

BILL ANALYSIS

S.B. 1336
By: Hancock
Appropriations
Committee Report (Unamended)

BACKGROUND AND PURPOSE

State law provides for a limit on the increase in appropriation of state sales tax revenue that is not constitutionally dedicated for a particular purpose. It has been suggested that this spending limit is insufficient and not a true representation of state spending. S.B. 1336 seeks to remedy this by creating an additional spending limit that is applicable to consolidated general revenue appropriations, which the bill defines as appropriations from general revenue, general revenue-dedicated funds, and general revenue-related funds.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

S.B. 1336 amends the Government Code to establish an additional state spending limit that is applicable to consolidated general revenue appropriations, defined by the bill as appropriations from the general revenue fund, general revenue-dedicated funds, and general revenue-related funds.

S.B. 1336 limits the rate of growth of these consolidated general revenue appropriations in a state fiscal biennium to the estimated average rate of population growth during the biennium preceding the biennium for which appropriations are made and during the biennium for which appropriations are made, adjusted by the estimated average biennial rate of monetary inflation in Texas during the same period. The bill excludes the following from computations used to determine whether appropriations exceed that limit:

- an appropriation for a purpose that provides tax relief; or
- an appropriation to pay costs associated with recovery from a disaster declared by the governor under the Texas Disaster Act of 1975.

The bill requires the Legislative Budget Board (LBB) to determine the rates used to calculate the spending limit using the most recent information available from sources the LBB considers reliable, including the U.S. Bureau of Labor Statistics Consumer Price Index and the Texas Demographic Center.

S.B. 1336 revises the actions the LBB must take before transmitting the budget for the next state fiscal biennium to account for the determination of the additional spending limit. The bill provides that if, when determining the limit on consolidated general revenue appropriations, the

rate calculated is a negative number, the amount of those appropriations for the next biennium may not exceed the amount in the current biennium.

S.B. 1336 requires the LBB to include the proposed limit on consolidated general revenue appropriations in its budget recommendations and prohibits LBB budget recommendations relating to those appropriations from exceeding the adopted limit unless authorized by majority vote of LBB members from each house. In the absence of LBB action to adopt limits for purposes of the rate of growth of consolidated general revenue appropriations, the following apply:

- the estimated average biennial rates of growth of Texas' population and of monetary inflation must be treated as if they were zero; and
- the amount of consolidated general revenue appropriations that could be appropriated within the limit established must be the same as the amount of those appropriations for the current state fiscal biennium.

S.B. 1336 establishes that the proposed limit on consolidated general revenue appropriations is binding on the legislature with respect to all appropriations for the next state fiscal biennium made from those sources unless the legislature adopts a resolution raising the proposed limit that is approved by a record vote of three-fifths of the members of each house of the legislature. The resolution must find that an emergency exists, identify the nature of the emergency, and specify the amount authorized. The excess amount authorized may not exceed the amount specified in the resolution.

S.B. 1336 applies only in relation to appropriations made for the 2024-2025 state fiscal biennium and subsequent bienniums.

EFFECTIVE DATE

September 1, 2021.