

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

April 28, 2011

TO: Honorable Jim Pitts, Chair, House Committee on Appropriations

FROM: John S O'Brien, Director, Legislative Budget Board

IN RE: HJR58 by Hancock (Proposing a constitutional amendment concerning the limitation on the rate of growth of state appropriations.), **As Introduced**

No fiscal implication to the State is anticipated in the upcoming biennium, other than the cost of publication.

The cost to the state for publication of the resolution is \$105,495.

The resolution would propose amendments to the Texas Constitution, regarding the maximum rate of growth of appropriations. Currently, Article VIII, Section 22 of the Texas Constitution limits the biennial growth of appropriations from state tax revenue not dedicated by the constitution to the estimated rate of growth of the state's economy. Section 316.002 of the Government Code, instructs the Legislative Budget Board to determine the growth of the state's economy by estimating the growth in Texas personal income.

The resolution proposes a constitutional amendment which, if adopted, would limit the biennial growth of appropriations from state tax revenue not dedicated by the constitution to the sum of the estimated rate of growth of the state's population and the estimated rate of inflation in the state during the preceding biennium.

The change from a limit using the growth of personal income to one using population and inflation would likely reduce the allowable growth rate in appropriations for subsequent biennia. For the purpose of illustration, the estimated rate of growth of personal income used to set the 2012-13 limit was 8.92 percent. Based on the Comptroller's economic forecast, the biennial estimate of the sum of population growth and inflation for the previous biennia for 2012-13 would be 6.07 percent.

The proposed amendment only would apply to appropriations made for the 2014-15 biennium and subsequent biennia.

The proposed constitutional amendment would be submitted to the voters at an election to be held November 6, 2012.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies:

LBB Staff: JOB, KK, SD, SJS