

By: Toth

H.B. No. 93

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

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

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

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

(2) the limit on the rate of growth of all funds

appropriations for that state fiscal biennium or political subdivision fiscal year, as compared to the previous period, by summing:

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

(B) the prior three-year average annual rate of inflation using the chained-consumer price index preceding the regular session before appropriations. (d) Except as provided by Subsection (e), the board shall determine for the next state fiscal biennium a limit on the amount of:

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

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

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

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

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

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

(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; ~~[r]~~ 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 ~~to~~ 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

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

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

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

(1) the proposed limit of appropriations from state tax

revenues not dedicated by the constitution; and

(2) the proposed limit of all funds appropriations.

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

(a) Unless the legislature adopts a resolution under Section 22, Article VIII, [~~Section 22(b), of the~~] Texas Constitution, raising the proposed limit on appropriations from state tax revenues not dedicated by the constitution, the proposed limit is binding on the legislature with respect to all appropriations for the next state fiscal biennium made from those [~~state tax~~] revenues [~~not dedicated by the constitution~~]. The proposed limit on all funds appropriations is binding on the legislature with respect to all appropriations for the next state fiscal biennium made from those sources unless the legislature adopts a resolution raising the proposed limit that is approved by a record vote of three-fourths of the members of each house of the legislature or a political subdivision. The resolution must find that an emergency exists, identify the nature of the emergency, and specify the amount authorized. The excess amount authorized under this subsection may not exceed the amount specified in the resolution.

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

SECTION 4. The changes in law made by this Act apply only in

relation to appropriations made for the state fiscal biennium beginning September 1, 2025, and subsequent state fiscal bienniums.

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