

By: Leach

H.B. No. 290

A BILL TO BE ENTITLED

AN ACT

relating to the constitutional limit on the rate of growth of appropriations and the use of surplus state revenues.

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

SECTION 1. Sections 316.001, 316.002, and 316.006, 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 all sources of revenue other than the federal government [~~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 this state's population during the preceding state fiscal biennium and the estimated rate of inflation or deflation during that preceding biennium in this state [~~the estimated rate of growth of the state's economy~~].

(b) The Legislative Budget Board shall:

(1) base the estimated rate of increase or decrease in this state's population on the most recent estimates published by the United States Census Bureau; and

(2) base the estimated rate of inflation or deflation in this state on the rate of change during the preceding two years of the effective consumer price index for this state.

(c) If the sum of the estimated rates described by Subsection (a) is a negative number, appropriations for the state

1 fiscal biennium from all sources of revenue other than the federal
2 government must decrease as prescribed by this subchapter.

3 Sec. 316.002. DUTIES OF LEGISLATIVE BUDGET BOARD. (a)
4 Before the Legislative Budget Board transmits [~~submits~~] the budget
5 for the next state fiscal biennium as prescribed by Section
6 322.008(c), the board shall establish:

7 (1) the maximum allowable rate of growth of
8 appropriations between the current state fiscal biennium and the
9 next state fiscal biennium, in accordance with Section 22, Article
10 VIII, Texas Constitution, expressed as a percentage, by adding the
11 following estimated rates determined by the board in the manner
12 provided by Section 316.001(b):

13 (A) the estimated rate of change of this state's
14 population during the current state fiscal biennium, expressed as a
15 percentage; and

16 (B) the estimated rate of inflation or deflation
17 in this state during the current state fiscal biennium, expressed
18 as a percentage [~~estimated rate of growth of the state's economy~~
19 ~~from the current biennium to the next biennium~~];

20 (2) the amount [~~level~~] of appropriations for the
21 current state fiscal biennium from all sources of revenue except
22 the federal government [~~state tax revenues not dedicated by the~~
23 ~~constitution~~]; and

24 (3) the amount of revenue from all sources except the
25 federal government [~~state tax revenues not dedicated by the~~
26 ~~constitution~~] that could be appropriated for the next state fiscal
27 biennium within the limit established in accordance with the

1 maximum allowable rate of growth determined under Subdivision (1)
2 and the amount of appropriations for the current state fiscal
3 biennium determined under Subdivision (2) [~~by the estimated rate of~~
4 ~~growth of the state's economy]~~.

5 (b) If the sum of the estimated rate of increase or decrease
6 in this state's population and the estimated rate of inflation or
7 deflation is a negative number, the amount of appropriations for
8 the next state fiscal biennium from all sources of revenue other
9 than the federal government may not exceed the product of the amount
10 of appropriations from those sources in the current state fiscal
11 biennium and the sum of one and that negative number. [~~Except as~~
12 ~~provided by Subsection (c), the board shall determine the estimated~~
13 ~~rate of growth of the state's economy by dividing the estimated~~
14 ~~Texas total personal income for the next biennium by the estimated~~
15 ~~Texas total personal income for the current biennium. Using~~
16 ~~standard statistical methods, the board shall make the estimate by~~
17 ~~projecting through the biennium the estimated Texas total personal~~
18 ~~income reported by the United States Department of Commerce or its~~
19 ~~successor in function.]~~

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

24 [~~(d)~~] To ensure compliance with Section 22, Article VIII,
25 [~~Section 22, of the~~] Texas Constitution, the Legislative Budget
26 Board may not transmit in any form to the governor or the
27 legislature the budget as prescribed by Section 322.008(c) or the

1 general appropriations bill as prescribed by Section 322.008(d)
2 until the limit on the rate of growth of appropriations has been
3 adopted as required by this subchapter.

4 (d) [~~(e)~~] In the absence of an action by the Legislative
5 Budget Board to adopt a spending limit as provided by this section
6 [~~in Subsections (a) and (b)~~], the sum of the estimated rate of
7 population growth and the estimated rate of inflation [~~in the~~
8 ~~state's economy from the current biennium to the next biennium~~]
9 shall be treated as if that sum [~~it~~] were zero, and the amount of
10 revenue from all sources other than the federal government that may
11 [~~state tax revenues not dedicated by the constitution that could~~]
12 be appropriated for the next state fiscal biennium is [~~within the~~
13 ~~limit established by the estimated rate of growth in the state's~~
14 ~~economy shall be~~] the same as the amount [~~level~~] of appropriations
15 from those revenues for the current biennium.

16 Sec. 316.006. LIMIT ON BUDGET RECOMMENDATIONS. Unless
17 authorized by majority vote of the members of the board from each
18 house, the Legislative Budget Board budget recommendations
19 relating to the proposed appropriations of revenue from all sources
20 except the federal government [~~state tax revenues not dedicated by~~
21 ~~the constitution~~] may not exceed the limit adopted by the committee
22 under Section 316.005.

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

25 (a) The Legislative Budget Board shall include in its budget
26 recommendations the proposed limit of appropriations from all
27 sources of revenue except the federal government [~~state tax~~

1 ~~revenues not dedicated by the constitution]~~.

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

4 (a) Unless the legislature adopts a resolution under
5 Section 22, Article VIII, [Section 22(b), of the] Texas
6 Constitution, raising the proposed limit on appropriations, the
7 proposed limit is binding on the legislature with respect to all
8 appropriations for the next state fiscal biennium made from all
9 sources of revenue except the federal government [state tax
10 revenues not dedicated by the constitution].

11 SECTION 4. Chapter 171, Tax Code, is amended by adding
12 Subchapter K to read as follows:

13 SUBCHAPTER K. SURPLUS REVENUE: REBATE OF FRANCHISE TAXES

14 Sec. 171.551. ISSUANCE OF INDIVIDUAL REBATES. (a) Not
15 later than the 180th day of each state fiscal biennium, the
16 comptroller shall issue to each payer of the franchise tax during
17 the previous state fiscal biennium a rebate as provided by this
18 section if the comptroller has determined under Subsection (a),
19 Section 49-g-1, Article III, Texas Constitution, that there remains
20 an unencumbered positive balance of general revenues from the
21 preceding state fiscal biennium.

22 (b) The comptroller shall compute for each payer of the
23 franchise tax during the preceding state fiscal biennium the
24 fractional share of the franchise taxes to be rebated by dividing
25 that franchise tax payer's total franchise taxes paid during the
26 preceding state fiscal biennium by the total of all franchise taxes
27 paid under this chapter during that preceding state fiscal

1 biennium.

2 (c) The comptroller shall issue to each payer of the
3 franchise tax during the preceding state fiscal biennium a rebate
4 of franchise taxes paid in an amount equal to the fraction
5 determined for that payer under Subsection (b) multiplied by the
6 total amount of rebates to be issued under Subsection (b)(1),
7 Section 49-g-1, Article III, Texas Constitution.

8 (d) The comptroller may issue a payer's rebate by warrant or
9 by electronic funds transfer, as provided by rules of the
10 comptroller.

11 SECTION 5. The changes in law made by this Act apply only,
12 as applicable, in relation to appropriations made for the state
13 fiscal biennium beginning September 1, 2017, and subsequent state
14 fiscal bienniums. Appropriations for the state fiscal biennium
15 that begins September 1, 2015, are governed by Sections 316.001,
16 316.002, 316.006, 316.007, and 316.008, Government Code, as those
17 sections existed on December 1, 2014, and the former law is
18 continued in effect for that purpose.

19 SECTION 6. This Act takes effect on the date on which the
20 constitutional amendment proposed by the 84th Legislature, Regular
21 Session, 2015, concerning the limitation on the rate of growth in
22 appropriations and the use of unencumbered surplus state revenues
23 to provide for a rebate of state franchise taxes, to reduce public
24 school district property taxes, and to fund the state's rainy day
25 fund takes effect. If that amendment is not approved by the voters,
26 this Act has no effect.