

By: Williams

S.B. No. 1656

A BILL TO BE ENTITLED

AN ACT

relating to the constitutional limit on the rate of growth of appropriations.

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

SECTION 1. Sections 316.001 and 316.002, 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 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 monetary inflation or deflation in this state during that preceding biennium [~~the estimated rate of growth of the state's economy~~].

(b) If the sum of the estimated rates described by Subsection (a) is a negative number, the amount of appropriations authorized for the next state fiscal biennium from state tax revenues not dedicated by the constitution 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(c), the board shall establish:

(1) the maximum allowable rate of growth of

1 appropriations between the current state fiscal biennium and the  
2 next state fiscal biennium, in accordance with Section 22, Article  
3 VIII, Texas Constitution, expressed as a percentage, by adding the  
4 following estimated rates, as determined by the board:

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

8 (B) the estimated rate of monetary inflation or  
9 deflation in this state during the current state fiscal ~~[estimated~~  
10 ~~rate of growth of the state's economy from the current biennium to~~  
11 ~~the next]~~ biennium, expressed as a percentage;

12 (2) the estimated amount ~~[level]~~ of appropriations for  
13 the current state fiscal biennium from state tax revenues not  
14 dedicated by the constitution; and

15 (3) the amount of state tax revenues not dedicated by  
16 the constitution that could be appropriated for the next state  
17 fiscal biennium within the limit established in accordance with the  
18 maximum allowable rate of growth determined under Subdivision (1)  
19 and the estimated amount of appropriations for the current state  
20 fiscal biennium determined under Subdivision (2) ~~[by the estimated~~  
21 ~~rate of growth of the state's economy]~~.

22 (b) If the sum of the estimated rate of increase or decrease  
23 in the state's population and the estimated rate of monetary  
24 inflation or deflation in this state is a negative number, the  
25 amount of appropriations authorized for the next state fiscal  
26 biennium from state tax revenues not dedicated by the constitution  
27 may not exceed the amount of appropriations from those revenues in

1 the current state fiscal biennium reduced by the product of that  
2 amount and the additive inverse of the sum of those rates. [~~Except~~  
3 ~~as provided by Subsection (c), the board shall determine the~~  
4 ~~estimated rate of growth of the state's economy by dividing the~~  
5 ~~estimated Texas total personal income for the next biennium by the~~  
6 ~~estimated Texas total personal income for the current biennium.~~  
7 ~~Using standard statistical methods, the board shall make the~~  
8 ~~estimate by projecting through the biennium the estimated Texas~~  
9 ~~total personal income reported by the United States Department of~~  
10 ~~Commerce or its successor in function.]~~

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

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

22 (d) [~~(e)~~] In the absence of an action by the Legislative  
23 Budget Board to adopt a spending limit as provided by this section  
24 [~~in Subsections (a) and (b)~~], the sum of the estimated rate of  
25 population growth and the estimated rate of inflation [~~in the~~  
26 ~~state's economy from the current biennium to the next biennium]~~  
27 shall be treated as if that rate [~~it~~] were zero, and the amount of

1 state tax revenues not dedicated by the constitution that could be  
2 appropriated for the next state fiscal biennium is [~~within the~~  
3 ~~limit established by the estimated rate of growth in the state's~~  
4 ~~economy shall be~~] the same as the amount [~~level~~] of appropriations  
5 from those revenues for the current biennium.

6 SECTION 2. Section 316.008(a), Government Code, is amended  
7 to read as follows:

8 (a) Unless the legislature adopts a resolution under  
9 Section 22, Article VIII, [~~Section 22(b), of the~~] Texas  
10 Constitution, raising the proposed limit on appropriations, the  
11 proposed limit is binding on the legislature with respect to all  
12 appropriations for the next state fiscal biennium made from state  
13 tax revenues not dedicated by the constitution.

14 SECTION 3. The changes in law made by this Act apply only,  
15 as applicable, in relation to appropriations made for the state  
16 fiscal biennium beginning September 1, 2015, and subsequent state  
17 fiscal bienniums. Appropriations for the state fiscal biennium  
18 that begins September 1, 2013, are governed by Sections 316.001,  
19 316.002, and 316.008, Government Code, as those sections existed on  
20 January 1, 2013, and the former law is continued in effect for that  
21 purpose.

22 SECTION 4. This Act takes effect on the date on which the  
23 constitutional amendment proposed by the 83rd Legislature, Regular  
24 Session, 2013, regarding the limitation on the rate of growth of  
25 appropriations takes effect. If that amendment is not approved by  
26 the voters, this Act has no effect.