

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 recovery from a disaster declared by the governor under Section
10 418.014.

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

16 Sec. 316.002. DUTIES OF LEGISLATIVE BUDGET BOARD. (a)
17 Before the Legislative Budget Board transmits [~~submits~~] the budget
18 for the next state fiscal biennium as prescribed by Section
19 322.008(c), the board shall establish:

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

26 (2) the limit on the rate of growth of consolidated
27 general revenue appropriations for that state fiscal biennium, as

1 compared to the previous state fiscal biennium, by subtracting one
2 from the product of:

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

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

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

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

27 (c) If a more comprehensive definition of the rate of growth

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

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

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

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

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

27 (f) To ensure compliance with this subchapter and Section

1 22, Article VIII, [~~Section 22, of the~~] Texas Constitution, the
2 Legislative Budget Board may not transmit in any form to the
3 governor or the legislature the budget as prescribed by Section
4 322.008(c) or the general appropriations bill as prescribed by
5 Section 322.008(d) until the board adopts:

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

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

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

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

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

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

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

26 (A) the estimated average biennial rates of
27 growth of this state's population and of monetary inflation shall

1 be treated as if they were zero; and

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

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

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

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

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

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

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

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

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

26 (a) Unless the legislature adopts a resolution under
27 Section 22, Article VIII, [~~Section 22(b), of the~~] Texas

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

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

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

President of the Senate

Speaker of the House

I hereby certify that S.B. No. 1336 passed the Senate on April 13, 2021, by the following vote: Yeas 19, Nays 12.

Secretary of the Senate

I hereby certify that S.B. No. 1336 passed the House on May 26, 2021, by the following vote: Yeas 89, Nays 55, two present not voting.

Chief Clerk of the House

Approved:

Date

Governor