Spending Limit Update

PRESENTED TO HOUSE APPROPRIATIONS COMMITTEE

LEGISLATIVE BUDGET BOARD STAFF

JULY 2022
Compliance with Constitutional Limitations

2022-23 GR Appropriations are within both the Article III, Section 49a Pay-as-you-go Limit and the Article VIII, Section 22 Tax Spending Limit

<table>
<thead>
<tr>
<th>Remaining General Revenue Spending Authority (in billions)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Pay-as-you-go Limit</td>
<td>$12.0</td>
</tr>
<tr>
<td>Tax Spending Limit</td>
<td>$3.6</td>
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</tbody>
</table>
Consolidated General Revenue Limit

- 87th Legislature created a new statutory “Consolidated General Revenue Appropriations” limit
- First applies to 2024-25 appropriations
- Limits the biennial growth of CGR appropriations to the estimated compounded growth of state population and monetary inflation
- Exempts appropriations for a purpose that provides tax relief or to pay costs associated with recovery from a disaster declared by the governor
- Limit may be exceeded with a 3/5th vote in both chambers for an emergency
Growth Rate Comparison

Texas Growth Rates

- Personal Income
- Population * Inflation

Source: Moody's Analytics
Spending Limit Timeline

- **October 2022** - LBB staff gathers forecasts of personal income, population, and inflation.

- **November/December 2022** – LBB holds public hearing to adopt growth rate estimates for TS and CGR limits.

- **January 2023** – Comptroller releases BRE and sets Pay As You Go limit.

- **May 2023** – Supplemental bills and GAA must fit under all 3 limits for 2022-23 and 2024-25 biennia.
Contact the LBB
Legislative Budget Board
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512.463.1200