

By: Toth

H.B. No. 44

A BILL TO BE ENTITLED

AN ACT

relating to a limitation on the rate of growth in state and local appropriations with the return of over-collected taxpayer money by reducing taxes.

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. (a) For purposes of this section, "all funds appropriations" means appropriations from:

(1) the general revenue fund in the state or local treasury;

(2) a dedicated account in the general revenue fund in the state or local treasury;

(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; and

(4) the other state funds, other local funds, and federal funds in the state or local treasury.

(b) In each state fiscal biennium, the rate of growth of appropriations from all revenue sources, and each local fiscal year may not exceed the average taxpayer's ability to pay for the cost of funding government.

(c) The rates of growth of state funds appropriations in a state fiscal biennium or political subdivisions shall not exceed

1 the estimated prior three-year average annual rate of growth of  
2 this state's population during the three calendar years preceding  
3 the regular session for which appropriations are made, adjusted by  
4 the estimated prior three-year average annual rate of inflation  
5 during the same period, as determined under Section 316.002.

6 (d) The Legislative Budget Board shall determine the rates  
7 described by Subsection (e) using the most recent information  
8 available from the United States Bureau of Labor Statistics and the  
9 United States Census Bureau.

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

14 (1) the limit on the rate of growth of appropriations  
15 from state tax revenues for that state fiscal biennium, as compared  
16 to the previous state fiscal biennium, and the limit on the rate of  
17 growth of appropriations for political subdivisions for that local  
18 fiscal year based on:

19 (2) the limit on the rate of growth of all funds  
20 appropriations for that state fiscal biennium or political  
21 subdivision fiscal year, as compared to the previous period, by  
22 summing:

23 (A) the prior three-year average annual rate of  
24 growth of this state's population preceding the regular session for  
25 which appropriations are made; and

26 (B) the prior three-year average annual rate of  
27 inflation using the chained-consumer price index preceding the

1 regular session before appropriations.

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

5 (1) state fund appropriations from all revenues by  
6 multiplying the amount of all fund appropriations from all tax  
7 revenues for the current state fiscal biennium by the sum of one and  
8 the limit on the rate of growth of appropriations from all tax  
9 revenues established by the board under Subsection (a)(1); and

10 (e) If the rate determined under Subsection (a)(2) is a  
11 negative number, the amount of state funds appropriations for the  
12 next state fiscal biennium may not exceed the amount of state funds  
13 appropriations in the current state fiscal biennium nor could a  
14 political subdivision.

15 (f) To ensure compliance with this subchapter and Section  
16 22, Article VIII, [Section 22, of the] Texas Constitution, the  
17 Legislative Budget Board may not transmit in any form to the  
18 governor or the legislature the budget as prescribed by Section  
19 322.008(c) or the general appropriations bill as prescribed by  
20 Section 322.008(d) until the board adopts:

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

24 (2) the limit on the rate of growth of al funds  
25 appropriations under Section 316.001(c) [has been adopted as  
26 required by this subchapter].

27 (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 all funds 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

1           (2) relating to the proposed state funds  
2 appropriations may not exceed the limit on appropriations from  
3 those sources adopted by the committee under Section 316.005.

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

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

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

10           (2) the proposed limit of all funds appropriations.

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

13           (a) Unless the legislature adopts a resolution under  
14 Section 22, Article VIII, [Section 22(b), of the] Texas  
15 Constitution, raising the proposed limit on appropriations from  
16 state tax revenues not dedicated by the constitution, the proposed  
17 limit is binding on the legislature with respect to all  
18 appropriations for the next state fiscal biennium made from those  
19 [state tax] revenues [not dedicated by the constitution]. The  
20 proposed limit on all funds appropriations is binding on the  
21 legislature with respect to all appropriations for the next state  
22 fiscal biennium made from those sources unless the legislature  
23 adopts a resolution raising the proposed limit that is approved by a  
24 record vote of three-fourths of the members of each house of the  
25 legislature or a political subdivision. The resolution must find  
26 that an emergency exists, identify the nature of the emergency, and  
27 specify the amount authorized. The excess amount authorized under

1 this subsection may not exceed the amount specified in the  
2 resolution.

3 (b) Any over-collected taxpayer money shall be returned by  
4 reducing taxes.

5 SECTION 4. The changes in law made by this Act apply only in  
6 relation to appropriations made for the state fiscal biennium  
7 beginning September 1, 2025, and subsequent state fiscal bienniums.

8 SECTION 5. This Act takes effect September 1, 2025.