

## **BILL ANALYSIS**

Senate Research Center  
80R8321 JJT-D

S.J.R. 56  
By: Williams  
Finance  
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As Filed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

Currently, the limit on state spending is based on personal income and is typically set at a level that does not significantly constrain spending. From 2004-2005, the rate of increase of personal income was greater than the rate of increase of general revenue spending by 50 percent, and the rate of increase of general revenue spending exceeded the rate of inflation by 38 percent. The current spending limit is based on how much was appropriated in the current biennium from non-dedicated state tax revenue (appropriations from all state taxes excluding gas tax and occupations tax) and multiplying that by the estimated rate of growth in personal income from the current biennium to the next biennium. Also, there are no limits on the amount that is appropriated from certain state funds.

S.J.R. 56 proposes a constitutional amendment to require the comptroller of public accounts to utilize certain formulas in calculating the rate of growth and the limit on the amount of permissible appropriations from all available sources of revenue except the federal government for the next fiscal biennium.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to any state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 22, Article VIII, Texas Constitution, as follows:

Sec. 22. (a) Deletes existing text as it relates to prohibiting the rate of growth of appropriations from state tax revenues, not dedicated by this constitution, from exceeding the estimated rate of growth of the state's economy. Prohibits the rate of growth of appropriations from the state treasury for a fiscal biennium, as compared to the previous fiscal biennium, from all available sources of revenue except the federal government, from exceeding the average rate of growth during the three previous fiscal biennium of population and inflation in this state as estimated by the comptroller of public accounts (comptroller). Requires the comptroller to estimate the rate of growth using a certain formula.

(b) Requires the comptroller, during the first week of each regular legislative session, to specify the limit under this section on the amount of permissible appropriations from all available sources of revenue except the federal government for the next fiscal biennium. Requires the comptroller to determine the limit by multiplying the amount of appropriations for the then-current fiscal by the sum of one plus the comptroller's estimated average rate of growth of population and inflation in this state as determined under Subsection (a) of this section. Deletes existing text requiring the legislature to provide by general law procedures to implement this subsection.

(c) Redesignated from existing Subsection (b). Authorizes the legislature to provide for appropriations in excess of the applicable amount the comptroller specifies under Subsection (b) of this section as the limit on the permissible amount of appropriations, if the legislature by adoption of a resolution approved by a record vote of a majority of the members of each house finds that an

emergency exists and identifies the nature of the emergency. Prohibits the total of the excess appropriations authorized by resolutions approved under this subsection from exceeding the total of the amounts specified in those resolutions. Makes conforming changes.

(d) Redesignated from existing Subsection (c).

SECTION 2. Amends Section 49a, Article III, Texas Constitution, by adding Subsection (c), as follows:

(c) Prohibits a bill containing an appropriation of money from any source except the federal government from being considered as passed and being sent to the governor for consideration until and unless the comptroller endorses on the bill the comptroller's certificate showing that the appropriation does not contravene the limitation on the rate of growth of appropriations imposed by Section 22, Article VIII, of this constitution. Requires the comptroller, when the comptroller finds that a bill contains an appropriation that contravenes the limitation on the rate of growth of appropriations to endorse that finding on the bill, to return the bill to the house from which it originated, and immediately notify the house of representatives and the senate of the finding.

SECTION 3. Adds a temporary provision to the Texas Constitution, as follows:

TEMPORARY PROVISION. (a) Provides that this temporary provision applies to the amendments to Section 22, Article VIII, and Section 49a, Article III, of this constitution regarding a limitation on the rate of growth of appropriations. Provides that this temporary provision expires December 1, 2010.

(b) Provides that changes made to Section 22, Article VIII, and Section 49a, Article III, of this constitution by the amendments apply only in relation to appropriations made for the state fiscal biennium beginning September 1, 2009, and subsequent state fiscal bienniums. Provides that appropriations for the state fiscal biennium that began September 1, 2007, are governed by Section 22, Article VIII, and Section 49a, Article III, as they existed on January 1, 2007.

(c) Provides that in relation to appropriations made for the state fiscal biennium beginning September 1, 2009, and subsequent state fiscal bienniums, the changes made to Section 22, Article VIII, of this constitution by the amendments invalidate conflicting or inconsistent general laws of this state, including Sections 316.001 through 316.008, Government Code, as that law existed on January 1, 2007.

SECTION 4. Requires this proposed constitutional amendment to be submitted to the voters at an election to be held November 6, 2007. Sets forth the required language for the ballot.