

By: Patrick

S.B. No. 16

A BILL TO BE ENTITLED

AN ACT

relating to the limitation on the rate of growth in appropriations from state tax revenues.

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

SECTION 1. Sections 316.001, 316.002, 316.003, 316.004, and 316.006, Government Code, are amended to read as follows:

Sec. 316.001. LIMIT. The rate of growth of appropriations in a biennium from state tax revenues not dedicated by the constitution, as compared to those appropriations made for the previous biennium, may not exceed the least of the following rates:

(1) 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.

Sec. 316.002. DUTIES OF LEGISLATIVE BUDGET BOARD. (a) Before the Legislative Budget Board submits the budget as prescribed by Section 322.008(c), the board shall determine [~~establish~~]:

(1) the estimated rate of growth of this [the] state's

1 economy from the current biennium to the next biennium as
2 determined under Subsection (b);

3 (2) a rate, as determined under Subsection (c), equal
4 to the sum of:

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

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

9 (3) the estimated biennial rate of growth of this
10 state's gross state product as determined under Subsection (d);

11 (4) the level of appropriations for the current
12 biennium from state tax revenues not dedicated by the constitution;
13 and

14 (5) ~~(3)~~ the maximum permissible amount of state tax
15 revenues not dedicated by the constitution that may ~~could~~ be
16 appropriated for the next biennium within the limit established by
17 applying the least of:

18 (A) the estimated rate of growth of ~~this~~ ~~the~~
19 state's economy as determined under Subsection (b);

20 (B) the rate as determined under Subsection (c)
21 from the rates of population growth and monetary inflation; and

22 (C) the estimated biennial rate of growth of this
23 state's gross state product as determined under Subsection (d).

24 (b) The ~~[Except as provided by Subsection (c), the]~~ board
25 shall determine the estimated rate of growth of this ~~the~~ state's
26 economy by dividing the estimated Texas total personal income for
27 the next biennium by the estimated Texas total personal income for

1 the current biennium. Using standard statistical methods, the
2 board shall make the estimate by projecting through the biennium
3 the estimated Texas total personal income reported by the United
4 States Department of Commerce or its successor in function.

5 (c) The board shall determine a rate equal to the sum of the
6 estimated biennial rate of growth of this state's population and
7 the estimated biennial rate of monetary inflation in this state as
8 provided by this subsection. The board shall determine the
9 estimated biennial rate of growth of this state's population based
10 on the average rate of growth during the preceding five years
11 according to estimates provided to the board by the state
12 demographer. The board shall determine the estimated biennial rate
13 of monetary inflation in this state based on the average rate of
14 change during the preceding five years of the effective consumer
15 price index for this state. For purposes of this subsection, the
16 effective consumer price index for this state is the average of the
17 consumer price indexes as determined by the United States
18 Department of Labor for the Houston metropolitan area and for the
19 Dallas/Fort Worth metropolitan area.

20 (d) The board shall determine the estimated biennial rate of
21 growth of this state's gross state product by dividing the
22 estimated gross state product for the then current state fiscal
23 year by the average of the gross state products for the preceding
24 four state fiscal years. The board shall consider information and
25 analysis provided by the comptroller and the Bureau of Economic
26 Analysis of the United States Department of Commerce, or its
27 successor in function. [~~If a more comprehensive definition of the~~

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

4 (e) [~~(d)~~] To ensure compliance with Section 22, Article
5 VIII, [~~Section 22, of the~~] Texas Constitution, the Legislative
6 Budget Board may not transmit in any form to the governor or the
7 legislature the budget as prescribed by Section 322.008(c) or the
8 general appropriations bill as prescribed by Section 322.008(d)
9 until the maximum permissible amount [~~limit on the rate of growth~~]
10 of appropriations of state tax revenues not dedicated by the
11 constitution that may be appropriated for the next biennium has
12 been adopted as required by this subchapter.

13 (f) If [~~(e) In the absence of an action by~~] the Legislative
14 Budget Board does not [~~to~~] adopt a maximum permissible amount of
15 appropriations of state tax revenues not dedicated by the
16 constitution that may be appropriated for the next biennium [~~a~~
17 ~~spending limit~~] as provided by this section, the maximum
18 permissible [~~in Subsections (a) and (b), the estimated rate of~~
19 ~~growth in the state's economy from the current biennium to the next~~
20 ~~biennium shall be treated as if it were zero, and the~~] amount of
21 state tax revenues not dedicated by the constitution that may
22 [~~could~~] be appropriated for the next biennium considered adopted
23 under this subchapter is [~~within the limit established by the~~
24 ~~estimated rate of growth in the state's economy shall be~~] the same
25 as the level of those appropriations for the current biennium.

26 Sec. 316.003. PUBLICATION. Before the Legislative Budget
27 Board approves the items of information required by Section

1 316.002, the board shall publish in the Texas Register the proposed
2 items of information and a description of the methodology and
3 sources used in making the determinations [~~calculations~~].

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 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 maximum
14 permissible amount of those appropriations [~~limit~~] adopted by the
15 committee under Section 316.005.

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

18 (a) The Legislative Budget Board shall include in the
19 board's [~~its~~] budget recommendations the proposed maximum
20 permissible amount [~~limit~~] of appropriations from state tax
21 revenues not dedicated by the constitution.

22 SECTION 3. Section 316.008, Government Code, is amended to
23 read as follows:

24 Sec. 316.008. EFFECT OF LIMIT; ENFORCEMENT. (a) In this
25 section:

26 (1) "Constitutional limit on the rate of growth of
27 appropriations" means the limit on the rate of growth of this

1 state's economy as determined by the Legislative Budget Board under
2 Section 316.002(b):

3 (A) as finally adopted by the committee under
4 Section 316.005(b); or

5 (B) as considered adopted under Section
6 316.002(f) or 316.005(c).

7 (2) "Statutory limit on the rate of growth of
8 appropriations" means the lower of the rates determined by the
9 Legislative Budget Board under Section 316.002(c) or (d):

10 (A) as finally adopted by the committee under
11 Section 316.005(b); or

12 (B) as considered adopted under Section
13 316.002(e) or 316.005(c).

14 (b) Unless the legislature adopts a resolution under
15 Section 22(b), Article VIII, [~~Section 22(b), of the~~] Texas
16 Constitution, raising the proposed constitutional limit on
17 appropriations, the proposed constitutional limit is binding on the
18 legislature with respect to all appropriations for the next
19 biennium made from state tax revenues not dedicated by the
20 constitution.

21 (c) [~~(b)~~] The rules of the house of representatives and
22 senate shall provide for enforcement of Subsection (b) [~~(a)~~].

23 (d) When the statutory limit on the rate of growth of
24 appropriations is lower than the constitutional limit on the rate
25 of growth of appropriations or is lower than the constitutional
26 limit as raised by a resolution described by Subsection (b), the
27 statutory limit is binding on the legislature with respect to all

1 appropriations for the next biennium made from state tax revenues
2 not dedicated by the constitution unless the legislature by general
3 law provides that the statutory limit does not apply to
4 appropriations for that biennium.

5 SECTION 4. The changes in law made by this Act apply only
6 with respect to appropriations for the state fiscal biennium
7 beginning September 1, 2015, and subsequent state fiscal bienniums.

8 SECTION 5. This Act takes effect on the 91st day after the
9 last day of the legislative session.