

By: Paxton

H.B. No. 994

A BILL TO BE ENTITLED

AN ACT

relating to the limitation on the rate of growth in appropriations from state tax revenues.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 316.001, Government Code, is amended to read as follows:

Sec. 316.001. LIMIT. The rate of growth of appropriations in a biennium from state tax revenues not dedicated by the constitution may not exceed the lesser of the following rates:

(1) the estimated rate of growth of the state's economy; and

(2) a rate equal to the sum of:

(A) the estimated biennial rate of growth of the state's population; and

(B) the estimated biennial rate of monetary inflation in the state.

SECTION 2. Sections 316.002(a), (b), (c), and (e), Government Code, are amended to read as follows:

(a) Before the Legislative Budget Board submits the budget as prescribed by Section 322.008 [~~322.008(b)~~], the board shall establish:

(1) the estimated rate of growth of the state's economy from the current biennium to the next biennium as determined under Subsection (b);

1 (2) a rate equal to the sum of:

2 (A) the estimated biennial rate of growth of the
3 state's population as determined under Subsection (c); and

4 (B) the estimated biennial rate of monetary
5 inflation in the state as determined under Subsection (c);

6 (3) the level of appropriations for the current
7 biennium from state tax revenues not dedicated by the constitution;
8 and

9 (4) [~~(3)~~] the amount of state tax revenues not
10 dedicated by the constitution that could be appropriated for the
11 next biennium within the limit established by applying the lesser
12 of:

13 (A) the estimated rate of growth of the state's
14 economy as determined under Subsection (b); and

15 (B) a rate equal to the sum of:

16 (i) the estimated biennial rate of growth
17 of the state's population as determined under Subsection (c); and

18 (ii) the estimated biennial rate of
19 monetary inflation in the state as determined under Subsection (c).

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

1 (c) The board shall determine a rate equal to the sum of the
2 estimated biennial rate of growth of the state's population and the
3 estimated biennial rate of monetary inflation in the state as
4 provided by this subsection. The board shall determine the
5 estimated biennial rate of growth of the state's population based
6 on the average rate of growth during the preceding six years
7 according to United States Census Bureau estimates as certified by
8 the comptroller. The board shall determine the estimated biennial
9 rate of monetary inflation in the state based on the average rate of
10 change during the preceding six years of the effective consumer
11 price index for the state. For purposes of this subsection, the
12 effective consumer price index for the state is the average of the
13 consumer price indexes as determined by the United States
14 Department of Labor for the Houston metropolitan area and for the
15 Dallas/Fort Worth metropolitan area. [~~If a more comprehensive~~
16 ~~definition of the rate of growth of the state's economy is developed~~
17 ~~and is approved by the committee established by Section 316.005,~~
18 ~~the board may use that definition in calculating the limit on~~
19 ~~appropriations.]~~

20 (e) In the absence of an action by the Legislative Budget
21 Board to adopt a spending limit as provided by this section, the
22 spending limit considered adopted under this subchapter is [~~in~~
23 ~~Subsections (a) and (b), the estimated rate of growth in the state's~~
24 ~~economy from the current biennium to the next biennium shall be~~
25 ~~treated as if it were]~~ zero, and the amount of state tax revenues
26 not dedicated by the constitution that may [~~could~~] be appropriated
27 for the next biennium [~~within the limit established by the~~

1 ~~estimated rate of growth in the state's economy]~~ shall be the same
2 as the level of appropriations for the current biennium.

3 SECTION 3. Section 316.008, Government Code, is amended to
4 read as follows:

5 Sec. 316.008. EFFECT OF LIMIT; ENFORCEMENT. (a) In this
6 section:

7 (1) "Constitutional limit on the rate of growth of
8 appropriations" means the limit on the rate of growth of
9 appropriations determined by the Legislative Budget Board under
10 Section 316.002(b) as finally adopted by the committee under
11 Section 316.005(b) or the limit as considered adopted under Section
12 316.002(e) or 316.005(c).

13 (2) "Statutory limit on the rate of growth of
14 appropriations" means the limit on the rate of growth of
15 appropriations determined by the Legislative Budget Board under
16 Section 316.002(c) as finally adopted by the committee under
17 Section 316.005(b) or the limit as considered adopted under Section
18 316.002(e) or 316.005(c).

19 (b) With respect to the constitutional limit on the rate of
20 growth of appropriations, unless [~~Unless~~] the legislature adopts a
21 resolution under Article VIII, Section 22(b), of the Texas
22 Constitution raising the proposed constitutional limit on
23 appropriations, the proposed constitutional limit is binding on the
24 legislature with respect to all appropriations for the next
25 biennium made from state tax revenues not dedicated by the
26 constitution.

27 (c) [~~(b)~~] The rules of the house of representatives and

1 senate shall provide for enforcement of Subsection (b) [~~(a)~~].

2 (d) When the statutory limit on the rate of growth of
3 appropriations is lower than the constitutional limit on the rate
4 of growth of appropriations or is lower than the constitutional
5 limit as raised by a resolution described by Subsection (b), the
6 proposed statutory limit is binding on the legislature with respect
7 to all appropriations for the next biennium made from state tax
8 revenues not dedicated by the constitution unless the legislature
9 by general law provides that the statutory limit does not apply to
10 appropriations for that biennium.

11 SECTION 4. The changes in law made by this Act apply only
12 with respect to appropriations for the state fiscal biennium
13 beginning September 1, 2011, and subsequent state fiscal bienniums.

14 SECTION 5. This Act takes effect September 1, 2009.