

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

May 23, 2015

TO: Honorable John Otto, Chair, House Committee on Appropriations

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: SB9 by Hancock (relating to limitations on the rate of growth of appropriations for certain categories of spending.), **Committee Report 2nd House, Substituted**

No fiscal implication to the State is anticipated in the upcoming biennium. The provisions of the bill would take effect with the 2018-19 biennium.

The fiscal implication of establishing a new statutory limit restricting the biennial growth of appropriations from all sources of revenue other than the federal government to the growth of population and inflation relating to specific budget categories would depend on both the actions of the Legislative Budget Board with respect to adopting the rates and future appropriation decisions by the legislature, as described below.

The bill would establish a new statutory limit on the growth of appropriations from all sources of revenue other than the federal government. The rate of growth may not exceed a rate determined for each of the following categories of spending:

- (1) transportation;
- (2) public primary and secondary education;
- (3) higher education;
- (4) health care;
- (5) public safety and corrections; and
- (6) other general government.

The Legislative Budget Board would adopt the rate of growth for each spending category based on the estimated rate of growth in the population served by expenditures in that spending category and the estimated rate of inflation in a representative set of goods and services for which appropriations are made for that spending category.

If the legislature exempts an appropriation from the application of this new statutory limit for the next state fiscal biennium, the board shall exclude then current or previous appropriations that are of a nature similar to the exempted appropriations.

The limit on appropriations is binding on the legislature with respect to those appropriations for the next state fiscal biennium unless the legislature adopts a resolution raising the proposed limit by a majority vote of the members of each house of the legislature.

The establishment of a new statutory limit restricting the biennial growth of appropriations from all sources of revenue other than the federal government to the growth of population and inflation relating to specific budget categories could provide for a limitation on the Legislature's ability to

appropriate from all sources of revenue other than the federal government. The fiscal implication of applying the new statutory limit would depend on both on the actions of the Legislative Budget Board with respect to adopting the rate and future appropriation decisions by the legislature.

The new statutory limit would not change the spending limit established in Article VIII, Section 22 of the Texas Constitution.

The bill's provisions would apply beginning with the new statutory limit adopted prior to the 2018-19 biennium.

The bill would take effect on September 1, 2015.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

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