

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION**

**April 26, 2013**

**TO:** Honorable Tommy Williams, Chair, Senate Committee on Finance

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE: SB101** by Patrick (relating to the constitutional limit on the rate of growth of appropriations of revenue.), **Committee Report 1st House, Substituted**

**No significant fiscal implication to the State is anticipated in the upcoming biennium.** The provisions of the bill would only apply to appropriations made for the 2016-17 biennium and subsequent biennia.

The bill would amend the Government Code with regard to the constitutional limit on the rate of growth of certain appropriations.

The bill, in conjunction with a proposed constitutional amendment, would limit the biennial growth of appropriations from all sources of revenue other than the federal government to a rate determined by adding the estimated rate of 1) the increase or decrease in the state's population during the next state fiscal biennium and 2) the estimated rate of monetary inflation or deflation in this state during that next biennium.

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 fiscal impact of expanding the application of the limit to appropriations from all sources of revenue other than the federal government would depend on the composition of state revenue in those biennia and appropriation decisions by the Legislature.

The change from a limit applying the growth of personal income to one adding 1) the estimated rate of the increase or decrease in the state's population during the next state fiscal biennium and 2) the estimated rate of monetary inflation or deflation in this state during that next biennium 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 2014-15 spending limit was 10.71 percent. The 2014-15 growth rate proposed by the bill would be 6.45 percent based on population and inflation estimates in the Comptroller's Winter 2012-13 Economic Forecast.

The provisions of the bill would only apply to appropriations made for the 2016-17 biennium and

subsequent biennia.

The bill would take effect on the date on which the constitutional amendment proposed by the 83rd Legislature concerning the limitation on the rate of growth in appropriations of revenue takes effect. If the amendment is not approved by the voters, this bill has no effect.

**Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 304 Comptroller of Public Accounts

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