

By: Parker, et al.

H.B. No. 208

Substitute the following for H.B. No. 208:

By: Simmons

C.S.H.B. No. 208

A BILL TO BE ENTITLED

1 AN ACT
2 relating to the constitutional limit on the rate of growth of
3 appropriations and appropriations of constitutionally dedicated
4 revenue.

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

6 SECTION 1. Sections 316.001, 316.002, and 316.006,
7 Government Code, are amended to read as follows:

8 Sec. 316.001. LIMIT. (a) The rate of growth of
9 appropriations in a state fiscal biennium from state tax revenues
10 not dedicated by the constitution may not exceed the estimated rate
11 of growth of the state's economy.

12 (b) The rate of growth of appropriations from all sources of
13 revenue other than the federal government in a state fiscal
14 biennium may not exceed the estimated rate of growth of the state's
15 economy.

16 (c) For purposes of this subchapter, the estimated rate of
17 growth of the state's economy is the estimated average biennial
18 rate of growth of this state's population during the state fiscal
19 biennium for which appropriations are made, adjusted by the
20 estimated average biennial rate of monetary inflation in this state
21 during the same period, as determined under Section 316.002.

22 (d) The legislature finds that, for purposes of Section 22,
23 Article VIII, Texas Constitution, the estimated average biennial
24 rate of growth of this state's population during the state fiscal

1 biennium for which appropriations are made, adjusted by the
2 estimated average biennial rate of monetary inflation in this state
3 during the same period, is an appropriate measure of the estimated
4 rate of growth of the state's economy.

5 (e) For purposes of this subchapter, an appropriation to pay
6 for a rebate of state taxes must be excluded from computations used
7 to determine whether appropriations exceed the amount authorized by
8 Subsection (a) or (b).

9 (f) The Legislative Budget Board shall determine the rates
10 described by Subsection (c) using the most recent information
11 available from sources the board considers reliable, including the
12 United States Bureau of Labor Statistics and the Texas Demographic
13 Center.

14 Sec. 316.002. DUTIES OF LEGISLATIVE BUDGET BOARD. (a)
15 Before the Legislative Budget Board transmits [~~submits~~] the budget
16 for the next state fiscal biennium as prescribed by Section
17 [322.008](#)(c), the board shall establish:

18 (1) the limit on the rate of growth of appropriations
19 from state tax revenues not dedicated by the constitution for that
20 state fiscal biennium, as compared to the previous state fiscal
21 biennium, by subtracting one from the product of:

22 (A) the sum of one and the estimated average
23 biennial rate of growth of this state's population during the state
24 fiscal biennium for which appropriations are made; and

25 (B) the sum of one and the estimated average
26 biennial rate of monetary inflation in this state during the state
27 fiscal biennium for which appropriations are made; and

1 (2) the limit on the rate of growth of appropriations
2 from all sources of revenue other than the federal government for
3 that state fiscal biennium, as compared to the previous state
4 fiscal biennium, by subtracting one from the product of:

5 (A) the sum of one and the estimated average
6 biennial rate of growth of this state's population during the state
7 fiscal biennium for which appropriations are made; and

8 (B) the sum of one and the estimated average
9 biennial rate of monetary inflation in this state during the state
10 fiscal biennium for which appropriations are made [~~the state's~~
11 ~~economy from the current biennium to the next biennium;~~

12 ~~[(2) the level of appropriations for the current~~
13 ~~biennium from state tax revenues not dedicated by the constitution;~~
14 ~~and~~

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

19 (b) Except as provided by Subsection (c), the board shall
20 establish for the next state fiscal biennium a limit on the amount
21 of:

22 (1) appropriations from state tax revenues not
23 dedicated by the constitution by multiplying the amount of
24 appropriations from state tax revenues not dedicated by the
25 constitution for the current state fiscal biennium by the sum of one
26 and the limit on the rate of growth of appropriations from state tax
27 revenues not dedicated by the constitution established by the board

1 under Subsection (a)(1); and
2 (2) appropriations from all sources of revenue other
3 than the federal government by multiplying the amount of
4 appropriations from all sources of revenue other than the federal
5 government for the current state fiscal biennium by the sum of one
6 and the limit on the rate of growth of appropriations from all
7 sources of revenue other than the federal government established by
8 the board under Subsection (a)(2) [~~determine the estimated rate of~~
9 ~~growth of the state's economy by dividing the estimated Texas total~~
10 ~~personal income for the next biennium by the estimated Texas total~~
11 ~~personal income for the current biennium. Using standard~~
12 ~~statistical methods, the board shall make the estimate by~~
13 ~~projecting through the biennium the estimated Texas total personal~~
14 ~~income reported by the United States Department of Commerce or its~~
15 ~~successor in function].~~

16 (c) If the rate determined under Subsection (a)(1) is a
17 negative number, the amount of appropriations from state tax
18 revenues not dedicated by the constitution for the next state
19 fiscal biennium may not exceed the amount of appropriations from
20 state tax revenues not dedicated by the constitution for the
21 current state fiscal biennium. If the rate determined under
22 Subsection (a)(2) is a negative number, the amount of
23 appropriations from all sources of revenue other than the federal
24 government for the next state fiscal biennium may not exceed the
25 amount of appropriations from all sources of revenue other than the
26 federal government for the current state fiscal biennium [~~If a more~~
27 ~~comprehensive definition of the rate of growth of the state's~~

1 ~~economy is developed and is approved by the committee established~~
2 ~~by Section 316.005, the board may use that definition in~~
3 ~~calculating the limit on appropriations].~~

4 (d) To ensure compliance with this subchapter and Section
5 22, Article VIII, [~~Section 22, of the~~] Texas Constitution, the
6 Legislative Budget Board may not transmit in any form to the
7 governor or the legislature the budget as prescribed by Section
8 322.008(c) or the general appropriations bill as prescribed by
9 Section 322.008(d) until the board establishes:

10 (1) the limit on the rate of growth of appropriations
11 from state tax revenues not dedicated by the constitution under
12 Section 316.001(a); and

13 (2) the limit on the rate of growth of appropriations
14 from all sources of revenue other than the federal government under
15 Section 316.001(b) [~~has been adopted as required by this~~
16 ~~subchapter].~~

17 (e) In the absence of an action by the Legislative Budget
18 Board to establish the limits [~~adopt a spending limit~~] as provided
19 by this section:

20 (1) for purposes of Section 316.001(a):

21 (A) [~~in Subsections (a) and (b),~~] the estimated
22 rate of growth of [~~in~~] the state's economy from the current fiscal
23 biennium to the next fiscal biennium shall be treated as if it were
24 zero; [~~7~~] and

25 (B) the amount of state tax revenues not
26 dedicated by the constitution that could be appropriated within the
27 limit established by the estimated rate of growth of [~~in~~] the

1 state's economy shall be the same as the level of appropriations for
2 the current fiscal biennium; and

3 (2) for purposes of Section 316.001(b):

4 (A) the estimated rate of growth of the state's
5 economy from the current fiscal biennium to the next fiscal
6 biennium shall be treated as if it were zero; and

7 (B) the amount of appropriations from all sources
8 of revenue other than the federal government that could be
9 appropriated within the limit established by that subsection shall
10 be the same as the level of appropriations for the current fiscal
11 biennium.

12 Sec. 316.006. LIMIT ON BUDGET RECOMMENDATIONS. Unless
13 authorized by majority vote of the members of the board from each
14 house, the Legislative Budget Board budget recommendations:

15 (1) relating to the proposed appropriations from ~~of~~
16 state tax revenues not dedicated by the constitution may not exceed
17 the limit on appropriations from those sources adopted by the
18 committee under Section 316.005; and

19 (2) relating to the proposed appropriations from all
20 sources of revenue other than the federal government may not exceed
21 the limit on appropriations from those sources adopted by the
22 committee under Section 316.005.

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

25 (a) The Legislative Budget Board shall include in its budget
26 recommendations:

27 (1) the proposed limit of appropriations from state

1 tax revenues not dedicated by the constitution; and
2 (2) the proposed limit of appropriations from all
3 sources of revenue other than the federal government.

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

6 (a) Unless the legislature adopts a resolution under
7 Section 22, Article VIII, [Section 22(b), of the] Texas
8 Constitution, raising the proposed limit on appropriations from
9 state tax revenues not dedicated by the constitution, the proposed
10 limit is binding on the legislature with respect to all
11 appropriations for the next fiscal biennium made from those [state
12 tax] revenues [not dedicated by the constitution]. The proposed
13 limit on appropriations from all sources of revenue other than the
14 federal government is binding on the legislature with respect to
15 all appropriations for the next fiscal biennium made from those
16 sources unless the legislature adopts a resolution raising the
17 proposed limit that is approved by a record vote of three-fifths of
18 the members of each house of the legislature. The resolution must
19 find that an emergency exists, identify the nature of the
20 emergency, and specify the amount authorized. The excess amount
21 authorized under this subsection may not exceed the amount
22 specified in the resolution.

23 SECTION 4. Chapter 316, Government Code, is amended by
24 adding Subchapter I to read as follows:

25 SUBCHAPTER I. APPROPRIATION OF CONSTITUTIONALLY DEDICATED REVENUE

26 Sec. 316.151. LEGISLATIVE INTENT. It is the intent of the
27 legislature that, to the extent practicable under Section 316.001

1 and other law, all revenue dedicated by the Texas Constitution for a
2 particular purpose be appropriated in each state fiscal biennium
3 for that purpose.

4 SECTION 5. The changes in law made by this Act to Sections
5 316.001, 316.002, 316.006, 316.007, and 316.008, Government Code,
6 apply only in relation to appropriations made for the state fiscal
7 biennium beginning September 1, 2019, and subsequent state fiscal
8 bienniums. Appropriations for the state fiscal biennium beginning
9 September 1, 2017, are governed by Sections 316.001, 316.002,
10 316.006, 316.007, and 316.008, Government Code, as those sections
11 existed on July 1, 2017, and the former law is continued in effect
12 for that purpose.

13 SECTION 6. This Act takes effect December 1, 2017.