

By: Bonnen

H.B. No. 3548

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

1 during the same period, as determined under Section 316.002.

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

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

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

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

15 Sec. 316.002. DUTIES OF LEGISLATIVE BUDGET BOARD. (a)
16 Before the Legislative Budget Board transmits [~~submits~~] the budget
17 for the next state fiscal biennium as prescribed by Section
18 322.008(c), the board shall establish:

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

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

1 from the product of:

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

7 (B) the sum of one and the estimated average
8 biennial rate of monetary inflation 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 [~~the level of appropriations for the current biennium from~~
12 ~~state tax revenues not dedicated by the constitution; and~~

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

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

26 (c) If a more comprehensive definition of the rate of growth
27 of the state's economy is developed and is approved by the committee

1 established by Section 316.005, the board may use that definition
2 in calculating the limit on the rate of growth of appropriations
3 from state tax revenues not dedicated by the constitution under
4 Subsection (a)(1).

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

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

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

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

26 (f) To ensure compliance with this subchapter and Section
27 22, Article VIII, [~~Section 22, of the~~] Texas Constitution, the

1 Legislative Budget Board may not transmit in any form to the
2 governor or the legislature the budget as prescribed by Section
3 322.008(c) or the general appropriations bill as prescribed by
4 Section 322.008(d) until the board adopts:

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

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

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

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

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

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

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

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

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

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

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

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

15 SECTION 2. Section [316.007](#)(a), Government Code, is amended
16 to read as follows:

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

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

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

23 SECTION 3. Section [316.008](#)(a), Government Code, is amended
24 to read as follows:

25 (a) Unless the legislature adopts a resolution under
26 Section [22](#), Article VIII, [Section [22](#)(b), of the] Texas
27 Constitution, raising the proposed limit on appropriations from

1 state tax revenues not dedicated by the constitution, the proposed
2 limit is binding on the legislature with respect to all
3 appropriations for the next state fiscal biennium made from those
4 ~~[state tax]~~ revenues ~~[not dedicated by the constitution]~~. The
5 proposed limit on consolidated general revenue appropriations is
6 binding on the legislature with respect to all appropriations for
7 the next state fiscal biennium made from those sources unless the
8 legislature adopts a resolution raising the proposed limit that is
9 approved by a record vote of three-fifths of the members of each
10 house of the legislature. The resolution must find that an
11 emergency exists, identify the nature of the emergency, and specify
12 the amount authorized. The excess amount authorized under this
13 subsection may not exceed the amount specified in the resolution.

14 SECTION 4. The changes in law made by this Act apply only in
15 relation to appropriations made for the state fiscal biennium
16 beginning September 1, 2023, and subsequent state fiscal bienniums.
17 Appropriations for the state fiscal biennium beginning September 1,
18 2021, are governed by Sections 316.001, 316.002, 316.006, 316.007,
19 and 316.008, Government Code, as those sections existed on
20 September 1, 2020, and the former law is continued in effect for
21 that purpose.

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