

By: Schofield

H.B. No. 2304

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

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

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

18 (g) The Legislative Budget Board shall determine the rates
19 described by Subsection (d) using the most recent information
20 available from sources the board considers reliable, including the
21 United States Bureau of Labor Statistics Consumer Price Index and
22 the Texas Demographic 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 from 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 on the rate of growth of 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 from state tax revenues not
13 dedicated by the constitution by multiplying the amount of
14 appropriations from state tax revenues not dedicated by the
15 constitution for the current state fiscal biennium by the sum of one
16 and the limit on the rate of growth of appropriations from state tax
17 revenues not dedicated by the constitution established by the board
18 under Subsection (a)(1); and

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

1 ~~shall make the estimate by projecting through the biennium the~~
2 ~~estimated Texas total personal income reported by the United States~~
3 ~~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 from state tax
6 revenues not dedicated by the constitution for the next state
7 fiscal biennium may not exceed the amount of appropriations from
8 state tax revenues not dedicated by the constitution in the current
9 state fiscal biennium. If the rate determined under Subsection
10 (a)(2) is a negative number, the amount of consolidated general
11 revenue appropriations for the next state fiscal biennium may not
12 exceed the amount of consolidated general revenue appropriations in
13 the current state fiscal biennium [~~If a more comprehensive~~
14 ~~definition of the rate of growth of the state's economy is developed~~
15 ~~and is approved by the committee established by Section 316.005,~~
16 ~~the board 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 from 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 of [~~in~~] the state's economy from the current state
9 fiscal biennium to the next state fiscal biennium shall be treated
10 as if it were 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 of [~~in~~] the
14 state's economy shall be the same as the amount [~~level~~] of those
15 appropriations for the current state fiscal biennium; and

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

17 (A) the estimated rate of growth of the state's
18 economy from the current state fiscal biennium to the next state
19 fiscal 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 amount of
23 those appropriations for the current state 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 from [~~of~~]

1 state tax revenues not dedicated by the constitution may not exceed
2 the limit on appropriations from those sources adopted by the
3 committee 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 state fiscal biennium made from those
23 [state tax] revenues [not dedicated by the constitution]. The
24 proposed limit on consolidated general revenue appropriations is
25 binding on the legislature with respect to all appropriations for
26 the next state fiscal biennium made from those sources unless the
27 legislature adopts a resolution raising the proposed limit that is

1 approved by a record vote of three-fifths of the members of each
2 house of the legislature. The resolution must find that an
3 emergency exists, identify the nature of the emergency, and specify
4 the amount authorized. The excess amount authorized under this
5 subsection may not 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, 2023, and subsequent state fiscal bienniums.
9 Appropriations for the state fiscal biennium beginning September 1,
10 2021, are governed by Sections 316.001, 316.002, 316.006, 316.007,
11 and 316.008, Government Code, as those sections existed on
12 September 1, 2020, and the former law is continued in effect for
13 that purpose.

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