

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATURE 1st CALLED SESSION - 2017

July 26, 2017

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HJR1 by Bonnen, Greg (Proposing a constitutional amendment regarding the limitation on the rate of growth of appropriations.), **As Introduced**

No fiscal implication to the State is anticipated in the upcoming biennium, other than the cost of publication. The provisions of the bill would take effect with the 2020-21 biennium.

The cost to the State for publication of the resolution is \$114,369.

Starting in the 2020-21 biennium, the fiscal implication of restricting the biennial growth of appropriations from all sources of state revenue for each spending category identified in the resolution to the estimated growth of population served in that spending category and the estimated rate of inflation in a representative set of goods and services in that spending category would depend on the actions of the Legislative Budget Board with respect to adopting the rate and future appropriation decisions by the Legislature.

The proposed amendment to Section 22, Article VIII, if adopted, would limit the biennial growth of appropriations from all sources of state 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.

Currently, Article VIII, Section 22 of the Texas Constitution limits the biennial growth of appropriations from state tax revenue not dedicated by the constitution to the estimated rate of growth of the state's economy. Section 316.002 of the Government Code, instructs the Legislative Budget Board to determine the growth of the state's economy by estimating the growth in Texas personal income.

The fiscal impact of expanding the application of the limit to appropriations from all sources of revenue other than the federal government and restricting the growth of those appropriations by

spending category to the growth in population served in that spending category and the estimated rate of inflation in a representative set of goods and services in that spending category would depend on the actions of the Legislative Budget Board with respect to adopting the rate and future appropriation decisions by the Legislature.

The proposed amendment only would apply to appropriations made for the 2020-21 biennium and subsequent biennia.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

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