

By: Hancock

H.B. No. 581

A BILL TO BE ENTITLED

AN ACT

relating to the constitutional limit on the rate of growth of appropriations.

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

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

Sec. 316.001. LIMIT. (a) The rate of growth of appropriations in a state fiscal biennium from 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 monetary inflation or deflation in this state during that preceding biennium [~~the estimated rate of growth of the state's economy~~].

(b) If the sum of the estimated rates described by Subsection (a) is a negative number, appropriations for the state fiscal biennium from state tax revenues not dedicated by the constitution 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) the maximum allowable rate of growth of appropriations between the current state fiscal biennium and the

1 next state fiscal biennium, in accordance with Section 22, Article
2 VIII, Texas Constitution, expressed as a percentage, by adding the
3 following estimated rates, as determined by the board:

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

7 (B) the estimated rate of monetary inflation or
8 deflation in this state during the current state fiscal ~~[estimated~~
9 ~~rate of growth of the state's economy from the current biennium to~~
10 ~~the next]~~ biennium, expressed as a percentage;

11 (2) the estimated amount ~~[level]~~ of appropriations for
12 the current state fiscal biennium from state tax revenues not
13 dedicated by the constitution; and

14 (3) the amount of state tax revenues not dedicated by
15 the constitution that could be appropriated for the next state
16 fiscal biennium within the limit established in accordance with the
17 maximum allowable rate of growth determined under Subdivision (1)
18 and the estimated amount of appropriations for the current state
19 fiscal biennium determined under Subdivision (2) ~~[by the estimated~~
20 ~~rate of growth of the state's economy]~~.

21 (b) If the sum of the estimated rate of increase or decrease
22 in the state's population and the estimated rate of monetary
23 inflation or deflation in this state is a negative number, the
24 amount of appropriations for the next state fiscal biennium from
25 state tax revenues not dedicated by the constitution may not exceed
26 the amount of appropriations from those revenues in the current
27 state fiscal biennium reduced by the product of that amount and the

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

9 (c) [~~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 use that~~
12 ~~definition in calculating the limit on appropriations.~~

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

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

1 ~~limit established by the estimated rate of growth in the state's~~
2 ~~economy shall be~~] the same as the amount [~~level~~] of appropriations
3 from those revenues for the current biennium.

4 SECTION 2. Section 316.008(a), Government Code, is amended
5 to read as follows:

6 (a) Unless the legislature adopts a resolution under
7 Section 22, Article VIII, [~~Section 22(b), of the~~] Texas
8 Constitution, raising the proposed limit on appropriations, the
9 proposed limit is binding on the legislature with respect to all
10 appropriations for the next state fiscal biennium made from state
11 tax revenues not dedicated by the constitution.

12 SECTION 3. The changes in law made by this Act apply only,
13 as applicable, in relation to appropriations made for the state
14 fiscal biennium beginning September 1, 2013, and subsequent state
15 fiscal bienniums. Appropriations for the state fiscal biennium
16 that began September 1, 2011, are governed by Sections 316.001,
17 316.002, and 316.008, Government Code, as those sections existed on
18 January 1, 2011, and the former law is continued in effect for that
19 purpose.

20 SECTION 4. This Act takes effect on the date on which the
21 constitutional amendment proposed by the 82nd Legislature, Regular
22 Session, 2011, regarding the limitation on the rate of growth in
23 appropriations takes effect. If that amendment is not approved by
24 the voters, this Act has no effect.