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S.B. No. 9

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

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

(1) the general revenue fund in the state treasury;

(2) a dedicated account in the general revenue fund in the state treasury; or

(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.

(b) 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.

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

(d) For purposes of this subchapter, the estimated rate of growth of the state's economy is the average biennial rate of growth of this state's population during the state fiscal biennium

1 preceding the biennium for which appropriations are made and during  
2 the state fiscal biennium for which appropriations are made  
3 adjusted by the average biennial rate of monetary inflation in this  
4 state during the same period, as determined under Section 316.002.

5 (e) The legislature finds that, for purposes of Section 22,  
6 Article VIII, Texas Constitution, the average biennial rate of  
7 growth of this state's population during the state fiscal biennium  
8 preceding the biennium for which appropriations are made and during  
9 the state fiscal biennium for which appropriations are made,  
10 adjusted by the average biennial rate of monetary inflation in this  
11 state during the same period, is an appropriate measure of the  
12 estimated rate of growth of this state's economy.

13 (f) For purposes of this subchapter, an appropriation to pay  
14 for a rebate of state taxes must be excluded from computations used  
15 to determine whether appropriations exceed the amount authorized by  
16 Subsection (b) or (c).

17 (g) The Legislative Budget Board shall determine the rates  
18 described by Subsection (d) using the most recent information  
19 available from sources the board considers reliable, including the  
20 Federal Reserve Bank of Dallas, Bureau of Labor and Statistics'  
21 Consumer Price Index, and the Texas State Data Center.

22 Sec. 316.002. DUTIES OF LEGISLATIVE BUDGET BOARD.

23 (a) Before the Legislative Budget Board transmits [~~submits~~] the  
24 budget for the next state fiscal biennium as prescribed by Section  
25 322.008(c), the board shall establish:

26 (1) the limit on the rate of growth of appropriations  
27 of state tax revenues not dedicated by the constitution for that

1 state fiscal biennium, as compared to the previous state fiscal  
2 biennium, by subtracting one from the product of:

3 (A) the sum of one and the estimated average  
4 biennial rate of growth of this state's population during the state  
5 fiscal biennium preceding the biennium for which appropriations are  
6 made and during the state fiscal biennium for which appropriations  
7 are made; and

8 (B) the sum of one and the estimated average  
9 biennial rate of monetary inflation during the state fiscal  
10 biennium preceding the biennium for which appropriations are made  
11 and during the state fiscal biennium for which appropriations are  
12 made; and

13 (2) the limit in the rate of growth in consolidated  
14 general revenue appropriations for that state fiscal biennium, as  
15 compared to the previous state fiscal biennium, by subtracting one  
16 from the product of:

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

22 (B) the sum of one and the estimated average  
23 biennial rate of monetary inflation during the state fiscal  
24 biennium preceding the biennium for which appropriations are made  
25 and during the state fiscal biennium for which appropriations are  
26 made ~~[the state's economy from the current biennium to the next~~  
27 ~~biennium,~~

1           ~~[(2) the level of appropriations for the current~~  
2 ~~biennium from state tax revenues not dedicated by the constitution,~~  
3 ~~and~~

4           ~~[(3) the amount of state tax revenues not dedicated by~~  
5 ~~the constitution that could be appropriated for the next biennium~~  
6 ~~within the limit established by the estimated rate of growth of the~~  
7 ~~state's economy].~~

8           (b) Except as provided by Subsection (c), the board shall  
9 determine for the next state fiscal biennium a limit on the amount  
10 of:

11           (1) appropriations of state tax revenues not dedicated  
12 by the constitution by multiplying the amount of appropriations of  
13 state tax revenues not dedicated by the constitution for the  
14 then-current state fiscal biennium by the sum of one and the limit  
15 on the rate of growth of appropriations of state tax revenues not  
16 dedicated by the constitution determined by the board under  
17 Subsection (a)(1); and

18           (2) consolidated general revenue appropriations by  
19 multiplying the amount of consolidated general revenue  
20 appropriations for the then current state fiscal biennium by the  
21 sum of one and the limit on the rate of growth of consolidated  
22 general revenue appropriations determined by the board under  
23 Subsection (a)(2) [the estimated rate of growth of the state's  
24 economy by dividing the estimated Texas total personal income for  
25 the next biennium by the estimated Texas total personal income for  
26 the current biennium. Using standard statistical methods, the  
27 board shall make the estimate by projecting through the biennium

1 ~~the estimated Texas total personal income reported by the United~~  
2 ~~States Department of Commerce or its successor in function].~~

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

17       (d) To ensure compliance with this subchapter and Section  
18 22, Article VIII, [~~Section 22, of the~~] Texas Constitution, the  
19 Legislative Budget Board may not transmit in any form to the  
20 governor or the legislature the budget as prescribed by Section  
21 322.008(c) or the general appropriations bill as prescribed by  
22 Section 322.008(d) until the board adopts:

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

26           (2) the limit on the rate of growth of consolidated  
27 general revenue appropriations under Section 316.001(c) [~~has been~~

1 ~~adopted as required by this subchapter].~~

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

5 (1) for purposes of Section 316.001(b):

6 (A) [~~in Subsections (a) and (b),~~] the estimated  
7 rate of growth in the state's economy from the current fiscal  
8 biennium to the next fiscal biennium shall be treated as if it were  
9 zero; i [~~r~~] and

10 (B) the amount of state tax revenues not  
11 dedicated by the constitution that could be appropriated within the  
12 limit established by the estimated rate of growth in the state's  
13 economy shall be the same as the level of appropriations for the  
14 current fiscal biennium; and

15 (2) for purposes of Section 316.001(c):

16 (A) the estimated rate of growth in the state's  
17 economy from the current fiscal biennium to the next fiscal  
18 biennium shall be treated as if it were zero; and

19 (B) the amount of consolidated general revenue  
20 appropriations that could be appropriated within the limit  
21 established by that subsection shall be the same as the level of  
22 appropriations for the current fiscal biennium.

23 Sec. 316.006. LIMIT ON BUDGET RECOMMENDATIONS. Unless  
24 authorized by majority vote of the members of the board from each  
25 house, the Legislative Budget Board budget recommendations:

26 (1) relating to the proposed appropriations of state  
27 tax revenues not dedicated by the constitution may not exceed the

1 limit on appropriations from those sources adopted by the committee  
2 under Section 316.005; and

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

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

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

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

12 (2) the proposed limit of consolidated general revenue  
13 appropriations.

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

16 (a) Unless the legislature adopts a resolution under  
17 Section 22, Article VIII, [Section 22(b), of the] Texas  
18 Constitution, raising the proposed limit on appropriations from  
19 state tax revenues not dedicated by the constitution, the proposed  
20 limit is binding on the legislature with respect to all  
21 appropriations for the next fiscal biennium made from those [state  
22 tax] revenues [not dedicated by the constitution]. The proposed  
23 limit on consolidated general revenue appropriations is binding on  
24 the legislature with respect to all appropriations for the next  
25 fiscal biennium made from those sources unless the legislature  
26 adopts a resolution raising the proposed limit that is approved by a  
27 record vote of three-fifths of the members of each house of the

1 legislature. The resolution must find that an emergency exists,  
2 identify the nature of the emergency, and specify the amount  
3 authorized. The excess authorized under this subsection may not  
4 exceed the amount specified in the resolution.

5 SECTION 4. The changes in law made by this Act apply only,  
6 as applicable, in relation to appropriations made for the state  
7 fiscal biennium beginning September 1, 2017, and subsequent state  
8 fiscal bienniums. Appropriations for the state fiscal biennium  
9 that begins September 1, 2015, are governed by Sections 316.001,  
10 316.002, 316.006, 316.007, and 316.008, Government Code, as those  
11 sections existed on December 1, 2014, and the former law is  
12 continued in effect for that purpose.

13 SECTION 5. This Act takes effect September 1, 2015.