

By: Taylor of Collin

S.B. No. 943

A BILL TO BE ENTITLED

AN ACT

relating to limitations 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, 316.004, and 316.006, Government Code, are amended to read as follows:

Sec. 316.001. LIMIT. (a) The rate of growth of appropriations in a state fiscal biennium from state tax revenues not dedicated by the constitution may not exceed the estimated rate of growth of the state's economy.

(b) The rate of growth of appropriations in a state fiscal biennium from all sources of revenue, including the federal government, may not exceed the least of the following rates, calculated for the preceding state fiscal biennium:

(1) a rate equal to the sum of:

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

(B) the rate of monetary inflation in this state;

(2) the rate of growth of personal income of this state's residents; or

(3) the rate of growth of this state's gross state product.

Sec. 316.002. DUTIES OF LEGISLATIVE BUDGET BOARD. (a) Before the Legislative Budget Board transmits [~~submits~~] the budget as prescribed by Section 322.008(c), the board shall determine

1 ~~[establish]:~~

2 (1) for purposes of Section 316.001(a):

3 (A) the estimated rate of growth of the state's  
4 economy from the current state fiscal biennium to the next state  
5 fiscal biennium;

6 (B) ~~[(2)]~~ the ~~[level of]~~ appropriations for the  
7 current state fiscal biennium from state tax revenues not dedicated  
8 by the constitution; and

9 (C) ~~[(3)]~~ the amount of state tax revenues not  
10 dedicated by the constitution that could be appropriated for the  
11 next state fiscal biennium within the limit established under that  
12 subsection; and

13 (2) for purposes of Section 316.001(b):

14 (A) the lesser of the rates calculated as  
15 provided under that subsection;

16 (B) the appropriations for the current state  
17 fiscal biennium from all sources of revenue, including the federal  
18 government; and

19 (C) the amount of revenue from all sources,  
20 including the federal government, that could be appropriated for  
21 the next state fiscal biennium within the limit established under  
22 that subsection ~~[by the estimated rate of growth of the state's~~  
23 ~~economy].~~

24 (b) Except as otherwise provided by this subsection  
25 ~~[Subsection (c)]~~, for purposes of Section 316.001(a), the board  
26 shall determine the estimated rate of growth of the state's economy  
27 by dividing the estimated Texas total personal income for the next

1 state fiscal biennium by the estimated Texas total personal income  
2 for the current state fiscal biennium. Using standard statistical  
3 methods, the board shall make the estimate by projecting through  
4 the state fiscal biennium the estimated Texas total personal income  
5 reported by the United States Department of Commerce or its  
6 successor in function. ~~[(c)]~~ If a more comprehensive method  
7 ~~[definition]~~ of determining the rate of growth of the state's  
8 economy is developed and is approved by the committee established  
9 by Section 316.005, the board may use that method for purposes of  
10 Section 316.001(a) ~~[definition in calculating the limit on~~  
11 ~~appropriations]~~.

12 (c) For purposes of Section 316.001(b), the board shall  
13 determine:

14 (1) the rate of growth of this state's population  
15 during the preceding state fiscal biennium using the most recent  
16 estimates published by the United States Census Bureau;

17 (2) the rate of monetary inflation in this state  
18 during the preceding state fiscal biennium using the effective  
19 consumer price index for all items for this state as determined by  
20 the board based on information published by the Bureau of Labor  
21 Statistics of the United States Department of Labor; and

22 (3) the rate of growth of personal income of this  
23 state's residents during the preceding state fiscal biennium and  
24 the rate of growth of this state's gross state product during the  
25 preceding state fiscal biennium using information provided by the  
26 Bureau of Economic Analysis of the United States Department of  
27 Commerce.

1 (d) To ensure compliance with this subchapter and Section  
2 22, Article VIII, [~~Section 22, of the~~] Texas Constitution, the  
3 Legislative Budget Board may not transmit in any form to the  
4 governor or the legislature the budget as prescribed by Section  
5 322.008(c) or the general appropriations bill as prescribed by  
6 Section 322.008(d) until the board adopts:

7 (1) the limit on the rate of growth of appropriations  
8 of state tax revenues not dedicated by the constitution under  
9 Section 316.001(a); and

10 (2) the limit on the rate of growth of appropriations  
11 from all sources of revenue, including the federal government,  
12 under Section 316.001(b) [~~has been adopted as required by this~~  
13 subchapter].

14 (e) In the absence of an action by the Legislative Budget  
15 Board to adopt the limitations [~~a spending limit as~~] provided by  
16 this section:

17 (1) for purposes of Section 316.001(a):

18 (A) [~~in Subsections (a) and (b),~~] the estimated  
19 rate of growth in the state's economy from the current state fiscal  
20 biennium to the next state fiscal biennium shall be treated as if it  
21 were zero; [~~]~~ and

22 (B) the amount of state tax revenues not  
23 dedicated by the constitution that could be appropriated within the  
24 limit established by the estimated rate of growth in the state's  
25 economy shall be the same as the level of appropriations for the  
26 current state fiscal biennium; and

27 (2) for purposes of Section 316.001(b):

1                    (A) the rate of growth shall be treated as if it  
2 were zero; and

3                    (B) the amount of revenue from all sources,  
4 including the federal government, that could be appropriated within  
5 the limit established by that subsection shall be the same as the  
6 level of appropriations for the current state fiscal biennium.

7            Sec. 316.003. PUBLICATION. Before the Legislative Budget  
8 Board approves the items of information required by Section  
9 316.002, the board shall publish in the Texas Register the proposed  
10 items of information and a description of the methodology and  
11 sources used in the determinations [~~calculations~~].

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

17            Sec. 316.006. LIMIT ON BUDGET RECOMMENDATIONS. Unless  
18 authorized by majority vote of the members of the board from each  
19 house, the Legislative Budget Board budget recommendations  
20 relating to the proposed appropriations from the state treasury for  
21 the next state fiscal biennium [~~of state tax revenues not dedicated~~  
22 ~~by the constitution~~] may not exceed the limit on appropriations of  
23 state tax revenues not dedicated by the constitution adopted by the  
24 committee under Section 316.005 and may not exceed the limit on  
25 appropriations of revenue from all sources, including the federal  
26 government, adopted by the committee under that section [~~Section~~  
27 316.005].

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

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

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

7 (2) the proposed limit of appropriations from all  
8 sources of revenue, including the federal government.

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

11 (a) Unless the legislature adopts a resolution under  
12 Section 22, Article VIII, [Section 22(b), of the] Texas  
13 Constitution, raising the proposed limit on appropriations from  
14 state tax revenues not dedicated by the constitution, the proposed  
15 limit is binding on the legislature with respect to all  
16 appropriations for the next state fiscal biennium made from those  
17 [state tax] revenues [not dedicated by the constitution]. The  
18 proposed limit on appropriations from all sources of revenue,  
19 including the federal government, is binding on the legislature  
20 with respect to all appropriations for the next state fiscal  
21 biennium made from those revenues unless the legislature adopts a  
22 resolution raising the proposed limit that is approved by a record  
23 vote of two-thirds of the members of each house of the legislature.  
24 A resolution described by this subsection must find that an  
25 emergency exists, identify the nature of the emergency, and specify  
26 the amount authorized. The excess authorized under this subsection  
27 may not exceed the amount specified in the resolution.

1           SECTION 4. (a) The changes in law made by this Act apply  
2 only in relation to an appropriation made for a state fiscal  
3 biennium beginning on or after September 1, 2019.

4           (b) Appropriations for the state fiscal biennium that  
5 begins September 1, 2017, are governed by Subchapter A, Chapter  
6 316, Government Code, as that subchapter existed immediately before  
7 the effective date of this Act, and the former law is continued in  
8 effect for that purpose.

9           SECTION 5. This Act takes effect September 1, 2017.