

## **BILL ANALYSIS**

C.S.S.B. 9  
By: Hancock  
Appropriations  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Interested parties are concerned regarding the adequacy of the current method for limiting the growth of state spending. C.S.S.B. 9 seeks to address this issue.

### **CRIMINAL JUSTICE IMPACT**

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

C.S.S.B. 9 amends the Government Code to limit, in a state fiscal biennium, the rate of growth of appropriations from all sources of revenue other than the federal government to a rate of growth established by the Legislative Budget Board (LBB) under the bill's provisions for categories of spending relating to transportation, public primary and secondary education, higher education, health care, public safety and corrections, and other general government.

C.S.S.B. 9 requires the LBB, before transmitting the budget for the next state fiscal biennium, to establish a limit on the rate of growth of appropriations from all sources of revenue other than the federal government for each spending category described by the bill for that biennium, as compared to the previous state fiscal biennium, by subtracting one from the product of the sum of one and the estimated rate of growth in the population served by expenditures in that spending category during the biennium for which appropriations are made and the sum of one and the estimated rate of inflation in a representative set of goods and services for which appropriations are made for that spending category during the biennium. The bill requires the LBB to determine such rates using information available from any source the LBB considers reliable.

C.S.S.B. 9 requires the LBB to establish for the next state fiscal biennium a limit on the amount of appropriations from all sources of revenue other than the federal government for each spending category by multiplying the amount of appropriations for each spending category for the then current state fiscal biennium by the sum of one and the limit on the rate of growth of appropriations for that spending category determined by the LBB. The bill establishes that if the limited rate of growth of appropriations from all sources of revenue other than the federal government for any spending category is a negative number, the amount of appropriations from all sources of revenue other than the federal government for that spending category available for the next state fiscal biennium is the same as the amount of those appropriations for the then current state fiscal biennium.

C.S.S.B. 9 prohibits the LBB from transmitting the budget or the general appropriations bill in any form to the governor or the legislature until the LBB adopts the limit on the rate of growth of appropriations from all sources of revenue other than the federal government for that biennium for each spending category. The bill establishes that in the absence of an action by the LBB to adopt the limits required under the bill's provisions, the amount of appropriations from all sources of revenue other than the federal government for each spending category available for the next state fiscal biennium is the same as the amount of those appropriations for the current state fiscal biennium. The bill requires the LBB, if the legislature by law exempts an appropriation from application of the bill's provisions for the next state fiscal biennium, to exclude then current or previous appropriations that, as determined by the LBB, are of a nature similar to the exempted appropriation as if those similar appropriations also had been exempted by law for purposes of calculations used to establish the limit on the rate of growth of appropriations described by the bill and the limit on the amount of appropriations described by the bill.

C.S.S.B. 9 requires the LBB, before the LBB approves such items of information, to publish in the Texas Register the proposed items of information and a description of the methodology and sources used in the calculations. The bill requires the LBB to hold not later than December 1 of each even-numbered year a public hearing to solicit testimony regarding the proposed items of information and the methodology used in making the calculations.

C.S.S.B. 9 limits the LBB's budget recommendations relating to appropriations from all sources of revenue other than the federal government for each spending category to the limit adopted by the LBB under the bill's provisions unless authorized by majority vote of the members of the LBB from each house. The bill requires the LBB to include in its budget recommendations the proposed limit of appropriations from all sources of revenue other than the federal government for each spending category.

C.S.S.B. 9 makes the proposed limit on appropriations from all sources of revenue other than the federal government for each spending category binding on the legislature with respect to those appropriations for the next state fiscal biennium unless the legislature adopts a resolution raising the proposed limit that is approved by a record vote of a majority of the members of each house of the legislature. The bill requires the resolution to find that an emergency exists, identify the nature of the emergency, and specify the amount authorized. The bill prohibits the excess authorized under such a resolution from exceeding the amount specified in the resolution. The bill requires the rules of the house of representatives and senate to provide for enforcement of the binding effect of the limit and such a resolution.

C.S.S.B. 9 applies only, as applicable, in relation to appropriations made for the 2018–2019 state fiscal biennium and subsequent state fiscal bienniums.

#### **EFFECTIVE DATE**

September 1, 2015.

#### **COMPARISON OF SENATE ENGROSSED AND SUBSTITUTE**

While C.S.S.B. 9 may differ from the engrossed in minor or nonsubstantive ways, the following comparison is organized and formatted in a manner that indicates the substantial differences between the engrossed and committee substitute versions of the bill.

##### SENATE ENGROSSED

##### HOUSE COMMITTEE SUBSTITUTE

SECTION 1. Sections 316.001, 316.002, and 316.006, Government Code, are

amended to read as follows:

Sec. 316.001. LIMIT. (a) For purposes of this subchapter, "consolidated general revenue appropriations" means appropriations from:

(1) the general revenue fund in the state treasury;

(2) a dedicated account in the general revenue fund in the state treasury; or

(3) a general revenue-related fund in the state treasury as identified in the biennial statement required of the comptroller under Section 49a, Article III, Texas Constitution.

(b) The rate of growth of appropriations in a state fiscal biennium from state tax revenues not dedicated by the constitution may not exceed the estimated rate of growth of the state's economy.

(c) The rate of growth of consolidated general revenue appropriations in a state fiscal biennium may not exceed the estimated rate of growth of the state's economy.

(d) For purposes of this subchapter, the estimated rate of growth of the state's economy is the average biennial rate of growth of this state's population during the state fiscal biennium preceding the biennium for which appropriations are made and during the state fiscal biennium for which appropriations are made adjusted by the average biennial rate of monetary inflation in this state during the same period, as determined under Section 316.002.

(e) The legislature finds that, for purposes of Section 22, Article VIII, Texas Constitution, the average biennial rate of growth of this state's population during the state fiscal biennium preceding the biennium for which appropriations are made and during the state fiscal biennium for which appropriations are made, adjusted by the average biennial rate of monetary inflation in this state during the same period, is an appropriate measure of the estimated rate of growth of this state's economy.

(f) For purposes of this subchapter, an appropriation to pay for a rebate of state taxes must be excluded from computations used to determine whether appropriations exceed the amount authorized by Subsection (b) or (c).

(g) The Legislative Budget Board shall determine the rates described by Subsection (d) using the most recent information

No equivalent provision. *(But see SECTION I, Sec. 316.0101 below.)*

available from sources the board considers reliable, including the Federal Reserve Bank of Dallas, Bureau of Labor and Statistics' Consumer Price Index, and the Texas State Data Center.

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

(1) the limit on the rate of growth of appropriations of state tax revenues not dedicated by the constitution for that state fiscal biennium, as compared to the previous state fiscal biennium, by subtracting one from the product of:

(A) the sum of one and the estimated average biennial rate of growth of this state's population during the state fiscal biennium preceding the biennium for which appropriations are made and during the state fiscal biennium for which appropriations are made; and

(B) the sum of one and the estimated average biennial rate of monetary inflation during the state fiscal biennium preceding the biennium for which appropriations are made and during the state fiscal biennium for which appropriations are made; and

(2) the limit in the rate of growth in consolidated general revenue appropriations for that state fiscal biennium, as compared to the previous state fiscal biennium, by subtracting one from the product of:

(A) the sum of one and the estimated average biennial rate of growth of this state's population during the state fiscal biennium preceding the biennium for which appropriations are made and during the state fiscal biennium for which appropriations are made; and

(B) the sum of one and the estimated average biennial rate of monetary inflation during the state fiscal biennium preceding the biennium for which appropriations are made and during the state fiscal biennium for which appropriations are made [~~the state's economy from the current biennium to the next biennium;~~

~~[(2) the level of appropriations for the current biennium from state tax revenues not dedicated by the constitution; and~~

~~[(3) the amount of state tax revenues not~~

No equivalent provision. (*But see SECTION 1, Sec. 316.0102 below.*)

~~dedicated by the constitution that could be appropriated for the next biennium within the limit established by the estimated rate of growth of the state's economy].~~

(b) Except as provided by Subsection (c), the board shall determine for the next state fiscal biennium a limit on the amount of:

(1) appropriations of state tax revenues not dedicated by the constitution by multiplying the amount of appropriations of state tax revenues not dedicated by the constitution for the then-current state fiscal biennium by the sum of one and the limit on the rate of growth of appropriations of state tax revenues not dedicated by the constitution determined by the board under Subsection (a)(1); and

(2) consolidated general revenue appropriations by multiplying the amount of consolidated general revenue appropriations for the then current state fiscal biennium by the sum of one and the limit on the rate of growth of consolidated general revenue appropriations determined by the board under Subsection (a)(2) [the estimated rate of growth of the state's economy by dividing the estimated Texas total personal income for the next biennium by the estimated Texas total personal income for the current biennium. Using standard statistical methods, the board shall make the estimate by projecting through the biennium the estimated Texas total personal income reported by the United States Department of Commerce or its successor in function].

(c) If the rate determined under Subsection (a)(1) is a negative number, the amount of appropriations of state tax revenues not dedicated by the constitution for the next state fiscal biennium may not exceed the amount of appropriations of state tax revenues not dedicated by the constitution in the current state fiscal biennium. If the rate determined under Subsection (a)(2) is a negative number, the amount of consolidated general revenue appropriations for the next state fiscal biennium may not exceed the amount of consolidated general revenue appropriations in the current state fiscal biennium [If a more comprehensive definition of the rate of growth of the state's economy is developed and is approved by the committee established by Section 316.005, the board may use that definition in calculating the limit on appropriations].

(d) To ensure compliance with this subchapter and Section 22, Article VIII, [Section 22, of the] Texas Constitution, the Legislative Budget Board may not transmit in any form to the governor or the legislature the budget as prescribed by Section 322.008(c) or the general appropriations bill as prescribed by Section 322.008(d) until the board adopts:

(1) the limit on the rate of growth of appropriations of state tax revenues not dedicated by the constitution under Section 316.001(b); and

(2) the limit on the rate of growth of consolidated general revenue appropriations under Section 316.001(c) [has been adopted as required by this subchapter].

(e) In the absence of an action by the Legislative Budget Board to adopt the limits [a spending limit] as provided by this section:

(1) for purposes of Section 316.001(b):

(A) [in Subsections (a) and (b),] the estimated rate of growth in the state's economy from the current fiscal biennium to the next fiscal biennium shall be treated as if it were zero; [;] and

(B) the amount of state tax revenues not dedicated by the constitution that could be appropriated within the limit established by the estimated rate of growth in the state's economy shall be the same as the level of appropriations for the current fiscal biennium; and

(2) for purposes of Section 316.001(c):

(A) the estimated rate of growth in the state's economy from the current fiscal biennium to the next fiscal biennium shall be treated as if it were zero; and

(B) the amount of consolidated general revenue appropriations that could be appropriated within the limit established by that subsection shall be the same as the level of appropriations for the current fiscal biennium.

Sec. 316.006. LIMIT ON BUDGET RECOMMENDATIONS. Unless authorized by majority vote of the members of the board from each house, the Legislative Budget Board budget recommendations:

(1) relating to the proposed appropriations of state tax revenues not dedicated by the constitution may not exceed the limit on

No equivalent provision. (*But see SECTION 1, Sec. 316.0105 below.*)

appropriations from those sources adopted by the committee under Section 316.005; and

(2) relating to the proposed consolidated general revenue appropriations may not exceed the limit on appropriations from those sources adopted by the committee under Section 316.005.

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

(a) The Legislative Budget Board shall include in its budget recommendations:

(1) the proposed limit of appropriations from state tax revenues not dedicated by the constitution; and

(2) the proposed limit of consolidated general revenue appropriations.

SECTION 3. Section 316.008(a), Government Code, is amended to read as follows:

(a) Unless the legislature adopts a resolution under Section 22, Article VIII, [Section 22(b), of the] Texas Constitution, raising the proposed limit on appropriations from state tax revenues not dedicated by the constitution, the proposed limit is binding on the legislature with respect to all appropriations for the next fiscal biennium made from those [state tax] revenues [not dedicated by the constitution]. The proposed limit on consolidated general revenue appropriations is binding on the legislature with respect to all appropriations for the next fiscal biennium made from those sources unless the legislature adopts a resolution raising the proposed limit that is approved by a record vote of three-fifths of the members of each house of the legislature. The resolution must find that an emergency exists, identify the nature of the emergency, and specify the amount authorized. The excess authorized under this subsection may not exceed the amount specified in the resolution.

**No equivalent provision.** *(But see SECTION 1, Sec. 316.0106 below.)*

**No equivalent provision.** *(But see SECTION 1, Sec. 316.0107 below.)*

SECTION 1. Chapter 316, Government Code, is amended by adding Subchapter A-1 to read as follows:

SUBCHAPTER A-1. ADDITIONAL

No equivalent provision. (But see SECTION 1, Sec. 316.001 above.)

No equivalent provision. (But see SECTION 1, Sec. Sec. 316.002 above.)

LIMIT ON GROWTH OF APPROPRIATIONS FROM STATE FUNDS

Sec. 316.0101. LIMIT. In a state fiscal biennium, the rate of growth of appropriations from all sources of revenue other than the federal government may not exceed a rate determined as provided under Section 316.0102(a) for each of the following categories of spending:

- (1) transportation;
- (2) public primary and secondary education;
- (3) higher education;
- (4) health care;
- (5) public safety and corrections; and
- (6) other general government.

Sec. 316.0102. DUTIES OF LEGISLATIVE BUDGET BOARD. (a) Before the Legislative Budget Board transmits the budget for the next state fiscal biennium as prescribed by Section 322.008(c), the board shall establish a limit on the rate of growth of appropriations from all sources of revenue other than the federal government for each spending category described by Section 316.0101 for that biennium, as compared to the previous state fiscal biennium, by subtracting one from the product of:

- (1) the sum of one and the estimated rate of growth in the population served by expenditures in that spending category during the biennium for which appropriations are made; and
- (2) the sum of one and the estimated rate of inflation in a representative set of goods and services for which appropriations are made for that spending category during the biennium.

(b) The board shall determine the rates described by Subsection (a) using information available from any source the board considers reliable.

(c) Except as provided by Subsection (d) and subject to Subsection (g), the board shall establish for the next state fiscal biennium a limit on the amount of appropriations from all sources of revenue other than the federal government for each spending category described by Section 316.0101 by multiplying the amount of appropriations for each spending category for the then current state fiscal biennium by



the sum of one and the limit on the rate of growth of appropriations for that spending category determined by the board under Subsection (a).

(d) If the rate determined under Subsection (a) for any spending category described by Section 316.0101 is a negative number, the amount of appropriations from all sources of revenue other than the federal government for that spending category available for the next state fiscal biennium is the same as the amount of those appropriations for the then current state fiscal biennium.

(e) To ensure compliance with this subchapter, the board may not transmit in any form to the governor or the legislature the budget as prescribed by Section 322.008(c) or the general appropriations bill as prescribed by Section 322.008(d) until the board adopts the limit on the rate of growth of appropriations from all sources of revenue other than the federal government for that biennium for each spending category described by Section 316.0101.

(f) In the absence of an action by the board to adopt the limits required under this subchapter, the amount of appropriations from all sources of revenue other than the federal government for each spending category described by Section 316.0101 available for the next state fiscal biennium is the same as the amount of those appropriations for the current state fiscal biennium.

(g) Notwithstanding any other law, for purposes of calculations used to establish, in regard to a spending category described by Section 316.0101, the limit on the rate of growth under Subsection (a) and the limit on the amount of appropriations as provided under Subsection (c), if the legislature by law exempts an appropriation from the application of this subchapter for the next state fiscal biennium, the board shall exclude then current or previous appropriations that, as determined by the board, are of a nature similar to the exempted appropriation as if those similar appropriations also had been exempted by law.

No equivalent provision.

Sec. 316.0103. PUBLICATION. Before the Legislative Budget Board approves the items of information required by Section 316.0102, the board shall publish in the

Texas Register the proposed items of information and a description of the methodology and sources used in the calculations.

No equivalent provision.

Sec. 316.0104. PUBLIC HEARING. Not later than December 1 of each even-numbered year, the Legislative Budget Board shall hold a public hearing to solicit testimony regarding the proposed items of information and the methodology used in making the calculations required by Section 316.0102.

No equivalent provision. (But see SECTION 1, Sec. 316.006 above.)

Sec. 316.0105. LIMIT ON BUDGET RECOMMENDATIONS. Unless authorized by majority vote of the members of the Legislative Budget Board from each house, the board's budget recommendations relating to appropriations from all sources of revenue other than the federal government for each spending category described by Section 316.0101 may not exceed the limit adopted by the board under Section 316.0102.

No equivalent provision. (But see SECTION 2, Sec. 316.007 above.)

Sec. 316.0106. INCLUSION IN BUDGET RECOMMENDATIONS. The Legislative Budget Board shall include in its budget recommendations the proposed limit of appropriations from all sources of revenue other than the federal government for each spending category described by Section 316.0101.

No equivalent provision. (But see SECTION 3, Sec. 316.008 above.)

Sec. 316.0107. EFFECT OF LIMIT; ENFORCEMENT. (a) The proposed limit on appropriations from all sources of revenue other than the federal government for each spending category described by Section 316.0101 is binding on the legislature with respect to those appropriations for the next state fiscal biennium unless the legislature adopts a resolution raising the proposed limit that is approved by a record vote of a majority of the members of each house of the legislature. The resolution must find that an emergency exists, identify the nature of the emergency, and specify the amount authorized. The excess authorized under this subsection may not exceed the amount specified in the resolution.  
(b) The rules of the house of representatives and senate shall provide for enforcement of

Subsection (a).

SECTION 4. The changes in law made by this Act apply only, as applicable, in relation to appropriations made for the state fiscal biennium beginning September 1, 2017, and subsequent state fiscal bienniums. Appropriations for the state fiscal biennium that begins September 1, 2015, are governed by Sections 316.001, 316.002, 316.006, 316.007, and 316.008, Government Code, as those sections existed on December 1, 2014, and the former law is continued in effect for that purpose.

SECTION 5. This Act takes effect September 1, 2015.

SECTION 2. The changes in law made by this Act apply only, as applicable, in relation to appropriations made for the state fiscal biennium beginning September 1, 2017, and subsequent state fiscal bienniums. Appropriations for the state fiscal biennium that begins September 1, 2015, are governed by the law in effect at the time those appropriations were made, and the former law is continued in effect for that purpose.

SECTION 3. Same as engrossed version.