

BILL ANALYSIS

Senate Research Center
83R935 JJT-D

S.J.R. 56
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Finance
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As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Section 22(a), Article VIII, Texas Constitution, limits biennial growth in appropriations from tax revenue not dedicated by the constitution to the estimated growth of the state's economy. This applies to taxes on general sales, motor vehicle sales, and rental, franchises, cigarettes and tobacco, alcoholic beverages, inheritance, and hotel occupancy, and portions of taxes on motor fuels, insurance, natural gas, oil production and regulation, utilities, and other taxes.

As required by Section 316.002 (Duties of Legislative Budget Board), Government Code, prior to each legislative session the Legislative Budget Board adopts a projected growth rate of the state's economy. The current measure—personal income growth—is generally considered to track the health of the economy, and is commonly used by other states in setting spending limits. An alternative approach of using the combined rate of inflation and population growth in effect freezes per capita spending, adjusted for inflation and is more successful at stabilizing and slowing spending growth.

S.J.R. 56 proposes a constitutional amendment to limit the rate of growth of appropriations from state tax revenue not dedicated by the constitution to a rate that is the sum of the estimated rates of population growth and inflation.

S.J.R. 56 proposes a constitutional amendment concerning the limitation on the rate of growth of state appropriations.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 22, Article VIII, Texas Constitution, as follows:

Sec. 22. (a) Prohibits the rate of growth of appropriations from state tax revenues not dedicated by this constitution, in any state fiscal biennium, from exceeding a rate equal to the sum of the estimated rates of:

(1) change of the state's population during the state fiscal biennium preceding the state fiscal biennium for which the appropriations are made; and

(2) monetary inflation or deflation in this state during the state fiscal biennium preceding the biennium for which the appropriations are made.

Deletes existing text prohibiting the rate of growth of appropriations from state tax revenues not dedicated by this constitution, in any biennium, from exceeding the estimated rate of growth of the state's economy.

(b) Prohibits the appropriations from state tax revenues not dedicated by this constitution for the biennium from exceeding the amount determined by

subtracting from the estimated amount of appropriations from state tax revenues not dedicated by this constitution for that preceding biennium the product of the additive inverse of that negative number and the estimated amount of appropriations from state tax revenues not dedicated by this constitution for that preceding biennium, if the sum of the estimated rate of change of the state's population and the estimated rate of monetary inflation or deflation in this state during that preceding state fiscal biennium is a negative number.

(c) Creates this subsection from existing text. Requires the legislature to provide by general law procedures to implement Subsections (a) and (b) of this section, rather than requiring the legislature to provide by general law procedures to implement this subsection.

(d) Redesignates existing Subsection (b) as Subsection (d). Authorizes the legislature to provide for appropriations in excess of the maximum amount authorized by this section, rather than the amount authorized by Subsection (a), if the legislature by adoption of a resolution approved by a record vote of a majority of the members of each house finds that an emergency exists and identifies the nature of the emergency.

(e) Redesignates existing Subsection (c) as Subsection (e) and makes no further change.

SECTION 2. Requires that the proposed constitutional amendment be submitted to the voters at an election to be held November 4, 2014. Sets forth the required language of the ballot.