

By: Estes

S.B. No. 361

A BILL TO BE ENTITLED

AN ACT

relating to limitations 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, 316.003, 316.004, 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:

1) all state revenues and

2) all sources of revenue, including the federal government,

~~[state tax revenues not dedicated by the constitution]~~ may not exceed the estimated rate of growth of the state's economy.

(b) For the purposes of subsection (a), the rate of growth of the state's economy is the lesser of the following rates, calculated for the two fiscal years immediately preceding the regular biennial legislative session:

(1) a rate equal to the sum of:

(A) the rate of growth of this state's population; and

(B) the rate of monetary inflation in this state;

(2) the rate of growth of personal income of this state's residents; or

(3) the rate of growth of this state's gross state product.

1           Sec. 316.002. DUTIES OF LEGISLATIVE BUDGET BOARD.

2       (a) Before the Legislative Budget Board transmits [~~submits~~] the  
3 budget as prescribed by Section 322.008(c), the board shall  
4 determine [~~establish~~]:

5           (1) the estimated rate of growth of the state's economy  
6 from the current fiscal biennium to the next fiscal biennium as  
7 determined in Section 316.001 (b);

8           (2) the [~~level of~~] appropriations for the current  
9 fiscal biennium from:

10                           1) all state [tax] revenues and

11                           2) all revenues, including federal revenue

12 [~~not dedicated by the constitution~~]; and

13           (3) the amount of:

14                           (A) all state [tax] revenues and

15                           (B) all revenues, including federal

16 revenues, [not dedicated by the constitution]

17                           that could be appropriated for the next fiscal  
18 biennium within the limit established

19                           [~~by the estimated rate of growth of the state's~~  
20 ~~economy~~].

21       (b) The [~~Except as provided by Subsection (c), the~~] board  
22 shall use information [~~determine the estimated rate of growth of~~  
23 ~~the state's economy by dividing the estimated Texas total personal~~  
24 ~~income for the next biennium by the estimated Texas total personal~~  
25 ~~income for the current biennium. Using standard statistical~~  
26 ~~methods, the board shall make the estimate by projecting through~~  
27 ~~the biennium the estimated Texas total personal income]~~ reported by

1 the United States Department of Commerce or its successor in  
 2 function, or by other reliable state, federal, or private sources,  
 3 to determine the estimated rate of growth of the state's economy.

4 (c) For purposes of this section, in determining the total  
 5 appropriations made in a state fiscal biennium, the Legislative  
 6 Budget Board must consider all appropriations made for that  
 7 biennium, including an appropriation made for that biennium during  
 8 a subsequent called or regular session of the legislature [~~If a more~~  
 9 ~~comprehensive definition of the rate of growth of the state's~~  
 10 ~~economy is developed and is approved by the committee established~~  
 11 ~~by Section 316.005, the board may use that definition in~~  
 12 ~~calculating the limit on appropriations].~~

13 (d) To ensure compliance with this subchapter and Section  
 14 22, Article VIII, [~~Section 22, of the~~] Texas Constitution, the  
 15 Legislative Budget Board may not transmit in any form to the  
 16 governor or the legislature the budget as prescribed by Section  
 17 322.008(c) or the general appropriations bill as prescribed by  
 18 Section 322.008(d) until the board adopts the limit on the rate of  
 19 growth of appropriations of [tax] revenues [~~not dedicated by the~~  
 20 ~~constitution~~] under Section 316.001(a)

21 [~~has been adopted as required by this subchapter~~].

22 (e) In the absence of an action by the Legislative Budget  
 23 Board to adopt the limitations [~~a spending limit as~~] provided in  
 24 Subsection[s] (a) [~~and (b)~~], the estimated rate of growth in the  
 25 state's economy from the current fiscal biennium to the next fiscal  
 26 biennium shall be treated as if it were zero;[~~]~~ and

27 (B) the amount of both all state [~~tax~~] revenues

1 and all revenues, including federal revenue,~~[not dedicated by the~~  
2 ~~constitution]~~ that could be appropriated within the limit  
3 established by the estimated rate of growth in the state's economy  
4 shall be the same as the level of appropriations for the current  
5 fiscal biennium.

6       Sec. 316.003. PUBLICATION. Before the Legislative Budget  
7 Board approves the items of information required by Section  
8 316.002, the board shall publish in the Texas Register the proposed  
9 items of information and a description of the methodology and  
10 sources used in the determinations ~~[calculations]~~.

11       Sec. 316.004. PUBLIC HEARING. Not later than December 1 of  
12 each even-numbered year, the Legislative Budget Board shall hold a  
13 public hearing to solicit testimony regarding the proposed items of  
14 information and the methodology used in making the determinations  
15 ~~[calculations]~~ required by Section 316.002.

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 from the state treasury for  
20 the next fiscal biennium ~~[of state tax revenues not dedicated by the~~  
21 ~~constitution]~~ may not exceed the limit on appropriations of

- 22               1) all state [tax] revenues and  
23               2) all revenues, including federal revenue,~~[not~~  
24 ~~dedicated by the constitution],~~

25               adopted by the committee under Section 316.005, and may not  
26 exceed the limit on appropriations of revenue from all sources,  
27 including the federal government, adopted by the committee under

1 that section [~~Section 316.005~~].

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

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

6 (1) the proposed limit of appropriations from all  
7 state [~~tax~~] revenues [~~not dedicated by the constitution~~]; and

8 (2) the proposed limit of appropriations from all  
9 sources of revenue, including the federal government.

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

12 (a) Unless the legislature adopts a resolution under  
13 Section 22, Article VIII, [~~Section 22(b), of the]~~ Texas  
14 Constitution, raising the proposed limit on appropriations from all  
15 state [~~tax~~] revenues [~~not dedicated by the constitution~~], the  
16 proposed limit is binding on the legislature with respect to all  
17 appropriations for the next fiscal biennium made from those [~~state~~  
18 ~~tax~~] revenues [~~not dedicated by the constitution~~]. The limits on  
19 appropriations in Section 316.001 (a) are binding on the  
20 legislature with respect to all appropriations for the next fiscal  
21 biennium made from those revenues unless the legislature adopts a  
22 resolution raising the proposed limit that is approved by a record  
23 vote of a majority of the members of each house of the legislature.  
24 The resolution must find that an emergency exists, identify the  
25 nature of the emergency, and specify the amount authorized. The  
26 excess authorized under this subsection may not exceed the amount  
27 specified in the resolution.

1           SECTION 4. (a) The changes in law made by this Act apply  
2 only in relation to an appropriation made for a state fiscal  
3 biennium beginning on or after September 1, 2017.

4           (b) Appropriations for the state fiscal biennium that  
5 begins September 1, 2015, are governed by Subchapter A, Chapter  
6 316, Government Code, as that subchapter existed immediately before  
7 the effective date of this Act, and the former law is continued in  
8 effect for that purpose.

9           SECTION 5. This Act takes effect immediately if it receives  
10 a vote of two-thirds of all the members elected to each house, as  
11 provided by Section 39, Article III, Texas Constitution. If this  
12 Act does not receive the vote necessary for immediate effect, this  
13 Act takes effect September 1, 2015.