

By: Callegari

H.J.R. No. 39

A JOINT RESOLUTION

1 proposing a constitutional amendment concerning the limitation on
2 the rate of growth of state appropriations and the use of
3 unencumbered surplus state revenues to finance a state sales tax
4 holiday.

5 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF TEXAS:

6 SECTION 1. Section 22, Article VIII, Texas Constitution, is
7 amended to read as follows:

8 Sec. 22. (a) In no biennium shall the rate of growth of
9 appropriations from all sources of revenue other than the federal
10 government [~~state tax revenues not dedicated by this constitution~~]
11 exceed a rate equal to the sum of the estimated rate of increase or
12 decrease [~~growth~~] of the state's population and the estimated rate
13 of inflation or deflation in the prices of goods as those rates are
14 estimated in the manner provided by general law [~~economy~~]. If the
15 sum of those estimated rates is a negative number, appropriations
16 for the biennium from all sources of revenue other than the federal
17 government must decrease by a rate at least equal to the sum of
18 those estimated rates.

19 (b) In this section, the rate of change of appropriations
20 from all sources of revenue other than the federal government is the
21 percentage difference between:

22 (1) the amount of money appropriated for the current
23 biennium from those sources as estimated in the manner prescribed
24 by law at or near the time the legislature convenes in regular

1 session during the current biennium; and

2 (2) the amount of money appropriated for the next
3 biennium from those sources as finally estimated by the comptroller
4 at the times the Acts making appropriations are considered by the
5 comptroller under Article III, Section 49a, of this constitution.

6 (c) The legislature shall provide by general law procedures
7 to implement Subsections (a) and (b) of this section [~~subsection~~].

8 (d) [~~(b)~~] If the legislature by adoption of a resolution
9 approved by a record vote of two-thirds [~~a majority~~] of the members
10 of each house finds that an emergency exists and identifies the
11 nature of the emergency, the legislature may provide for
12 appropriations in excess of the amount authorized by Subsection (a)
13 of this section. The excess authorized under this subsection may
14 not exceed the amount specified in the resolution.

15 (e) [~~(c)~~] In no case shall appropriations exceed revenues as
16 provided in Article III, Section 49a, of this constitution.
17 Nothing in this section shall be construed to alter, amend, or
18 repeal Article III, Section 49a, of this constitution.

19 SECTION 2. Section 49a, Article III, Texas Constitution, is
20 amended by adding Subsections (c) and (d) to read as follows:

21 (c) A bill containing an appropriation may not be considered
22 as passed and may not be sent to the Governor for consideration
23 until the Comptroller of Public Accounts endorses on the bill the
24 comptroller's certificate showing that the amount appropriated
25 does not exceed the limitation on the rate of growth of
26 appropriations imposed by Section 22, Article VIII, of this
27 constitution.

1 (d) When the Comptroller of Public Accounts finds that a
2 bill containing an appropriation exceeds the limitation on the rate
3 of growth of appropriations imposed by Section 22, Article VIII, of
4 this constitution, the comptroller shall endorse that finding on
5 the bill, return the bill to the House in which it originated, and
6 immediately notify the House of Representatives and the Senate of
7 the finding.

8 SECTION 3. Subsection (b), Section 49-g, Article III, Texas
9 Constitution, is amended to read as follows:

10 (b) The comptroller shall, not later than the 90th day of
11 each biennium, transfer to the economic stabilization fund one-half
12 of any unencumbered positive balance of general revenues on the
13 last day of the preceding biennium. If necessary, the comptroller
14 shall reduce the amount transferred in proportion to the other
15 amounts prescribed by this section to prevent the amount in the fund
16 from exceeding the limit in effect for that biennium under
17 Subsection (g) of this section. For purposes of this subsection,
18 general revenues are considered encumbered on the last day of a
19 state fiscal biennium only to the extent that general revenues are
20 subject to payment for particular identifiable and legally
21 enforceable obligations of this state that were incurred on or
22 before that day and intended to be paid out of appropriations for
23 that biennium.

24 SECTION 4. Article III, Texas Constitution, is amended by
25 adding Section 49-g-1 to read as follows:

26 Sec. 49-g-1. (a) The tax holiday fund is a special fund in
27 the state treasury. Money in the tax holiday fund is not subject to

1 appropriation but may be transferred to the general revenue fund of
2 the state treasury as provided by this section. Interest on money
3 in the tax holiday fund is credited to the tax holiday fund.

4 (b) Not later than the 90th day of each biennium, the
5 comptroller shall transfer to the tax holiday fund the unencumbered
6 positive balance of general revenues on the last day of the
7 preceding biennium that remains after the transfer of revenues to
8 the economic stabilization fund under Subsection (b), Section 49-g,
9 Article III, of this constitution. For purposes of this
10 subsection, general revenues are considered encumbered on the last
11 day of a state fiscal biennium only to the extent that general
12 revenues are subject to payment for particular identifiable and
13 legally enforceable obligations of this state that were incurred on
14 or before that day and intended to be paid out of appropriations for
15 that biennium.

16 (c) The legislature by general law shall provide a procedure
17 under which a legislative agency, an executive agency, or the
18 governor shall declare a tax holiday period during which sales
19 taxes will not be collected on transactions specified by the
20 legislature on which a sales tax is otherwise imposed.

21 (d) The general law must provide that the comptroller,
22 during the same state fiscal year in which a tax holiday is declared
23 under that law, shall transfer to the general revenue fund out of
24 the tax holiday fund an amount equal to the estimated amount of
25 state sales taxes that would have been collected during the tax
26 holiday period but for the declaration of the holiday period. The
27 general law must prescribe procedures to ensure that a declared tax

1 holiday period will not result in a decrease in estimated state
2 sales tax revenues by an amount that exceeds 90 percent of the
3 balance of the tax holiday fund.

4 (e) The general law must specify the transactions to which a
5 declared tax holiday may apply.

6 SECTION 5. This proposed constitutional amendment shall be
7 submitted to the voters at an election to be held November 7, 2006.
8 The ballot shall be printed to permit voting for or against the
9 proposition: "The constitutional amendment regarding the
10 limitation on the rate of growth in appropriations and the use of
11 unencumbered surplus state revenues to finance a state sales tax
12 holiday."