

By: Schofield

H.B. No. 936

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 average biennial rate of growth of this state's population during the state fiscal biennium

1 preceding the biennium for which appropriations are made and during  
2 the state fiscal biennium for which appropriations are made,  
3 adjusted by the average biennial rate of monetary inflation in this  
4 state during the same period, as determined under Section 316.002.

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

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

17 (g) The Legislative Budget Board shall determine the rates  
18 described by Subsection (d) using the most recent information  
19 available from sources the board considers reliable, including the  
20 Federal Reserve Bank of Dallas, the United States Bureau of Labor  
21 and Statistics' Consumer Price Index, and the Texas Demographic  
22 Center.

23 Sec. 316.002. DUTIES OF LEGISLATIVE BUDGET BOARD. (a)  
24 Before the Legislative Budget Board transmits [~~submits~~] the budget  
25 for the next state fiscal biennium as prescribed by Section  
26 322.008(c), the board shall establish:

27 (1) the limit on the rate of growth of appropriations

1 of state tax revenues not dedicated by the constitution for that  
2 state fiscal biennium, as compared to the previous state fiscal  
3 biennium, by subtracting one from the product of:

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

9 (B) the sum of one and the estimated average  
10 biennial rate of monetary inflation during the state fiscal  
11 biennium preceding the biennium for which appropriations are made  
12 and during the state fiscal biennium for which appropriations are  
13 made; and

14 (2) the limit in the rate of growth in consolidated  
15 general revenue appropriations for that state fiscal biennium, as  
16 compared to the previous state fiscal biennium, by subtracting one  
17 from the product of:

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

23 (B) the sum of one and the estimated average  
24 biennial rate of monetary inflation during the state fiscal  
25 biennium preceding the biennium for which appropriations are made  
26 and during the state fiscal biennium for which appropriations are  
27 made [~~the state's economy from the current biennium to the next~~

1 ~~biennium;~~

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

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

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

12 (1) appropriations of state tax revenues not dedicated  
13 by the constitution by multiplying the amount of appropriations of  
14 state tax revenues not dedicated by the constitution for the then  
15 current state fiscal biennium by the sum of one and the limit on the  
16 rate of growth of appropriations of state tax revenues not  
17 dedicated by the constitution determined by the board under  
18 Subsection (a)(1); and

19 (2) consolidated general revenue appropriations by  
20 multiplying the amount of consolidated general revenue  
21 appropriations for the then current state fiscal biennium by the  
22 sum of one and the limit on the rate of growth of consolidated  
23 general revenue appropriations determined by the board under  
24 Subsection (a)(2) [~~the estimated rate of growth of the state's~~  
25 economy by dividing the estimated Texas total personal income for  
26 the next biennium by the estimated Texas total personal income for  
27 the current biennium. Using standard statistical methods, the

1 ~~board shall make the estimate by projecting through the biennium~~  
2 ~~the estimated Texas total personal income reported by the United~~  
3 ~~States Department of Commerce or its successor in function].~~

4       (c) If the rate determined under Subsection (a)(1) is a  
5 negative number, the amount of appropriations of state tax revenues  
6 not dedicated by the constitution for the next state fiscal  
7 biennium may not exceed the amount of appropriations of state tax  
8 revenues not dedicated by the constitution in the current state  
9 fiscal biennium. If the rate determined under Subsection (a)(2) is  
10 a negative number, the amount of consolidated general revenue  
11 appropriations for the next state fiscal biennium may not exceed  
12 the amount of consolidated general revenue appropriations in the  
13 current state fiscal biennium [~~If a more comprehensive definition~~  
14 ~~of the rate of growth of the state's economy is developed and is~~  
15 ~~approved by the committee established by Section 316.005, the board~~  
16 ~~may use that definition in calculating the limit on~~  
17 ~~appropriations].~~

18       (d) To ensure compliance with this subchapter and Section  
19 22, Article VIII, [~~Section 22, of the~~] Texas Constitution, the  
20 Legislative Budget Board may not transmit in any form to the  
21 governor or the legislature the budget as prescribed by Section  
22 322.008(c) or the general appropriations bill as prescribed by  
23 Section 322.008(d) until the board adopts:

24           (1) the limit on the rate of growth of appropriations  
25 of state tax revenues not dedicated by the constitution under  
26 Section 316.001(b); and

27           (2) the limit on the rate of growth of consolidated

1 general revenue appropriations under Section 316.001(c) [~~has been~~  
2 ~~adopted as required by this subchapter~~].

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

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

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

11 (B) the amount of state tax revenues not  
12 dedicated by the constitution that could be appropriated within the  
13 limit established by the estimated rate of growth in the state's  
14 economy shall be the same as the level of appropriations for the  
15 current fiscal biennium; and

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

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

20 (B) the amount of consolidated general revenue  
21 appropriations that could be appropriated within the limit  
22 established by that subsection shall be the same as the level of  
23 appropriations for the current fiscal biennium.

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

27 (1) relating to the proposed appropriations of state

1 tax revenues not dedicated by the constitution may not exceed the  
2 limit on appropriations from those sources adopted by the committee  
3 under Section 316.005; and

4 (2) relating to the proposed consolidated general  
5 revenue appropriations may not exceed the limit on appropriations  
6 from those sources adopted by the committee under Section 316.005.

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

9 (a) The Legislative Budget Board shall include in its budget  
10 recommendations:

11 (1) the proposed limit of appropriations from state  
12 tax revenues not dedicated by the constitution; and

13 (2) the proposed limit of consolidated general revenue  
14 appropriations.

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

17 (a) Unless the legislature adopts a resolution under  
18 Section 22, Article VIII, [Section 22(b), of the] Texas  
19 Constitution, raising the proposed limit on appropriations from  
20 state tax revenues not dedicated by the constitution, the proposed  
21 limit is binding on the legislature with respect to all  
22 appropriations for the next fiscal biennium made from those [state  
23 tax] revenues [not dedicated by the constitution]. The proposed  
24 limit on consolidated general revenue appropriations is binding on  
25 the legislature with respect to all appropriations for the next  
26 fiscal biennium made from those sources unless the legislature  
27 adopts a resolution raising the proposed limit that is approved by a

1 record vote of three-fifths of the members of each house of the  
2 legislature. The resolution must find that an emergency exists,  
3 identify the nature of the emergency, and specify the amount  
4 authorized. The excess authorized under this subsection may not  
5 exceed the amount specified in the resolution.

6 SECTION 4. The changes in law made by this Act apply only in  
7 relation to appropriations made for the state fiscal biennium  
8 beginning September 1, 2019, and subsequent state fiscal bienniums.  
9 Appropriations for the state fiscal biennium that begins September  
10 1, 2017, are governed by Sections 316.001, 316.002, 316.006,  
11 316.007, and 316.008, Government Code, as those sections existed on  
12 December 1, 2016, and the former law is continued in effect for that  
13 purpose.

14 SECTION 5. This Act takes effect September 1, 2017.