

By: Metcalf

H.B. No. 541

A BILL TO BE ENTITLED

AN ACT

relating to the constitutional limit on the rate of growth of appropriations.

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

SECTION 1. Sections 316.001, 316.002, 316.003, and 316.004, Government Code, are amended to read as follows:

Sec. 316.001. LIMIT. (a) The rate of growth of appropriations [~~in a biennium~~] from state tax revenues not dedicated by the constitution from one state fiscal biennium to the next state fiscal biennium may not exceed the lesser of the following rates:

(1) a rate equal to the sum of the estimated rates of:

(A) increase or decrease in the state's population during the current state fiscal biennium; and

(B) monetary inflation or deflation in the state during the current state fiscal biennium; or

(2) the estimated rate of growth of the state's economy as determined under Section 316.002.

(b) If the lesser of the rates described by Subsection (a) is a negative number, the amount of appropriations from state tax revenues not dedicated by the constitution for the next state fiscal biennium may not exceed the amount of appropriations from those revenues in the current state fiscal biennium reduced by the product of that amount and the additive inverse of that negative

1 number.

2 Sec. 316.002. DUTIES OF LEGISLATIVE BUDGET BOARD.

3 (a) Before the Legislative Budget Board transmits [~~submits~~] the
4 budget for the next state fiscal biennium as prescribed by Section
5 322.008(c), the board shall determine [~~establish~~]:

6 (1) the estimated rate of growth of the state's economy
7 from the current state fiscal biennium to the next state fiscal
8 biennium;

9 (2) a rate equal to the sum of the estimated rates of:

10 (A) increase or decrease in the state's
11 population during the current state fiscal biennium; and

12 (B) monetary inflation or deflation in the state
13 during the current state fiscal biennium;

14 (3) the amount [~~level~~] of appropriations for the
15 current state fiscal biennium from state tax revenues not dedicated
16 by the constitution; and

17 (4) [~~(3)~~] the amount of appropriations of state tax
18 revenues not dedicated by the constitution that could be
19 appropriated for the next state fiscal biennium within the limit
20 established by Section 316.001 [~~the estimated rate of growth of the~~
21 ~~state's economy~~].

22 (b) Except as provided by Subsection (c), the board shall
23 determine the estimated rate of growth of the state's economy by
24 dividing the estimated Texas total personal income for the next
25 state fiscal biennium by the estimated Texas total personal income
26 for the current state fiscal biennium. Using standard statistical
27 methods, the board shall make the estimate by projecting through

1 the state fiscal biennium the estimated Texas total personal income
2 reported by the United States Department of Commerce or its
3 successor in function.

4 (c) If a more comprehensive definition of the rate of growth
5 of the state's economy is developed and is approved by the committee
6 established under [~~by~~] Section 316.005, the board may use that
7 definition in calculating the limit on appropriations.

8 (d) To ensure compliance with Section 22, Article VIII,
9 [~~Section 22, of the~~] Texas Constitution, the Legislative Budget
10 Board may not transmit in any form to the governor or the
11 legislature the budget as prescribed by Section 322.008(c) or the
12 general appropriations bill as prescribed by Section 322.008(d)
13 until the limit on the rate of growth of appropriations for the next
14 state fiscal biennium has been adopted as required by this
15 subchapter.

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

27 Sec. 316.003. PUBLICATION. Before the Legislative Budget

1 Board approves the items of information required by Section
2 316.002, the board shall publish in the Texas Register the proposed
3 items of information and a description of the methodology and
4 sources used in the determinations [~~calculations~~].

5 Sec. 316.004. PUBLIC HEARING. Not later than December 1 of
6 each even-numbered year, the Legislative Budget Board shall hold a
7 public hearing to solicit testimony regarding the proposed items of
8 information and the methodology used in making the determinations
9 [~~calculations~~] required by Section 316.002.

10 SECTION 2. Section 316.008(a), Government Code, is amended
11 to read as follows:

12 (a) Unless the legislature adopts a resolution under
13 Section 22, Article VIII, [~~Section 22(b), of the~~] Texas
14 Constitution, raising the proposed limit on appropriations for the
15 next state fiscal biennium, the proposed limit is binding on the
16 legislature with respect to all appropriations for the next state
17 fiscal biennium made from state tax revenues not dedicated by the
18 constitution.

19 SECTION 3. (a) The changes in law made by this Act apply
20 only in relation to appropriations made for the state fiscal
21 biennium beginning September 1, 2019, and subsequent state fiscal
22 bienniums.

23 (b) Appropriations for the state fiscal biennium that
24 begins September 1, 2017, are governed by Subchapter A, Chapter
25 316, Government Code, as that subchapter provided immediately
26 before the effective date of this Act, and the former law is
27 continued in effect for that purpose.

1 SECTION 4. This Act takes effect on the effective date of
2 the constitutional amendment proposed by the 85th Legislature,
3 Regular Session, 2017, regarding the limitation on the rate of
4 growth of appropriations. If that amendment is not approved by the
5 voters, this Act has no effect.