

By: Parker

H.B. No. 208

A BILL TO BE ENTITLED

AN ACT

relating to the constitutional limit 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, and 316.006, Government Code, are amended to read as follows:

Sec. 316.001. LIMIT. (a) For purposes of this subchapter, "consolidated general revenue appropriations" means appropriations from:

(1) the general revenue fund in the state treasury;

(2) a dedicated account in the general revenue fund in the state treasury; or

(3) a general revenue-related fund in the state treasury as identified in the biennial statement required of the comptroller under Section 49a, Article III, Texas Constitution.

(b) The rate of growth of appropriations in a state fiscal biennium from state tax revenues not dedicated by the constitution may not exceed the estimated rate of growth of the state's economy.

(c) The rate of growth of consolidated general revenue appropriations in a state fiscal biennium may not exceed the estimated rate of growth of the state's economy.

(d) For purposes of this subchapter, the estimated rate of growth of the state's economy is the estimated average biennial 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, as determined under Section 316.002.

4 (e) The legislature finds that, for purposes of Section 22,
5 Article VIII, Texas Constitution, the estimated average biennial
6 rate of growth of this state's population during the state fiscal
7 biennium for which appropriations are made, adjusted by the
8 estimated average biennial rate of monetary inflation in this state
9 during the same period, is an appropriate measure of the estimated
10 rate of growth of the state's economy.

11 (f) For purposes of this subchapter, an appropriation to pay
12 for a rebate of state taxes must be excluded from computations used
13 to determine whether appropriations exceed the amount authorized by
14 Subsection (b) or (c).

15 (g) The Legislative Budget Board shall determine the rates
16 described by Subsection (d) using the most recent information
17 available from sources the board considers reliable, including the
18 United States Bureau of Labor Statistics and the Texas Demographic
19 Center.

20 Sec. 316.002. DUTIES OF LEGISLATIVE BUDGET BOARD. (a)
21 Before the Legislative Budget Board transmits [~~submits~~] the budget
22 for the next state fiscal biennium as prescribed by Section
23 322.008(c), the board shall establish:

24 (1) the limit on the rate of growth of appropriations
25 from state tax revenues not dedicated by the constitution for that
26 state fiscal biennium, as compared to the previous state fiscal
27 biennium, by subtracting one from the product of:

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

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

7 (2) the limit on the rate of growth of consolidated
8 general revenue appropriations for that state fiscal biennium, as
9 compared to the previous state fiscal biennium, by subtracting one
10 from the product of:

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

14 (B) the sum of one and the estimated average
15 biennial rate of monetary inflation in this state during the state
16 fiscal biennium for which appropriations are made ~~[the state's~~
17 ~~economy from the current biennium to the next biennium,~~

18 ~~[(2) the level of appropriations for the current~~
19 ~~biennium from state tax revenues not dedicated by the constitution,~~
20 ~~and~~

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

25 (b) Except as provided by Subsection (c), the board shall
26 determine for the next state fiscal biennium a limit on the amount
27 of:

1 (1) appropriations from state tax revenues not
2 dedicated by the constitution by multiplying the amount of
3 appropriations from state tax revenues not dedicated by the
4 constitution for the current state fiscal biennium by the sum of one
5 and the limit on the rate of growth of appropriations from state tax
6 revenues not dedicated by the constitution established by the board
7 under Subsection (a)(1); and

8 (2) consolidated general revenue appropriations by
9 multiplying the amount of consolidated general revenue
10 appropriations for the current state fiscal biennium by the sum of
11 one and the limit on the rate of growth of consolidated general
12 revenue appropriations established by the board under Subsection
13 (a)(2) [~~the estimated rate of growth of the state's economy by~~
14 ~~dividing the estimated Texas total personal income for the next~~
15 ~~biennium by the estimated Texas total personal income for the~~
16 ~~current biennium. Using standard statistical methods, the board~~
17 ~~shall make the estimate by projecting through the biennium the~~
18 ~~estimated Texas total personal income reported by the United States~~
19 ~~Department of Commerce or its successor in function].~~

20 (c) If the rate determined under Subsection (a)(1) is a
21 negative number, the amount of appropriations from state tax
22 revenues not dedicated by the constitution for the next state
23 fiscal biennium may not exceed the amount of appropriations from
24 state tax revenues not dedicated by the constitution for the
25 current state fiscal biennium. If the rate determined under
26 Subsection (a)(2) is a negative number, the amount of consolidated
27 general revenue appropriations for the next state fiscal biennium

1 may not exceed the amount of consolidated general revenue
2 appropriations for the current state fiscal biennium [~~If a more~~
3 ~~comprehensive definition of the rate of growth of the state's~~
4 ~~economy is developed and is approved by the committee established~~
5 ~~by Section 316.005, the board may use that definition in~~
6 ~~calculating the limit on appropriations~~].

7 (d) To ensure compliance with this subchapter and Section
8 22, Article VIII, [~~Section 22, of the~~] Texas Constitution, the
9 Legislative Budget Board may not transmit in any form to the
10 governor or the legislature the budget as prescribed by Section
11 322.008(c) or the general appropriations bill as prescribed by
12 Section 322.008(d) until the board adopts:

13 (1) the limit on the rate of growth of appropriations
14 from state tax revenues not dedicated by the constitution under
15 Section 316.001(b); and

16 (2) the limit on the rate of growth of consolidated
17 general revenue appropriations under Section 316.001(c) [~~has been~~
18 ~~adopted as required by this subchapter~~].

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

22 (1) for purposes of Section 316.001(b):

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

27 (B) the amount of state tax revenues not

1 dedicated by the constitution that could be appropriated within the
2 limit established by the estimated rate of growth of [~~in~~] the
3 state's economy shall be the same as the level of appropriations for
4 the current fiscal biennium; and

5 (2) for purposes of Section 316.001(c):

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

9 (B) the amount of consolidated general revenue
10 appropriations that could be appropriated within the limit
11 established by that subsection shall be the same as the level of
12 appropriations for the current fiscal biennium.

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

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

20 (2) relating to the proposed consolidated general
21 revenue appropriations may not exceed the limit on appropriations
22 from those sources adopted by the 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 on consolidated general revenue
3 appropriations.

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 consolidated general revenue appropriations is binding on
14 the legislature with respect to all appropriations for the next
15 fiscal biennium made from those sources unless the legislature
16 adopts a resolution raising the proposed limit that is approved by a
17 record vote of three-fifths of the members of each house of the
18 legislature. The resolution must find that an emergency exists,
19 identify the nature of the emergency, and specify the amount
20 authorized. The excess authorized under this subsection may not
21 exceed the amount specified in the resolution.

22 SECTION 4. The changes in law made by this Act apply only in
23 relation to appropriations made for the state fiscal biennium
24 beginning September 1, 2019, and subsequent state fiscal bienniums.
25 Appropriations for the state fiscal biennium beginning September 1,
26 2017, are governed by Sections 316.001, 316.002, 316.006, 316.007,
27 and 316.008, Government Code, as those sections existed on December

H.B. No. 208

1 1, 2016, and the former law is continued in effect for that purpose.

2 SECTION 5. This Act takes effect December 1, 2017.