

By: Paxton

H.B. No. 756

A BILL TO BE ENTITLED

AN ACT

relating to the maximum rate of growth of appropriations.

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

SECTION 1. Section 316.001, Government Code, is amended to read as follows:

Sec. 316.001. MAXIMUM RATE OF GROWTH OF APPROPRIATIONS ~~[LIMIT]~~. The maximum rate of growth of appropriations from the state treasury for a biennium, as compared to the previous [in a] biennium, from all available sources of revenue and for any purpose but excluding appropriations of revenue received from the federal government and appropriations from any source of revenue made for the sole purpose of reducing the imposition of ad valorem taxes by a political subdivision of this state or otherwise providing ad valorem tax relief, is the least of the following rates:

(1) ~~[from state tax revenues not dedicated by the constitution may not exceed]~~ the estimated rate of growth of this [the] state's economy;

(2) a rate equal to the sum of:

(A) the estimated biennial rate of growth of this state's population; and

(B) the estimated biennial rate of monetary inflation in this state; and

(3) the estimated biennial rate of growth of this state's gross state product.

1 SECTION 2. Section 316.002, Government Code, is amended to
2 read as follows:

3 Sec. 316.002. DUTIES OF LEGISLATIVE BUDGET BOARD.

4 (a) Before the Legislative Budget Board submits the budget as
5 prescribed by Section 322.008 [~~322.008(b)~~], the board shall
6 determine [~~establish~~]:

7 (1) the estimated rate of growth of this [~~the~~] state's
8 economy from the current biennium to the next biennium, determined
9 as provided by Subsection (b);

10 (2) a rate equal to the sum of:

11 (A) the estimated biennial rate of growth of this
12 state's population, determined as provided by Subsection (c); and

13 (B) the estimated biennial rate of monetary
14 inflation in this state, determined as provided by Subsection (d);

15 (3) the estimated biennial rate of growth of this
16 state's gross state product, determined as provided by Subsection
17 (e);

18 (4) the amount [~~level~~] of appropriations for the
19 current biennium from all available sources of revenue, excluding:

20 (A) appropriations of revenue from the federal
21 government; and

22 (B) appropriations from any source of revenue
23 made for the sole purpose of:

24 (i) reducing the imposition of ad valorem
25 taxes by a political subdivision of this state; or

26 (ii) otherwise providing ad valorem tax
27 relief [~~state tax revenues not dedicated by the constitution~~]; and

1 (5) [~~3~~] the maximum permissible amount of
2 appropriations of revenue from all available sources [~~state tax~~
3 ~~revenues not dedicated by the constitution that could be~~
4 ~~appropriated~~] for the next biennium, excluding appropriations of
5 revenue from the federal government and appropriations from any
6 source of revenue made for the sole purpose of reducing the
7 imposition of ad valorem taxes by a political subdivision of this
8 state or otherwise providing ad valorem tax relief, [~~within the~~
9 ~~limit established~~] by multiplying the total amount of
10 appropriations for the current biennium determined as provided by
11 Subdivision (4) by the sum of one and the maximum rate of growth of
12 appropriations as provided by Section 316.001 [~~the estimated rate~~
13 ~~of growth of the state's economy~~].

14 (b) The Legislative Budget Board [~~Except as provided by~~
15 ~~Subsection (c), the board~~] shall determine the estimated rate of
16 growth of this [~~the~~] state's economy by dividing the estimated
17 Texas total personal income for the next biennium by the estimated
18 Texas total personal income for the current biennium. Using
19 standard statistical methods, the board shall make the estimate by
20 projecting through the biennium the estimated Texas total personal
21 income reported by the United States Department of Commerce or its
22 successor in function.

23 (c) The Legislative Budget Board shall determine the
24 estimated biennial rate of growth of the state's population based
25 on the average rate of growth during the preceding six years
26 according to estimates provided by the state demographer [~~If a more~~
27 ~~comprehensive definition of the rate of growth of the state's~~

1 ~~economy is developed and is approved by the committee established~~
2 ~~by Section 316.005, the board may use that definition in~~
3 ~~calculating the limit on appropriations].~~

4 (d) The Legislative Budget Board shall determine the
5 estimated biennial rate of monetary inflation in this state based
6 on the average rate of change during the preceding six years of the
7 effective consumer price index for this state. For purposes of this
8 subsection, the effective consumer price index for this state is
9 the average of the consumer price indexes, as determined by the
10 United States Department of Labor, for:

11 (1) the Houston metropolitan area; and

12 (2) the Dallas/Fort Worth metropolitan area.

13 (e) The Legislative Budget Board shall determine the
14 estimated biennial rate of growth of this state's gross state
15 product by dividing the estimated gross state product for the then
16 current state fiscal year by the average of the gross state products
17 for the preceding four state fiscal years. In determining the
18 estimated gross state product for the then current state fiscal
19 year and the average of the gross state products for the preceding
20 four state fiscal years, the board shall consider information and
21 analysis provided by:

22 (1) the Bureau of Economic Analysis of the United
23 States Department of Commerce, or its successor in function; and

24 (2) the comptroller.

25 (f) To ensure compliance with Section 22, Article VIII,
26 [~~Section 22, of the~~] Texas Constitution, the Legislative Budget
27 Board may not transmit in any form to the governor or the

1 legislature the budget as prescribed by Section 322.008(c) or the
2 general appropriations bill as prescribed by Section 322.008(d)
3 until the maximum permissible amount [~~limit on the rate of growth~~]
4 of appropriations for the next biennium has been adopted as
5 required by this subchapter.

6 (g) [~~e~~] In the absence of an action by the Legislative
7 Budget Board to adopt a maximum permissible amount of
8 appropriations for the next biennium [~~spending limit~~] as provided
9 by this section, the maximum permissible amount of appropriations
10 for the next biennium, excluding appropriations of revenue from the
11 federal government and appropriations from any source of revenue
12 made for the sole purpose of reducing the imposition of ad valorem
13 taxes by a political subdivision of this state or otherwise
14 providing ad valorem tax relief, is [~~in Subsections (a) and (b), the~~
15 ~~estimated rate of growth in the state's economy from the current~~
16 ~~biennium to the next biennium shall be treated as if it were zero,~~
17 ~~and the amount of state tax revenues not dedicated by the~~
18 ~~constitution that could be appropriated within the limit~~
19 ~~established by the estimated rate of growth in the state's economy~~
20 ~~shall be~~] the same as the amount [~~level~~] of those appropriations for
21 the current biennium, determined as provided by Subsection (a)(4).

22 SECTION 3. Section 316.003, Government Code, is amended to
23 read as follows:

24 Sec. 316.003. PUBLICATION. Before the Legislative Budget
25 Board approves the items of information required by Section
26 316.002, the board shall publish in the Texas Register the proposed
27 items of information and a description of the methodology and

1 sources used in the determinations [~~calculations~~].

2 SECTION 4. Section 316.004, Government Code, is amended to
3 read as follows:

4 Sec. 316.004. PUBLIC HEARING. Not later than December 1 of
5 each even-numbered year, the Legislative Budget Board shall hold a
6 public hearing to solicit testimony regarding the proposed items of
7 information and the methodology used in making the determinations
8 [~~calculations~~] required by Section 316.002.

9 SECTION 5. Section 316.006, Government Code, is amended to
10 read as follows:

11 Sec. 316.006. LIMIT ON BUDGET RECOMMENDATIONS. Unless
12 authorized by a two-thirds majority vote of the members of the board
13 from each house, the Legislative Budget Board budget
14 recommendations relating to the proposed appropriations of revenue
15 for the next biennium from any available source, excluding
16 appropriations of revenue from the federal government and
17 appropriations from any source of revenue made for the sole purpose
18 of reducing the imposition of ad valorem taxes by a political
19 subdivision of this state or otherwise providing ad valorem tax
20 relief, [state tax revenues not dedicated by the constitution] may
21 not exceed the maximum permissible amount of those appropriations
22 [~~limit~~] adopted by the committee under Section 316.005.

23 SECTION 6. Section 316.007(a), Government Code, is amended
24 to read as follows:

25 (a) The Legislative Budget Board shall include in its budget
26 recommendations the proposed maximum permissible amount [~~limit~~] of
27 appropriations of revenue from all available sources for the next

1 biennium, excluding appropriations of revenue from the federal
2 government and appropriations from any source of revenue made for
3 the sole purpose of reducing the imposition of ad valorem taxes by a
4 political subdivision of this state or otherwise providing ad
5 valorem tax relief [~~from state tax revenues not dedicated by the~~
6 ~~constitution~~].

7 SECTION 7. Section 316.008(a), Government Code, is amended
8 to read as follows:

9 (a) Unless the legislature adopts a resolution under
10 Section 22(f), Article VIII, [Section 22(b), of the] Texas
11 Constitution, raising the proposed maximum permissible amount of
12 [~~limit on~~] appropriations for the next biennium, the proposed
13 maximum permissible amount [~~limit~~] is binding on the legislature
14 with respect to all appropriations for the next biennium made from
15 all available sources of revenue, excluding:

16 (1) appropriations of revenue from the federal
17 government; and

18 (2) appropriations from any source of revenue made for
19 the sole purpose of:

20 (A) reducing the imposition of ad valorem taxes
21 by a political subdivision of this state; or

22 (B) otherwise providing ad valorem tax relief
23 [~~state tax revenues not dedicated by the constitution~~].

24 SECTION 8. (a) The changes in law made by this Act apply
25 only in relation to appropriations made for the state fiscal
26 biennium beginning September 1, 2013, and subsequent state fiscal
27 bienniums.

1 (b) Appropriations for the state fiscal biennium that
2 begins September 1, 2011, are governed by Subchapter A, Chapter
3 316, Government Code, as that subchapter read immediately before
4 the effective date of this Act, and the former law is continued in
5 effect for that purpose.

6 SECTION 9. This Act takes effect on the date on which the
7 constitutional amendment proposed by the 82nd Legislature, Regular
8 Session, 2011, regarding the maximum rate of growth of
9 appropriations and the use of unencumbered surplus general revenues
10 to fund the state's rainy day fund and a public school property tax
11 relief fund, takes effect. If that amendment is not approved by the
12 voters, this Act has no effect.