

By: Isett

H.B. No. 1327

A BILL TO BE ENTITLED

AN ACT

relating to the constitutional limitation on the rate of growth of state appropriations and the constitutional creation of three special funds to replace the economic stabilization fund.

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

SECTION 1. Sections 316.001, 316.002, 316.006, 316.007, and 316.008, Government Code, are amended to read as follows:

Sec. 316.001. LIMIT. The rate of growth of appropriations from the current biennium to the next ~~[in a]~~ biennium from all sources of revenue except the federal government ~~[state tax revenues not dedicated by the constitution]~~ may not exceed a rate equal to the sum of the estimated rate of growth of the state's population during the next biennium and the estimated rate of inflation in the state during the next biennium ~~[economy]~~. For purposes of this subchapter, the base figure for determining the level of appropriations from all sources of revenue except the federal government for the current biennium is the lesser of:

(1) the amount of money appropriated for the current biennium from all sources of revenue other than the federal government, as cumulatively estimated by the comptroller at the times the comptroller endorsed, in accordance with Section 49a, Article III, Texas Constitution, the comptroller's certificate on the bills making the appropriations; and

(2) the amount of money actually appropriated for the

1 current biennium from all sources of revenue other than the federal  
2 government, as estimated by the comptroller at the request of the  
3 Legislative Budget Board.

4       Sec. 316.002. DUTIES OF LEGISLATIVE BUDGET BOARD. (a)  
5 Before the Legislative Budget Board submits the budget as  
6 prescribed by Section 322.008 [~~322.008(b)~~], the board shall  
7 establish:

8           (1) the rate equal to the sum of the estimated rate of  
9 growth of the state's population during [~~economy from the current~~  
10 ~~biennium to~~] the next biennium and the estimated rate of inflation  
11 in the state during the next biennium;

12           (2) the level of appropriations for the current  
13 biennium from all sources of revenue except the federal government  
14 [~~state tax revenues not dedicated by the constitution~~]; and

15           (3) the amount of state revenue from all sources  
16 except the federal government [~~tax revenues not dedicated by the~~  
17 ~~constitution~~] that could be appropriated for the next biennium  
18 within the limit established by the estimated rate computed under  
19 Subdivision (1) [~~of growth of the state's economy~~].

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

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

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

(c) ~~[(e)]~~ In the absence of an action by the Legislative Budget Board to adopt a spending limit as provided in Subsection ~~[Subsections]~~ (a) ~~[and (b)]~~, the ~~[estimated rate of growth in the state's economy from the current biennium to the next biennium shall be treated as if it were zero, and the]~~ amount of state revenue from all sources except the federal government ~~[tax revenues not dedicated by the constitution]~~ that may ~~[could]~~ be appropriated for the next biennium ~~[within the limit established by the estimated rate of growth in the state's economy]~~ shall be the same as the level of appropriations from those sources for the current biennium.

Sec. 316.006. LIMIT ON BUDGET RECOMMENDATIONS. Unless authorized by majority vote of the members of the board from each house, the Legislative Budget Board budget recommendations relating to the proposed appropriations of revenue from all sources except the federal government ~~[state tax revenues not dedicated by~~

1 ~~the constitution~~] may not exceed the limit adopted by the committee  
2 under Section 316.005.

3 Sec. 316.007. TRANSMISSION OF RECOMMENDATIONS. (a) The  
4 Legislative Budget Board shall include in its budget  
5 recommendations the proposed limit of appropriations from all  
6 sources of revenue except the federal government ~~[state tax~~  
7 ~~revenues not dedicated by the constitution]~~.

8 (b) The board shall transmit the recommendations to the  
9 governor and to each member of the legislature.

10 Sec. 316.008. EFFECT OF LIMIT; ENFORCEMENT. (a) Unless the  
11 legislature adopts a resolution under Article VIII, Section 22(c)  
12 ~~[22(b)]~~, of the Texas Constitution raising the proposed limit on  
13 appropriations, the proposed limit is binding on the legislature  
14 with respect to all appropriations for the next biennium made from  
15 all sources of revenue except the federal government ~~[state tax~~  
16 ~~revenues not dedicated by the constitution]~~.

17 (b) The rules of the house of representatives and senate  
18 shall provide for enforcement of Subsection (a).

19 SECTION 2. Sections 42.253(f) and (h), Education Code, are  
20 amended to read as follows:

21 (f) Amounts transferred to the reserve account under  
22 Subsection (e) shall be used in the succeeding fiscal year to  
23 finance increases in allocations to school districts under  
24 Subsection (i). If the amount in the reserve account is less than  
25 the amount of the increases under Subsection (i) for the second year  
26 of a state fiscal biennium, the commissioner shall certify the  
27 amount of the difference to the Legislative Budget Board not later

1 than January 1 of the second year of the state fiscal biennium.  
 2 ~~[The Legislative Budget Board shall propose to the legislature that~~  
 3 ~~the certified amount be transferred to the foundation school fund~~  
 4 ~~from the economic stabilization fund and appropriated for the~~  
 5 ~~purpose of increases in allocations under Subsection (h).]~~

6 (h) If the legislature fails during the regular session to  
 7 make a transfer of the amount certified under Subsection (f) to the  
 8 foundation school fund and appropriate that money for the purpose  
 9 of increases in allocations under this subsection ~~[enact the~~  
 10 ~~transfer and appropriation proposed under Subsection (f)]~~ and there  
 11 are not funds available under Subsection (j), the commissioner  
 12 shall reduce the total amount of state funds allocated to each  
 13 district by an amount determined by a method under which the  
 14 application of the same number of cents of increase in tax rate in  
 15 all districts applied to the taxable value of property of each  
 16 district, as determined under Subchapter M, Chapter 403, Government  
 17 Code, results in a total levy equal to the total reduction. The  
 18 following fiscal year, a district's entitlement under this section  
 19 is increased by an amount equal to the reduction made under this  
 20 subsection.

21 SECTION 3. (a) The changes in law made by this Act apply  
 22 only, as applicable, in relation to appropriations made for the  
 23 state fiscal biennium beginning September 1, 2007, and subsequent  
 24 state fiscal bienniums and in relation to state aid to school  
 25 districts for those fiscal bienniums. Appropriations for the state  
 26 fiscal biennium that began September 1, 2005, are governed by  
 27 Sections 316.001, 316.002, 316.006, 316.007, and 316.008,

1 Government Code, as those sections existed on January 1, 2005, and  
2 the former law is continued in effect for that purpose.

3 (b) The changes in law made by this Act to Section 42.253,  
4 Education Code, take effect May 29, 2007.

5 SECTION 4. Except as otherwise provided by this Act, this  
6 Act takes effect January 1, 2007, but only if the constitutional  
7 amendment proposed by the 79th Legislature, Regular Session, 2005,  
8 concerning the restriction on the rate of growth of state  
9 appropriations and establishing three special funds to replace the  
10 economic stabilization fund is approved by the voters. If that  
11 amendment is not approved by the voters, this Act has no effect.