

1-1 By: Hancock, et al. S.B. No. 9
 1-2 (In the Senate - Filed July 17, 2017; July 20, 2017, read
 1-3 first time and referred to Committee on Finance; July 23, 2017,
 1-4 reported favorably by the following vote: Yeas 10, Nays 5;
 1-5 July 23, 2017, sent to printer.)

1-6 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-7 Nelson	X			
1-8 Hinojosa		X		
1-9 Bettencourt	X			
1-10 Birdwell	X			
1-11 Hancock	X			
1-12 Huffman	X			
1-13 Kolthorst	X			
1-14 Nichols	X			
1-15 Schwertner	X			
1-16 Seliger	X			
1-17 Taylor of Galveston	X			
1-18 Uresti		X		
1-19 Watson		X		
1-20 West		X		
1-21 Whitmire		X		

1-23 A BILL TO BE ENTITLED
 1-24 AN ACT

1-25 relating to the constitutional limit on the rate of growth of
 1-26 appropriations.

1-27 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-28 SECTION 1. Sections 316.001, 316.002, and 316.006,
 1-29 Government Code, are amended to read as follows:

1-30 Sec. 316.001. LIMIT. (a) For purposes of this subchapter,
 1-31 "consolidated general revenue appropriations" means appropriations
 1-32 from:

- 1-33 (1) the general revenue fund in the state treasury;
- 1-34 (2) a dedicated account in the general revenue fund in
 1-35 the state treasury; or
- 1-36 (3) a general revenue-related fund in the state
 1-37 treasury as identified in the biennial statement required of the
 1-38 comptroller under Section 49a, Article III, Texas Constitution.

1-39 (b) The rate of growth of appropriations in a state fiscal
 1-40 biennium from state tax revenues not dedicated by the constitution
 1-41 may not exceed the estimated rate of growth of the state's economy.

1-42 (c) The rate of growth of consolidated general revenue
 1-43 appropriations in a state fiscal biennium may not exceed the
 1-44 estimated rate of growth of the state's economy.

1-45 (d) For purposes of this subchapter, the estimated rate of
 1-46 growth of the state's economy is the average biennial rate of growth
 1-47 of this state's population during the state fiscal biennium
 1-48 preceding the biennium for which appropriations are made and during
 1-49 the state fiscal biennium for which appropriations are made,
 1-50 adjusted by the average biennial rate of monetary inflation in this
 1-51 state during the same period, as determined under Section 316.002.

1-52 (e) The legislature finds that, for purposes of Section 22,
 1-53 Article VIII, Texas Constitution, the average biennial rate of
 1-54 growth of this state's population during the state fiscal biennium
 1-55 preceding the biennium for which appropriations are made and during
 1-56 the state fiscal biennium for which appropriations are made,
 1-57 adjusted by the average biennial rate of monetary inflation in this
 1-58 state during the same period, is an appropriate measure of the
 1-59 estimated rate of growth of this state's economy.

1-60 (f) For purposes of this subchapter, an appropriation to pay
 1-61 for a rebate of state taxes must be excluded from computations used

2-1 to determine whether appropriations exceed the amount authorized by
2-2 Subsection (b) or (c).

2-3 (g) The Legislative Budget Board shall determine the rates
2-4 described by Subsection (d) using the most recent information
2-5 available from sources the board considers reliable, including the
2-6 United States Bureau of Labor Statistics Consumer Price Index and
2-7 the Texas Demographic Center.

2-8 Sec. 316.002. DUTIES OF LEGISLATIVE BUDGET BOARD.

2-9 (a) Before the Legislative Budget Board transmits [~~submits~~] the
2-10 budget for the next state fiscal biennium as prescribed by Section
2-11 322.008(c), the board shall establish:

2-12 (1) the limit on the rate of growth of appropriations
2-13 of state tax revenues not dedicated by the constitution for that
2-14 state fiscal biennium, as compared to the previous state fiscal
2-15 biennium, by subtracting one from the product of:

2-16 (A) the sum of one and the estimated average
2-17 biennial rate of growth of this state's population during the state
2-18 fiscal biennium preceding the biennium for which appropriations are
2-19 made and during the state fiscal biennium for which appropriations
2-20 are made; and

2-21 (B) the sum of one and the estimated average
2-22 biennial rate of monetary inflation during the state fiscal
2-23 biennium preceding the biennium for which appropriations are made
2-24 and during the state fiscal biennium for which appropriations are
2-25 made; and

2-26 (2) the limit on the rate of growth in consolidated
2-27 general revenue appropriations for that state fiscal biennium, as
2-28 compared to the previous state fiscal biennium, by subtracting one
2-29 from the product of:

2-30 (A) the sum of one and the estimated average
2-31 biennial rate of growth of this state's population during the state
2-32 fiscal biennium preceding the biennium for which appropriations are
2-33 made and during the state fiscal biennium for which appropriations
2-34 are made; and

2-35 (B) the sum of one and the estimated average
2-36 biennial rate of monetary inflation during the state fiscal
2-37 biennium preceding the biennium for which appropriations are made
2-38 and during the state fiscal biennium for which appropriations are
2-39 made [~~the state's economy from the current biennium to the next~~
2-40 ~~biennium;~~

2-41 [~~(2) the level of appropriations for the current~~
2-42 ~~biennium from state tax revenues not dedicated by the constitution;~~
2-43 ~~and~~

2-44 [~~(3) the amount of state tax revenues not dedicated by~~
2-45 ~~the constitution that could be appropriated for the next biennium~~
2-46 ~~within the limit established by the estimated rate of growth of the~~
2-47 ~~state's economy].~~

2-48 (b) Except as provided by Subsection (c), the board shall
2-49 determine for the next state fiscal biennium a limit on the amount
2-50 of:

2-51 (1) appropriations of state tax revenues not dedicated
2-52 by the constitution by multiplying the amount of appropriations of
2-53 state tax revenues not dedicated by the constitution for the then
2-54 current state fiscal biennium by the sum of one and the limit on the
2-55 rate of growth of appropriations of state tax revenues not
2-56 dedicated by the constitution established by the board under
2-57 Subsection (a)(1); and

2-58 (2) consolidated general revenue appropriations by
2-59 multiplying the amount of consolidated general revenue
2-60 appropriations for the then current state fiscal biennium by the
2-61 sum of one and the limit on the rate of growth of consolidated
2-62 general revenue appropriations established by the board under
2-63 Subsection (a)(2) [~~the estimated rate of growth of the state's~~
2-64 ~~economy by dividing the estimated Texas total personal income for~~
2-65 ~~the next biennium by the estimated Texas total personal income for~~
2-66 ~~the current biennium. Using standard statistical methods, the~~
2-67 ~~board shall make the estimate by projecting through the biennium~~
2-68 ~~the estimated Texas total personal income reported by the United~~
2-69 ~~States Department of Commerce or its successor in function].~~

3-1 (c) If the rate determined under Subsection (a)(1) is a
 3-2 negative number, the amount of appropriations of state tax revenues
 3-3 not dedicated by the constitution for the next state fiscal
 3-4 biennium may not exceed the amount of appropriations of state tax
 3-5 revenues not dedicated by the constitution in the current state
 3-6 fiscal biennium. If the rate determined under Subsection (a)(2) is
 3-7 a negative number, the amount of consolidated general revenue
 3-8 appropriations for the next state fiscal biennium may not exceed
 3-9 the amount of consolidated general revenue appropriations in the
 3-10 current state fiscal biennium [~~If a more comprehensive definition~~
 3-11 ~~of the rate of growth of the state's economy is developed and is~~
 3-12 ~~approved by the committee established by Section 316.005, the board~~
 3-13 ~~may use that definition in calculating the limit on~~
 3-14 ~~appropriations].~~

3-15 (d) To ensure compliance with this subchapter and Section
 3-16 22, Article VIII, [Section 22, of the] Texas Constitution, the
 3-17 Legislative Budget Board may not transmit in any form to the
 3-18 governor or the legislature the budget as prescribed by Section
 3-19 322.008(c) or the general appropriations bill as prescribed by
 3-20 Section 322.008(d) until the board adopts:

3-21 (1) the limit on the rate of growth of appropriations
 3-22 of state tax revenues not dedicated by the constitution under
 3-23 Section 316.001(b); and

3-24 (2) the limit on the rate of growth of consolidated
 3-25 general revenue appropriations under Section 316.001(c) [~~has been~~
 3-26 ~~adopted as required by this subchapter].~~

3-27 (e) In the absence of an action by the Legislative Budget
 3-28 Board to adopt the limits [~~a spending limit~~] as provided by this
 3-29 section:

3-30 (1) for purposes of Section 316.001(b):

3-31 (A) [~~in Subsections (a) and (b),~~] the estimated
 3-32 rate of growth in the state's economy from the current fiscal
 3-33 biennium to the next fiscal biennium shall be treated as if it were
 3-34 zero; [~~and~~]

3-35 (B) the amount of state tax revenues not
 3-36 dedicated by the constitution that could be appropriated within the
 3-37 limit established by the estimated rate of growth in the state's
 3-38 economy shall be the same as the level of appropriations for the
 3-39 current fiscal biennium; and

3-40 (2) for purposes of Section 316.001(c):

3-41 (A) the estimated rate of growth in the state's
 3-42 economy from the current fiscal biennium to the next fiscal
 3-43 biennium shall be treated as if it were zero; and

3-44 (B) the amount of consolidated general revenue
 3-45 appropriations that could be appropriated within the limit
 3-46 established by that subsection shall be the same as the level of
 3-47 appropriations for the current fiscal biennium.

3-48 Sec. 316.006. LIMIT ON BUDGET RECOMMENDATIONS. Unless
 3-49 authorized by majority vote of the members of the board from each
 3-50 house, the Legislative Budget Board budget recommendations:

3-51 (1) relating to the proposed appropriations of state
 3-52 tax revenues not dedicated by the constitution may not exceed the
 3-53 limit on appropriations from those sources adopted by the committee
 3-54 under Section 316.005; and

3-55 (2) relating to the proposed consolidated general
 3-56 revenue appropriations may not exceed the limit on appropriations
 3-57 from those sources adopted by the committee under Section 316.005.

3-58 SECTION 2. Section 316.007(a), Government Code, is amended
 3-59 to read as follows:

3-60 (a) The Legislative Budget Board shall include in its budget
 3-61 recommendations:

3-62 (1) the proposed limit of appropriations from state
 3-63 tax revenues not dedicated by the constitution; and

3-64 (2) the proposed limit of consolidated general revenue
 3-65 appropriations.

3-66 SECTION 3. Section 316.008(a), Government Code, is amended
 3-67 to read as follows:

3-68 (a) Unless the legislature adopts a resolution under
 3-69 Section 22, Article VIII, [Section 22(b), of the] Texas

4-1 Constitution, raising the proposed limit on appropriations from
4-2 state tax revenues not dedicated by the constitution, the proposed
4-3 limit is binding on the legislature with respect to all
4-4 appropriations for the next fiscal biennium made from those [state
4-5 tax] revenues [not dedicated by the constitution]. The proposed
4-6 limit on consolidated general revenue appropriations is binding on
4-7 the legislature with respect to all appropriations for the next
4-8 fiscal biennium made from those sources unless the legislature
4-9 adopts a resolution raising the proposed limit that is approved by a
4-10 record vote of three-fifths of the members of each house of the
4-11 legislature. The resolution must find that an emergency exists,
4-12 identify the nature of the emergency, and specify the amount
4-13 authorized. The excess authorized under this subsection may not
4-14 exceed the amount specified in the resolution.

4-15 SECTION 4. The changes in law made by this Act apply only in
4-16 relation to appropriations made for the state fiscal biennium
4-17 beginning September 1, 2019, and subsequent state fiscal bienniums.
4-18 Appropriations for the state fiscal biennium beginning September 1,
4-19 2017, are governed by Sections 316.001, 316.002, 316.006, 316.007,
4-20 and 316.008, Government Code, as those sections existed on December
4-21 1, 2016, and the former law is continued in effect for that purpose.

4-22 SECTION 5. This Act takes effect December 1, 2017.

4-23

* * * * *