By:  Hancock, et al. S.B. No. 1336

(In the Senate - Filed March 10, 2021; March 18, 2021, read first time and referred to Committee on Finance; March 30, 2021, reported favorably by the following vote: Yeas 12, Nays 3; March 30, 2021, sent to printer.)

COMMITTEE VOTE

                    Yea Nay Absent  PNV

Nelson               X

Lucio                    X

Bettencourt          X

Buckingham           X

Campbell             X

Creighton            X

Hancock              X

Huffman              X

Kolkhorst            X

Nichols              X

Perry                X

Schwertner           X

Taylor               X

West                     X

Whitmire                 X

A BILL TO BE ENTITLED

AN ACT

relating to a limit on the rate of growth of certain 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 average biennial rate of growth of this state's population during the state fiscal biennium preceding the biennium for which appropriations are made and during the state fiscal biennium for which appropriations are made, adjusted by the estimated average biennial rate of monetary inflation in this state during the same period, as determined under Section 316.002.

(d)  For purposes of this subchapter, the following appropriations must be excluded from computations used to determine whether appropriations exceed the amount authorized by Subsection (c):

(1)  an appropriation for a purpose that provides tax relief; or

(2)  an appropriation to pay costs associated with disaster recovery.

(e)  The Legislative Budget Board shall determine the rates described by Subsection (c) using the most recent information available from sources the board considers reliable, including the United States Bureau of Labor Statistics Consumer Price Index and the Texas Demographic Center.

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

(1)  the limit on the rate of growth of appropriations from state tax revenues not dedicated by the constitution for that state fiscal biennium, as compared to the previous state fiscal biennium, based on the estimated rate of growth of the state's economy from the current state fiscal biennium to the next state fiscal biennium; and

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

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

(B)  the sum of one and the estimated average biennial rate of monetary inflation during the state fiscal biennium preceding the biennium for which appropriations are made and during the state fiscal biennium for which appropriations are made [~~the level of appropriations for the current biennium from state tax revenues not dedicated by the constitution; and~~

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

(b)  Except as provided by Subsection (c), the board shall determine the estimated rate of growth of the state's economy for purposes of Subsection (a)(1) by dividing the estimated Texas total personal income for the next state fiscal biennium by the estimated Texas total personal income for the current state fiscal biennium. Using standard statistical methods, the board shall make the estimate by projecting through the biennium the estimated Texas total personal income reported by the United States Department of Commerce or its successor in function.

(c)  If a more comprehensive definition of the rate of growth of the state's economy is developed and is approved by the committee established by Section 316.005, the board may use that definition in calculating the limit on the rate of growth of appropriations from state tax revenues not dedicated by the constitution under Subsection (a)(1).

(d)  Except as provided by Subsection (e), the board shall determine for the next state fiscal biennium a limit on the amount of:

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

(2)  consolidated general revenue appropriations by multiplying the amount of consolidated general revenue appropriations for the current state fiscal biennium by the sum of one and the limit on the rate of growth of consolidated general revenue appropriations established by the board under Subsection (a)(2).

(e)  If the rate determined under Subsection (a)(2) is a negative number, the amount of consolidated general revenue appropriations for the next state fiscal biennium may not exceed the amount of consolidated general revenue appropriations in the current state fiscal biennium.

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

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

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

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

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

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

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

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

(A)  the estimated average biennial rates of growth of this state's population and of monetary inflation shall be treated as if they were zero; and

(B)  the amount of consolidated general revenue appropriations that could be appropriated within the limit established by that subsection shall be the same as the amount of those appropriations for the current state fiscal biennium.

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

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

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

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

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

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

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

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

(a)  Unless the legislature adopts a resolution under Section 22, Article VIII, [~~Section 22(b), of the~~] Texas Constitution, raising the proposed limit on appropriations from state tax revenues not dedicated by the constitution, the proposed limit is binding on the legislature with respect to all appropriations for the next state fiscal biennium made from those [~~state tax~~] revenues [~~not dedicated by the constitution~~]. The proposed limit on consolidated general revenue appropriations is binding on the legislature with respect to all appropriations for the next state fiscal biennium made from those sources unless the legislature adopts a resolution raising the proposed limit that is approved by a record vote of three-fifths of the members of each house of the legislature. The resolution must find that an emergency exists, identify the nature of the emergency, and specify the amount authorized. The excess amount authorized under this subsection may not exceed the amount specified in the resolution.

SECTION 4.  The changes in law made by this Act apply only in relation to appropriations made for the state fiscal biennium beginning September 1, 2023, and subsequent state fiscal bienniums. Appropriations for the state fiscal biennium beginning September 1, 2021, are governed by Sections 316.001, 316.002, 316.006, 316.007, and 316.008, Government Code, as those sections existed on September 1, 2020, and the former law is continued in effect for that purpose.

SECTION 5.  This Act takes effect September 1, 2021.

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