsection, the
16 board must:

17 (1) determine the balance of the fund as of December 1
18 of the calendar year during which the period may be declared; and

19 (2) estimate the number of days in December of that
20 calendar year during which the suspension of the collection of
21 taxes imposed by this chapter on tangible personal property
22 described by this subsection will result in an amount of forgone
23 state tax revenues that will not exceed 90 percent of the balance of
24 the fund.

25 (c) The board may declare more than one period if the number
26 of days estimated under Subsection (b)(2) is three or more.

27 (d) The period or periods:

1 (1) may not extend for more days than the number
2 estimated under Subsection (b)(2);

3 (2) must fall between the first day of December and the
4 third Thursday of December of the calendar year during which the
5 board declares the period;

6 (3) must fall on weekend days only; and

7 (4) must apply to sales made during the 24-hour period
8 beginning immediately after midnight of each applicable day.

9 (e) On declaring a period under this section, the board
10 shall notify the comptroller of the dates of the declared period or
11 periods and the amount of state tax revenues that the board
12 estimates this state will forgo during those days. On the day after
13 the last day of the period or periods, the comptroller shall
14 transfer out of the fund to the general revenue fund an amount equal
15 to the estimated forgone revenues.

16 SECTION 5. The changes in law made by this Act apply only,
17 as applicable, in relation to appropriations made for the state
18 fiscal biennium beginning September 1, 2007, and subsequent state
19 fiscal bienniums. Appropriations for the state fiscal biennium
20 that began September 1, 2005, are governed by Sections 316.001,
21 316.002, 316.006, 316.007, and 316.008, Government Code, as those
22 sections existed on January 1, 2005, and the former law is continued
23 in effect for that purpose.

24 SECTION 6. This Act takes effect on the date on which the
25 constitutional amendment proposed by the 79th Legislature, 3rd
26 Called Session, 2006, regarding the limitation on the rate of
27 growth in appropriations and the use of unencumbered surplus state

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1 revenues to finance a state sales tax holiday takes effect. If that
2 amendment is not approved by the voters, this Act has no effect.