

By: Howard of Fort Bend

H.B. No. 354

A BILL TO BE ENTITLED

AN ACT

1
2 relating to estimating the rate of growth of the state's economy for
3 purposes of the constitutional spending limit.

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

5 SECTION 1. Sections 316.002(b), (c), and (e), Government
6 Code, are amended to read as follows:

7 (b) In determining [~~Except as provided by Subsection (c),~~
8 ~~the board shall determine~~] the estimated rate of growth of the
9 state's economy, the board shall consider the estimated rate of
10 growth of the Texas gross state product and the estimated rate of
11 growth in Texas total personal income.

12 (c) The board shall determine the estimated rate of growth
13 of the Texas gross state product by dividing the estimated Texas
14 gross state product for the next biennium by the estimated Texas
15 gross state product for the current biennium. In determining the
16 estimated Texas gross state product for a biennium the board shall
17 consider information and analysis provided by the Bureau of
18 Economic Analysis of the United States Department of Commerce or
19 its successor in function and by other sources the board considers
20 reliable. The board shall determine the estimated rate of growth in
21 Texas total personal income by dividing the estimated Texas total
22 personal income for the next biennium by the estimated Texas total
23 personal income for the current biennium. Using standard
24 statistical methods, the board shall make the personal income

1 estimate by projecting through the biennium the estimated Texas
2 total personal income reported by the United States Department of
3 Commerce or its successor in function. The board shall adopt the
4 lesser of those two rates as the estimated rate of growth of the
5 state's economy.

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

10 (e) In the absence of an action by the Legislative Budget
11 Board to adopt a spending limit as provided in Subsections (a),
12 ~~and~~ (b), and (c), the estimated rate of growth in the state's
13 economy from the current biennium to the next biennium shall be
14 treated as if it were zero, and the amount of state tax revenues not
15 dedicated by the constitution that could be appropriated within the
16 limit established by the estimated rate of growth in the state's
17 economy shall be the same as the level of appropriations for the
18 current biennium.

19 SECTION 2. The change in law made by this Act applies only
20 in relation to appropriations made for the state fiscal biennium
21 beginning September 1, 2009, and subsequent state fiscal bienniums.
22 Appropriations for the state fiscal biennium that begins September
23 1, 2007, are governed by Subchapter A, Chapter 316, Government
24 Code, as it existed on January 1, 2007, and the former law is
25 continued in effect for that purpose.

26 SECTION 3. This Act takes effect September 1, 2007.