

By: Bohac

H.B. No. 2775

A BILL TO BE ENTITLED

AN ACT

relating to the constitutional limit on the rate of growth of appropriations and the use of surplus state revenues.

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

SECTION 1. Sections 316.001, 316.002, and 316.006, 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 all sources of revenue other than the federal government [~~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 inflation or deflation during that preceding biennium in this state in the prices of a set of goods determined to be representative of this [~~the estimated rate of growth of the~~] state's economy as a whole.

(b) If the sum of the estimated rates described by Subsection (a) is a negative number, appropriations for the state fiscal biennium from all sources of revenue other than the federal government 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 (1) the maximum allowable rate of growth of
2 appropriations between the current state fiscal biennium and the
3 next state fiscal biennium, in accordance with Section 22, Article
4 VIII, Texas Constitution, expressed as a percentage, by adding the
5 following estimated rates, as determined by the board:

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

9 (B) the estimated rate of inflation or deflation
10 in this state during the current state fiscal biennium in the price
11 of a set of goods determined by the board to be representative of
12 this state's economy as a whole during that ~~[estimated rate of~~
13 ~~growth of the state's economy from the current biennium to the next]~~
14 biennium, expressed as a percentage;

15 (2) the amount ~~[level]~~ of appropriations for the
16 current state fiscal biennium from all sources of revenue except
17 the federal government ~~[state tax revenues not dedicated by the~~
18 ~~constitution]~~; and

19 (3) the amount of revenue from all sources except the
20 federal government ~~[state tax revenues not dedicated by the~~
21 ~~constitution]~~ that could be appropriated for the next state fiscal
22 biennium within the limit established in accordance with the
23 maximum allowable rate of growth determined under Subdivision (1)
24 and the amount of appropriations for the current state fiscal
25 biennium determined under Subdivision (2) ~~[by the estimated rate of~~
26 ~~growth of the state's economy]~~.

27 (b) If the sum of the estimated rate of increase or decrease

1 in the state's population and the estimated rate of inflation or
2 deflation is a negative number, the amount of appropriations for
3 the next state fiscal biennium from all sources of revenue other
4 than the federal government may not exceed the amount of
5 appropriations from those sources in the current state fiscal
6 biennium reduced by the product of that amount and the sum of those
7 rates. [~~Except as provided by Subsection (c), the board shall~~
8 ~~determine the estimated rate of growth of the state's economy by~~
9 ~~dividing the estimated Texas total personal income for the next~~
10 ~~biennium by the estimated Texas total personal income for the~~
11 ~~current biennium. Using standard statistical methods, the board~~
12 ~~shall make the estimate by projecting through the biennium the~~
13 ~~estimated Texas total personal income reported by the United States~~
14 ~~Department of Commerce or its successor in function.~~]

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

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

26 (d) [~~(e)~~] In the absence of an action by the Legislative
27 Budget Board to adopt a spending limit as provided by this section

1 ~~[in Subsections (a) and (b)]~~, the sum of the estimated rate of
2 population growth and the estimated rate of inflation ~~[in the~~
3 ~~state's economy from the current biennium to the next biennium]~~
4 shall be treated as if that rate ~~[it]~~ were zero, and the amount of
5 revenue from all sources other than the federal government that may
6 ~~[state tax revenues not dedicated by the constitution that could]~~
7 be appropriated for the next state fiscal biennium is ~~[within the~~
8 ~~limit established by the estimated rate of growth in the state's~~
9 ~~economy shall be]~~ the same as the amount ~~[level]~~ of appropriations
10 from those revenues for the current biennium.

11 Sec. 316.006. LIMIT ON BUDGET RECOMMENDATIONS. Unless
12 authorized by majority vote of the members of the board from each
13 house, the Legislative Budget Board budget recommendations
14 relating to the proposed appropriations of revenue from all sources
15 except the federal government ~~[state tax revenues not dedicated by~~
16 ~~the constitution]~~ may not exceed the limit adopted by the committee
17 under Section 316.005.

18 SECTION 2. Section 316.007(a), Government Code, is amended
19 to read as follows:

20 (a) The Legislative Budget Board shall include in its budget
21 recommendations the proposed limit of appropriations from all
22 sources of revenue except the federal government ~~[state tax~~
23 ~~revenues not dedicated by the constitution]~~.

24 SECTION 3. Section 316.008(a), Government Code, is amended
25 to read as follows:

26 (a) Unless the legislature adopts a resolution under
27 Section 22, Article VIII, ~~[Section 22(b), of the]~~ Texas

1 Constitution, raising the proposed limit on appropriations, the
2 proposed limit is binding on the legislature with respect to all
3 appropriations for the next state fiscal biennium made from all
4 sources of revenue except the federal government [~~state tax~~
5 ~~revenues not dedicated by the constitution~~].

6 SECTION 4. Chapter 171, Tax Code, is amended by adding
7 Subchapter K to read as follows:

8 SUBCHAPTER K. SURPLUS REVENUE: REBATE OF FRANCHISE TAXES

9 Sec. 171.551. ISSUANCE OF INDIVIDUAL REBATES. (a) Not
10 later than the 180th day of each state fiscal biennium, the
11 comptroller shall issue to each payer of the franchise tax during
12 the previous state fiscal biennium a rebate as provided by this
13 section if the comptroller has determined under Subsection (a),
14 Section 49-g-1, Article III, Texas Constitution, that there remains
15 an unencumbered positive balance of general revenues from the
16 preceding state fiscal biennium.

17 (b) The comptroller shall compute for each payer of the
18 franchise tax during the preceding state fiscal biennium the
19 fractional share of the franchise taxes to be rebated by dividing
20 that franchise tax payer's total franchise taxes paid during the
21 preceding state fiscal biennium by the total of all franchise taxes
22 paid under this chapter during that preceding state fiscal
23 biennium.

24 (c) The comptroller shall issue to each payer of the
25 franchise tax during the preceding state fiscal biennium a rebate
26 of franchise taxes paid in an amount equal to one-third of the
27 amount of the unencumbered positive balance of general revenues

1 determined under Subsection (a), Section 49-g-1, Article III, Texas
2 Constitution, to be remaining after the economic stabilization fund
3 transfer multiplied by the fraction determined for that payer under
4 Subsection (b).

5 (d) The comptroller may issue a payer's rebate by warrant or
6 by electronic funds transfer, as provided by rules of the
7 comptroller.

8 SECTION 5. The changes in law made by this Act apply only,
9 as applicable, in relation to appropriations made for the state
10 fiscal biennium beginning September 1, 2013, and subsequent state
11 fiscal bienniums. Appropriations for the state fiscal biennium
12 that began September 1, 2011, are governed by Sections 316.001,
13 316.002, 316.006, 316.007, and 316.008, Government Code, as those
14 sections existed on December 1, 2010, and the former law is
15 continued in effect for that purpose.

16 SECTION 6. This Act takes effect on the date on which the
17 constitutional amendment proposed by the 82nd Legislature, Regular
18 Session, 2011, regarding the limitation on the rate of growth in
19 appropriations and the use of unencumbered surplus state revenues
20 to provide for a rebate of state franchise taxes, to reduce public
21 school district property taxes, and to fund the state's rainy day
22 fund takes effect. If that amendment is not approved by the voters,
23 this Act has no effect.