

By: Schofield

H.B. No. 2981

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, 316.002, and 316.006, Government Code, are amended to read as follows:

Sec. 316.001. LIMIT. (a) In a state fiscal biennium, the
[The] rate of growth of appropriations subject to certification by
the comptroller under Section 49a(b), Article III, Texas
Constitution, [in a biennium from state tax revenues not dedicated
by the constitution] may not exceed a rate determined by adding the
rate of the increase or decrease in this state's population during
the preceding state fiscal biennium and the rate of inflation or
deflation in this state during that preceding biennium [the
estimated rate of growth of the state's economy].

(b) 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 (a).

(c) The Legislative Budget Board shall determine the rates
described by Subsection (a) using the most recent information
available from sources the board considers reliable, including the
Federal Reserve Bank of Dallas.

Sec. 316.002. DUTIES OF LEGISLATIVE BUDGET BOARD. (a)

1 Before the Legislative Budget Board transmits [~~submits~~] the budget
2 for the next state fiscal biennium as prescribed by Section
3 322.008(c), the board shall establish:

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

10 (A) the rate of change of this state's population
11 during the current state fiscal biennium, expressed as a
12 percentage; and

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

17 (2) the amount [~~level~~] of appropriations for the
18 current state fiscal biennium subject to certification by the
19 comptroller under Section 49a(b), Article III, Texas Constitution
20 [~~from state tax revenues not dedicated by the constitution~~]; and

21 (3) the amount of appropriations subject to
22 certification by the comptroller under Section 49a(b), Article III,
23 Texas Constitution, available [~~state tax revenues not dedicated by~~
24 ~~the constitution that could be appropriated~~] for the next state
25 fiscal biennium within the limit established in accordance with the
26 maximum allowable rate of growth determined under Subdivision (1)
27 and the amount of appropriations for the current state fiscal

1 biennium determined under Subdivision (2) ~~[by the estimated rate of~~
2 ~~growth of the state's economy]~~.

3 (b) If the sum of the rate of increase or decrease in this
4 state's population and the rate of inflation or deflation is a
5 negative number, the amount of appropriations for the next state
6 fiscal biennium subject to certification by the comptroller under
7 Section 49a(b), Article III, Texas Constitution, may not exceed the
8 amount of appropriations from those sources in the current state
9 fiscal biennium. ~~[Except as provided by Subsection (c), the board~~
10 ~~shall determine the estimated rate of growth of the state's economy~~
11 ~~by dividing the estimated Texas total personal income for the next~~
12 ~~biennium by the estimated Texas total personal income for the~~
13 ~~current biennium. Using standard statistical methods, the board~~
14 ~~shall make the estimate by projecting through the biennium the~~
15 ~~estimated Texas total personal income reported by the United States~~
16 ~~Department of Commerce or its successor in function.]~~

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

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

1 (d) [~~(e)~~] In the absence of an action by the Legislative
 2 Budget Board to adopt a spending limit as provided by this section
 3 [~~in Subsections (a) and (b)~~], the sum of the [~~estimated~~] rate of
 4 population growth and the rate of inflation or deflation [~~in the~~
 5 ~~state's economy from the current biennium to the next biennium~~]
 6 shall be treated as if that sum [~~it~~] were zero, and the amount of
 7 appropriations subject to certification by the comptroller under
 8 Section 49a(b), Article III, Texas Constitution, available for the
 9 next state fiscal biennium [~~state tax revenues not dedicated by the~~
 10 ~~constitution that could be appropriated~~] within the limit
 11 established by this section is [~~the estimated rate of growth in the~~
 12 ~~state's economy shall be~~] the same as the amount [~~level~~] of those
 13 appropriations for the current state fiscal biennium.

14 Sec. 316.006. LIMIT ON BUDGET RECOMMENDATIONS. Unless
 15 authorized by majority vote of the members of the board from each
 16 house, the Legislative Budget Board budget recommendations
 17 relating to the proposed appropriations subject to certification by
 18 the comptroller under Section 49a(b), Article III, Texas
 19 Constitution, [~~of state tax revenues not dedicated by the~~
 20 ~~constitution~~] may not exceed the limit adopted by the committee
 21 under Section 316.005.

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

24 (a) The Legislative Budget Board shall include in its budget
 25 recommendations the proposed limit of appropriations subject to
 26 certification by the comptroller under Section 49a(b), Article III,
 27 Texas Constitution [~~from state tax revenues not dedicated by the~~

1 ~~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 subject to
9 certification by the comptroller under Section 49a(b), Article III,
10 Texas Constitution [~~made from state tax revenues not dedicated by~~
11 ~~the constitution~~].

12 SECTION 4. The changes in law made by this Act apply only,
13 as applicable, in relation to appropriations made for the state
14 fiscal biennium beginning September 1, 2017, and subsequent state
15 fiscal bienniums. Appropriations for the state fiscal biennium
16 that begins September 1, 2015, are governed by Sections 316.001,
17 316.002, 316.006, 316.007, and 316.008, Government Code, as those
18 sections existed on December 1, 2014, and the former law is
19 continued in effect for that purpose.

20 SECTION 5. This Act takes effect on the date on which the
21 constitutional amendment proposed by the 84th Legislature, Regular
22 Session, 2015, concerning the limitation on the rate of growth in
23 appropriations takes effect. If that amendment is not approved by
24 the voters, this Act has no effect.