

By: Patrick

S.B. No. 1350

A BILL TO BE ENTITLED

AN ACT

relating to limits on the appropriations by the Legislature.

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

SECTION 1. Subchapter A of Chapter 316, Government Code, is amended to read as follows:

SUBCHAPTER A. LIMIT ON GROWTH OF APPROPRIATIONS

Sec. 316.001. LIMIT. The rate of growth of appropriations in a biennium from state tax revenues not dedicated by the constitution may not exceed the estimated rate of growth of the state's economy, calculated as gross state product (GSP), not state personal income, nor any other measure.

Sec. 316.002. DUTIES OF LEGISLATIVE BUDGET BOARD.

(a) Before the Legislative Budget Board submits the budget as prescribed by Section 322.008(b), the board shall establish:

(1) the estimated rate of growth of the state's economy from the current biennium to the next biennium;

(2) the level of appropriations for the current biennium from state tax revenues not dedicated by the constitution; and

(3) the amount of state tax revenues not dedicated by the constitution that could be appropriated for the next biennium within the limit established by the estimated rate of growth of the state's economy.

(b) The [~~Except as provided by Subsection (c), the~~] board

1 shall determine the estimated rate of growth of the state's economy
 2 by dividing the estimated Texas total gross state product [~~personal~~
 3 ~~income~~] for the next biennium by the estimated Texas total gross
 4 state product [~~personal income~~] for the current biennium. Using
 5 standard statistical methods, the board shall make the estimate by
 6 projecting through the biennium the estimated Texas total gross
 7 state product [~~personal income~~] reported by the United States
 8 Department of Commerce or its successor in function.

9 (c) The [~~If a more comprehensive definition of the rate of~~
 10 ~~growth of the state's economy is developed and is approved by the~~
 11 ~~committee established by Section 316.005, the~~] board may not use
 12 any other [~~that~~] definition in calculating the limit on
 13 appropriations.

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

21 (e) In the absence of an action by the Legislative Budget
 22 Board to adopt a spending limit as provided in Subsections (a) and
 23 (b), the estimated rate of growth in the state's economy from the
 24 current biennium to the next biennium shall be treated as if it were
 25 zero, and the amount of state tax revenues not dedicated by the
 26 constitution that could be appropriated within the limit
 27 established by the estimated rate of growth in the state's economy

1 shall be the same as the level of appropriations for the current
2 biennium.

3 (f) The board must adjust the spending limit in each
4 biennium by correcting errors in growth projections from the
5 preceding biennium by replacing estimated projected GSP for the
6 previous biennium with actual GSP as reported by the United States
7 Department of Commerce or its successor agency. The board shall
8 treat the revised rate of growth of the state's economy as the
9 projected rate of growth for purposes of calculating the previous
10 biennium's budget cap, and for the following session's cap going
11 forward, so that errors in projections are not compounded over
12 time.

13 Sec. 316.003. PUBLICATION. Before the Legislative Budget
14 Board approves the items of information required by Section
15 316.002, the board shall publish in the Texas Register the proposed
16 items of information and a description of the methodology and
17 sources used in the calculations.

18 Sec. 316.004. PUBLIC HEARING. Not later than December 1 of
19 each even-numbered year, the Legislative Budget Board shall hold a
20 public hearing to solicit testimony regarding the proposed items of
21 information and the methodology used in making the calculations
22 required by Section 316.002.

23 Sec. 316.005. ADOPTION BY COMMITTEE. (a) After the
24 Legislative Budget Board approves the items of information required
25 by Section 316.002, the board shall submit the information to a
26 committee composed of the governor, lieutenant governor, speaker of
27 the house of representatives, and comptroller of public accounts.

1 (b) Not later than the 10th day after the date on which the
2 board submits the items, the committee shall meet and finally adopt
3 the items, either as submitted by the board or as amended by the
4 committee.

5 (c) If the committee fails to act within the 10-day period
6 prescribed by Subsection (b), the items of information submitted by
7 the board are treated as if the committee had adopted them as
8 submitted.

9 Sec. 316.006. LIMIT ON BUDGET RECOMMENDATIONS. Unless
10 authorized by majority vote of the members of the board from each
11 house, the Legislative Budget Board budget recommendations
12 relating to the proposed appropriations of state tax revenues not
13 dedicated by the constitution may not exceed the limit adopted by
14 the committee under Section 316.005.

15 Sec. 316.007. TRANSMISSION OF RECOMMENDATIONS. (a) The
16 Legislative Budget Board shall include in its budget
17 recommendations the proposed limit of appropriations from state tax
18 revenues not dedicated by the constitution.

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

21 Sec. 316.008. EFFECT OF LIMIT; ENFORCEMENT. (a) Unless
22 the legislature adopts a resolution under Article VIII, Section
23 22(b), of the Texas Constitution raising the proposed limit on
24 appropriations, the proposed limit is binding on the legislature
25 with respect to all appropriations for the next biennium made from
26 state tax revenues not dedicated by the constitution.

27 (b) The rules of the house of representatives and senate

1 shall provide for enforcement of Subsection (a).

2 Sec. 316.0081. APPROVAL OF THE BUDGET LIMIT BY THE
3 LEGISLATURE. The legislature shall approve the budget limit by a
4 record vote of both houses. If either house does not approve the
5 budget limit, the estimated rate of growth in the state's economy
6 from the current biennium to the next biennium shall be treated as
7 if it were zero, and the amount of state tax revenues not dedicated
8 by the constitution that could be appropriated within the limit
9 established by the estimated rate of growth in the state's economy
10 shall be the same as the level of appropriations for the current
11 biennium.

12 Sec. 316.009. SUBMISSION OF BILL BY GOVERNOR. The governor
13 may prepare a general appropriation bill and submit printed copies
14 of it to the lieutenant governor, speaker of the house of
15 representatives, and each member of the legislature. The bill must
16 be submitted not later than the 30th day of the legislature's
17 regular session, except that if a person is inaugurated as governor
18 who was not governor preceding the inauguration, the bill must be
19 submitted not later than the 20th day after the date of that
20 inauguration.

21 SECTION 2. This Act takes effect immediately if it receives
22 a vote of two-thirds of all the members elected to each house, as
23 provided by Section 39, Article III, Texas Constitution. If this
24 Act does not receive the vote necessary for immediate effect, this
25 Act takes effect September 1, 2007.