

By: Hughes

H.B. No. 3639

A BILL TO BE ENTITLED

AN ACT

1
2 relating to the limit on the rate of growth in appropriations and to
3 the authority of the comptroller to reduce the state sales and use
4 tax rates for designated periods.

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

6 SECTION 1. Section 316.001, Government Code, is amended to
7 read as follows:

8 Sec. 316.001. LIMIT. The rate of growth of appropriations
9 in a biennium from all available sources of revenue except the
10 federal government [~~state tax revenues not dedicated by the~~
11 ~~constitution~~] may not exceed the average biennial rate of growth of
12 this state's population during the three previous state fiscal
13 bienniums adjusted by the average biennial rate of monetary
14 inflation over the same period, as determined under Section 316.002
15 [~~estimated rate of growth of the state's economy~~].

16 SECTION 2. Sections 316.002(a), (b), (c), and (e),
17 Government Code, are amended to read as follows:

18 (a) Before the Legislative Budget Board submits the budget
19 as prescribed by Section 322.008(c), the board shall establish[+]

20 [~~(1)~~] the limit on the rate of growth in
21 appropriations for that state fiscal biennium, as compared to the
22 previous state fiscal biennium, by subtracting one from the product
23 of:

24 (1) the sum of one and the estimated average biennial

1 rate of growth of this state's population during the three previous
2 fiscal bienniums; and

3 (2) the sum of one and the estimated average biennial
4 rate of monetary inflation during the three previous fiscal
5 bienniums [~~the state's economy from the current biennium to the~~
6 ~~next biennium;~~

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

10 [~~(3) the amount of state tax revenues not dedicated by~~
11 ~~the constitution that could be appropriated for the next biennium~~
12 ~~within the limit established by the estimated rate of growth of the~~
13 ~~state's economy].~~

14 (b) Except as provided by Subsection (c), the board shall
15 determine for the next state fiscal biennium the maximum
16 permissible amount of appropriations from all available sources of
17 revenue except the federal government by multiplying the amount of
18 appropriations from those sources of revenue for the then current
19 biennium by the sum of one and the limit on the rate of growth of
20 appropriations determined by the board under Subsection (a) [~~the~~
21 ~~estimated rate of growth of the state's economy by dividing the~~
22 ~~estimated Texas total personal income for the next biennium by the~~
23 ~~estimated Texas total personal income for the current biennium.~~
24 ~~Using standard statistical methods, the board shall make the~~
25 ~~estimate by projecting through the biennium the estimated Texas~~
26 ~~total personal income reported by the United States Department of~~
27 ~~Commerce or its successor in function].~~

1 (c) If a more effective method of computing the average
2 biennial [~~comprehensive definition of the~~] rate of growth of the
3 state's population adjusted for monetary inflation [~~economy~~] is
4 developed and is approved by the committee established by Section
5 316.005, the board may use that alternative method in computing
6 [~~definition in calculating~~] the limit on appropriations.

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

19 SECTION 3. Section 151.051, Tax Code, is amended to read as
20 follows:

21 Sec. 151.051. SALES TAX IMPOSED. (a) A tax is imposed on
22 each sale of a taxable item in this state at a rate determined by the
23 comptroller as provided by this section.

24 (b) Except as provided by this section, the [~~The~~] sales tax
25 rate is 6-1/4 percent of the sales price of the taxable item sold.

26 (c) Each odd-numbered year, the comptroller shall determine
27 whether the amount of undedicated unencumbered anticipated revenue

1 is sufficient to permit, without resulting in a shortfall of
2 revenue, a reduction of the sales tax rate by at least one-tenth of
3 one percent for a period of two calendar years.

4 (d) If the comptroller determines under Subsection (c) that
5 the rate may be reduced, then not later than November 1 of that year
6 the comptroller shall declare a reduced sales tax rate that is one
7 or more increments of one-tenth of one percent lower than the rate
8 otherwise provided by Subsection (b). The comptroller shall
9 publish the declaration in the Texas Register, shall mail notice of
10 the declaration to each permit holder, and may provide notice by
11 other means the comptroller determines prudent. The reduced rate
12 applies beginning January 1 of the following year through December
13 31 of the second following year, except as provided by Subsection
14 (e).

15 (e) Not later than November 1 of the first year of the period
16 in which the reduced sales tax rate applies, the comptroller shall
17 determine from then current available information whether the
18 amount of undedicated unencumbered anticipated revenue is
19 sufficient to maintain the reduced sales tax rate for the second
20 year of the period without resulting in a shortfall of revenue. If
21 the comptroller determines that a revenue shortfall is likely to
22 occur, the comptroller shall declare the reduced rate rescinded for
23 the following year. The comptroller shall publish the declaration
24 in the Texas Register, shall mail notice of the declaration to each
25 permit holder, and may provide notice by other means the
26 comptroller determines prudent. For the period from January 1 to
27 December 31 of the year following a declaration under this

1 subsection, the sales tax rate is the rate otherwise provided by
2 Subsection (b).

3 (f) The comptroller shall adopt rules to implement this
4 section.

5 SECTION 4. Section 151.101(b), Tax Code, is amended to read
6 as follows:

7 (b) The tax is at the same percentage rate as is imposed
8 under [~~provided by~~] Section 151.051 [~~of this code~~] on the sales
9 price of the taxable item.

10 SECTION 5. This Act takes effect on the date on which the
11 constitutional amendment proposed by the 84th Legislature, Regular
12 Session, 2015, to limit the rate of growth of appropriations from
13 all sources of revenue except the federal government and to
14 authorize the legislature to appropriate money for tax rebates
15 takes effect. If that amendment is not approved by the voters, this
16 Act has no effect.