

1-1 By: Hancock, et al. S.B. No. 1336
 1-2 (In the Senate - Filed March 10, 2021; March 18, 2021, read
 1-3 first time and referred to Committee on Finance; March 30, 2021,
 1-4 reported favorably by the following vote: Yeas 12, Nays 3;
 1-5 March 30, 2021, sent to printer.)

1-6 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-7 Nelson	X			
1-8 Lucio		X		
1-9 Bettencourt	X			
1-10 Buckingham	X			
1-11 Campbell	X			
1-12 Creighton	X			
1-13 Hancock	X			
1-14 Huffman	X			
1-15 Kolthorst	X			
1-16 Nichols	X			
1-17 Perry	X			
1-18 Schwertner	X			
1-19 Taylor	X			
1-20 West		X		
1-21 Whitmire		X		

1-23 A BILL TO BE ENTITLED
 1-24 AN ACT

1-25 relating to a limit on the rate of growth of certain appropriations.
 1-26 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:
 1-27 SECTION 1. Sections 316.001, 316.002, and 316.006,
 1-28 Government Code, are amended to read as follows:
 1-29 Sec. 316.001. LIMIT. (a) For purposes of this subchapter,
 1-30 "consolidated general revenue appropriations" means appropriations
 1-31 from:
 1-32 (1) the general revenue fund in the state treasury;
 1-33 (2) a dedicated account in the general revenue fund in
 1-34 the state treasury; or
 1-35 (3) a general revenue-related fund in the state
 1-36 treasury as identified in the biennial statement required of the
 1-37 comptroller under Section 49a, Article III, Texas Constitution.
 1-38 (b) The rate of growth of appropriations in a state fiscal
 1-39 biennium from state tax revenues not dedicated by the constitution
 1-40 may not exceed the estimated rate of growth of the state's economy.
 1-41 (c) The rate of growth of consolidated general revenue
 1-42 appropriations in a state fiscal biennium may not exceed the
 1-43 estimated average biennial rate of growth of this state's
 1-44 population during the state fiscal biennium preceding the biennium
 1-45 for which appropriations are made and during the state fiscal
 1-46 biennium for which appropriations are made, adjusted by the
 1-47 estimated average biennial rate of monetary inflation in this state
 1-48 during the same period, as determined under Section 316.002.
 1-49 (d) For purposes of this subchapter, the following
 1-50 appropriations must be excluded from computations used to determine
 1-51 whether appropriations exceed the amount authorized by Subsection
 1-52 (c):
 1-53 (1) an appropriation for a purpose that provides tax
 1-54 relief; or
 1-55 (2) an appropriation to pay costs associated with
 1-56 disaster recovery.
 1-57 (e) The Legislative Budget Board shall determine the rates
 1-58 described by Subsection (c) using the most recent information
 1-59 available from sources the board considers reliable, including the
 1-60 United States Bureau of Labor Statistics Consumer Price Index and
 1-61 the Texas Demographic Center.

2-1 Sec. 316.002. DUTIES OF LEGISLATIVE BUDGET BOARD. (a)
 2-2 Before the Legislative Budget Board transmits [~~submits~~] the budget
 2-3 for the next state fiscal biennium as prescribed by Section
 2-4 322.008(c), the board shall establish:

2-5 (1) the limit on the rate of growth of appropriations
 2-6 from state tax revenues not dedicated by the constitution for that
 2-7 state fiscal biennium, as compared to the previous state fiscal
 2-8 biennium, based on the estimated rate of growth of the state's
 2-9 economy from the current state fiscal biennium to the next state
 2-10 fiscal biennium; and

2-11 (2) the limit on the rate of growth of consolidated
 2-12 general revenue appropriations for that state fiscal biennium, as
 2-13 compared to the previous state fiscal biennium, by subtracting one
 2-14 from the product of:

2-15 (A) the sum of one and the estimated average
 2-16 biennial rate of growth of this state's population during the state
 2-17 fiscal biennium preceding the biennium for which appropriations are
 2-18 made and during the state fiscal biennium for which appropriations
 2-19 are made; and

2-20 (B) the sum of one and the estimated average
 2-21 biennial rate of monetary inflation during the state fiscal
 2-22 biennium preceding the biennium for which appropriations are made
 2-23 and during the state fiscal biennium for which appropriations are
 2-24 made [~~the level of appropriations for the current biennium from~~
 2-25 ~~state tax revenues not dedicated by the constitution; and~~

2-26 [~~(3) the amount of state tax revenues not dedicated by~~
 2-27 ~~the constitution that could be appropriated for the next biennium~~
 2-28 ~~within the limit established by the estimated rate of growth of the~~
 2-29 ~~state's economy].~~

2-30 (b) Except as provided by Subsection (c), the board shall
 2-31 determine the estimated rate of growth of the state's economy for
 2-32 purposes of Subsection (a)(1) by dividing the estimated Texas total
 2-33 personal income for the next state fiscal biennium by the estimated
 2-34 Texas total personal income for the current state fiscal biennium.
 2-35 Using standard statistical methods, the board shall make the
 2-36 estimate by projecting through the biennium the estimated Texas
 2-37 total personal income reported by the United States Department of
 2-38 Commerce or its successor in function.

2-39 (c) If a more comprehensive definition of the rate of growth
 2-40 of the state's economy is developed and is approved by the committee
 2-41 established by Section 316.005, the board may use that definition
 2-42 in calculating the limit on the rate of growth of appropriations
 2-43 from state tax revenues not dedicated by the constitution under
 2-44 Subsection (a)(1).

2-45 (d) Except as provided by Subsection (e), the board shall
 2-46 determine for the next state fiscal biennium a limit on the amount
 2-47 of:

2-48 (1) appropriations from state tax revenues not
 2-49 dedicated by the constitution by multiplying the amount of
 2-50 appropriations from state tax revenues not dedicated by the
 2-51 constitution for the current state fiscal biennium by the sum of one
 2-52 and the limit on the rate of growth of appropriations from state tax
 2-53 revenues not dedicated by the constitution established by the board
 2-54 under Subsection (a)(1); and

2-55 (2) consolidated general revenue appropriations by
 2-56 multiplying the amount of consolidated general revenue
 2-57 appropriations for the current state fiscal biennium by the sum of
 2-58 one and the limit on the rate of growth of consolidated general
 2-59 revenue appropriations established by the board under Subsection
 2-60 (a)(2).

2-61 (e) If the rate determined under Subsection (a)(2) is a
 2-62 negative number, the amount of consolidated general revenue
 2-63 appropriations for the next state fiscal biennium may not exceed
 2-64 the amount of consolidated general revenue appropriations in the
 2-65 current state fiscal biennium.

2-66 (f) To ensure compliance with this subchapter and Section
 2-67 22, Article VIII, [~~Section 22, of the~~] Texas Constitution, the
 2-68 Legislative Budget Board may not transmit in any form to the
 2-69 governor or the legislature the budget as prescribed by Section

3-1 322.008(c) or the general appropriations bill as prescribed by
 3-2 Section 322.008(d) until the board adopts:

3-3 (1) the limit on the rate of growth of appropriations
 3-4 from state tax revenues not dedicated by the constitution under
 3-5 Section 316.001(b); and

3-6 (2) the limit on the rate of growth of consolidated
 3-7 general revenue appropriations under Section 316.001(c) [~~has been~~
 3-8 ~~adopted as required by this subchapter].~~

3-9 (g) [~~(e)~~] In the absence of an action by the Legislative
 3-10 Budget Board to adopt the limits [~~a spending limit~~] as provided by
 3-11 this section:

3-12 (1) for purposes of Section 316.001(b):

3-13 (A) [~~in Subsections (a) and (b),~~] the estimated
 3-14 rate of growth of [~~in~~] the state's economy from the current state
 3-15 fiscal biennium to the next state fiscal biennium shall be treated
 3-16 as if it were zero; [~~]~~] and

3-17 (B) the amount of state tax revenues not
 3-18 dedicated by the constitution that could be appropriated within the
 3-19 limit established by the estimated rate of growth of [~~in~~] the
 3-20 state's economy shall be the same as the amount [~~level~~] of those
 3-21 appropriations for the current state fiscal biennium; and

3-22 (2) for purposes of Section 316.001(c):

3-23 (A) the estimated average biennial rates of
 3-24 growth of this state's population and of monetary inflation shall
 3-25 be treated as if they were zero; and

3-26 (B) the amount of consolidated general revenue
 3-27 appropriations that could be appropriated within the limit
 3-28 established by that subsection shall be the same as the amount of
 3-29 those appropriations for the current state fiscal biennium.

3-30 Sec. 316.006. LIMIT ON BUDGET RECOMMENDATIONS. Unless
 3-31 authorized by majority vote of the members of the board from each
 3-32 house, the Legislative Budget Board budget recommendations:

3-33 (1) relating to the proposed appropriations ~~from~~ [~~of~~]
 3-34 state tax revenues not dedicated by the constitution may not exceed
 3-35 the limit on appropriations from those sources adopted by the
 3-36 committee under Section 316.005; and

3-37 (2) relating to the proposed consolidated general
 3-38 revenue appropriations may not exceed the limit on appropriations
 3-39 from those sources adopted by the committee under Section 316.005.

3-40 SECTION 2. Section 316.007(a), Government Code, is amended
 3-41 to read as follows:

3-42 (a) The Legislative Budget Board shall include in its budget
 3-43 recommendations:

3-44 (1) the proposed limit of appropriations from state
 3-45 tax revenues not dedicated by the constitution; and

3-46 (2) the proposed limit of consolidated general revenue
 3-47 appropriations.

3-48 SECTION 3. Section 316.008(a), Government Code, is amended
 3-49 to read as follows:

3-50 (a) Unless the legislature adopts a resolution under
 3-51 Section 22, Article VIII, [~~Section 22(b), of the~~] Texas
 3-52 Constitution, raising the proposed limit on appropriations from
 3-53 state tax revenues not dedicated by the constitution, the proposed
 3-54 limit is binding on the legislature with respect to all
 3-55 appropriations for the next state fiscal biennium made from those
 3-56 [state tax] revenues [~~not dedicated by the constitution~~]. The
 3-57 proposed limit on consolidated general revenue appropriations is
 3-58 binding on the legislature with respect to all appropriations for
 3-59 the next state fiscal biennium made from those sources unless the
 3-60 legislature adopts a resolution raising the proposed limit that is
 3-61 approved by a record vote of three-fifths of the members of each
 3-62 house of the legislature. The resolution must find that an
 3-63 emergency exists, identify the nature of the emergency, and specify
 3-64 the amount authorized. The excess amount authorized under this
 3-65 subsection may not exceed the amount specified in the resolution.

3-66 SECTION 4. The changes in law made by this Act apply only in
 3-67 relation to appropriations made for the state fiscal biennium
 3-68 beginning September 1, 2023, and subsequent state fiscal bienniums.
 3-69 Appropriations for the state fiscal biennium beginning September 1,

4-1 2021, are governed by Sections 316.001, 316.002, 316.006, 316.007,
4-2 and 316.008, Government Code, as those sections existed on
4-3 September 1, 2020, and the former law is continued in effect for
4-4 that purpose.

4-5 SECTION 5. This Act takes effect September 1, 2021.

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