

By: Taylor of Collin

S.B. No. 403

A BILL TO BE ENTITLED

AN ACT

relating to the limitation 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 316.008, Government Code, are amended to read as follows:

Sec. 316.001. LIMIT. The rate of growth of appropriations in a state fiscal biennium from state tax revenues not dedicated by the constitution may not exceed the least of the following rates determined as provided by Section 316.002:

(1) the estimated rate of growth of the state's economy;

(2) 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;
or

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

Sec. 316.002. DUTIES OF LEGISLATIVE BUDGET BOARD.

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

(1) the estimated rate of growth of the state's economy from the current state fiscal biennium to the next state fiscal

1 biennium determined as provided by Subsection (b);

2 (2) the rates determined as provided by Subsection
3 (c);

4 (3) the amount [~~level~~] of appropriations for the
5 current state fiscal biennium from state tax revenues not dedicated
6 by the constitution; and

7 (4) [~~(3)~~] the amount of state tax revenues not
8 dedicated by the constitution that could be appropriated for the
9 next state fiscal biennium within the limit established by Section
10 316.001 [~~the estimated rate of growth of the state's economy~~].

11 (b) The [~~Except as provided by Subsection (c), the~~] board
12 shall determine the estimated rate of growth of the state's economy
13 by dividing the estimated Texas total personal income for the next
14 state fiscal biennium by the estimated Texas total personal income
15 for the current state fiscal biennium. Using standard statistical
16 methods, the board shall make the estimate by projecting through
17 the state fiscal biennium the estimated Texas total personal income
18 reported by the United States Department of Commerce or its
19 successor in function.

20 (c) The board shall use information reported by the United
21 States Department of Labor or its successor in function, the state
22 demographer or the demographer's successor in function, the United
23 States Census Bureau or its successor in function, and other
24 relevant sources the board considers reliable to determine the
25 following rates, calculated for the preceding state fiscal
26 biennium:

27 (1) a rate equal to the sum of:

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

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

5 (2) the rate of growth of this state's gross state
6 product [~~If a more comprehensive definition of the rate of growth~~
7 ~~of the state's economy is developed and is approved by the committee~~
8 ~~established by Section 316.005, the board may use that definition~~
9 ~~in calculating the limit on appropriations].~~

10 (d) To ensure compliance with this subchapter and Section
11 22, Article VIII, [~~Section 22, of the~~] Texas Constitution, the
12 Legislative Budget Board may not transmit in any form to the
13 governor or the legislature the budget as prescribed by Section
14 322.008(c) or the general appropriations bill as prescribed by
15 Section 322.008(d) until the limit on the rate of growth of
16 appropriations has been adopted as required by this subchapter.

17 (e) In the absence of an action by the Legislative Budget
18 Board to adopt a spending limit as provided by this section [~~in~~
19 ~~Subsections (a) and (b)]~~, the limit on the rate of growth of
20 appropriations under this subchapter is [~~estimated rate of growth~~
21 ~~in the state's economy from the current biennium to the next~~
22 ~~biennium shall be treated as if it were]~~ zero, and the amount of
23 state tax revenues not dedicated by the constitution that may
24 [~~could~~] be appropriated within the limit is [~~established by the~~
25 ~~estimated rate of growth in the state's economy shall be]~~ the same
26 as the amount [~~level~~] of those appropriations for the current state
27 fiscal biennium.

1 Sec. 316.003. PUBLICATION. Before the Legislative Budget
2 Board approves the items of information required by Section
3 [316.002](#), the board shall publish in the Texas Register the proposed
4 items of information and a description of the methodology and
5 sources used in the determinations [~~calculations~~].

6 Sec. 316.004. PUBLIC HEARING. Not later than December 1 of
7 each even-numbered year, the Legislative Budget Board shall hold a
8 public hearing to solicit testimony regarding the proposed items of
9 information and the methodology used in making the determinations
10 [~~calculations~~] required by Section [316.002](#).

11 Sec. 316.008. EFFECT OF LIMIT; ENFORCEMENT. (a) In this
12 section:

13 (1) "Constitutional limit on the rate of growth of
14 appropriations" means the limit on the rate of growth of
15 appropriations determined by the Legislative Budget Board under
16 Section [316.002](#)(b) as finally adopted by the committee under
17 Section [316.005](#)(b) or as considered adopted under Section
18 [316.005](#)(c).

19 (2) "Statutory limit on the rate of growth of
20 appropriations" means the limit on the rate of growth of
21 appropriations determined by the Legislative Budget Board under
22 Section [316.002](#)(c) as finally adopted by the committee under
23 Section [316.005](#)(b) or as considered adopted under Section
24 [316.005](#)(c).

25 (b) With respect to the constitutional limit on the rate of
26 growth of appropriations, unless [~~Unless~~] the legislature adopts a
27 resolution under Section [22](#), Article VIII, [~~Section [22](#)(b), of the~~]

1 Texas Constitution, raising the proposed constitutional limit on
2 appropriations, the proposed constitutional limit is binding on the
3 legislature with respect to all appropriations for the next state
4 fiscal biennium made from state tax revenues not dedicated by the
5 constitution.

6 (c) [~~(b)~~] The rules of the house of representatives and
7 senate shall provide for enforcement of Subsection (b) [~~(a)~~].

8 (d) When the statutory limit on the rate of growth of
9 appropriations is lower than the constitutional limit on the rate
10 of growth of appropriations or is lower than the constitutional
11 limit as raised by a resolution described by Subsection (b), the
12 proposed statutory limit is binding on the legislature with respect
13 to all appropriations for the next state fiscal biennium made from
14 state tax revenues not dedicated by the constitution unless the
15 legislature by general law provides that the statutory limit does
16 not apply to appropriations for that state fiscal biennium.

17 (e) If the Legislative Budget Board does not adopt a
18 spending limit as provided by Section 316.002, both the
19 constitutional limit on the rate of growth of appropriations and
20 the statutory limit on the rate of growth of appropriations are
21 considered to be zero.

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

25 (b) Appropriations for the state fiscal biennium that
26 begins September 1, 2015, are governed by Subchapter A, Chapter
27 316, Government Code, as that subchapter existed immediately before

1 the effective date of this Act, and the former law is continued in
2 effect for that purpose.

3 SECTION 3. This Act takes effect September 1, 2015.