



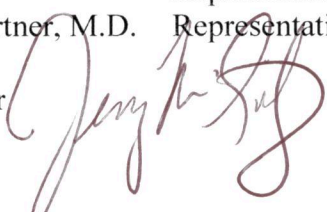
## LEGISLATIVE BUDGET BOARD

Robert E. Johnson Bldg.  
1501 N. Congress Ave. - 5th Floor  
Austin, TX 78701

512/463-1200  
Fax: 512/475-2902  
<http://www.lbb.state.tx.us>

## MEMORANDUM

**TO:** Lt. Governor Dan Patrick  
Senator Brandon Creighton  
Senator Joan Huffman  
Senator Lois Kolkhorst  
Senator Charles Schwertner, M.D.  
Speaker Dale Phelan  
Representative Greg Bonnen, M.D.  
Representative Mary Gonzalez  
Representative Morgan Meyer  
Representative Armando Walle

**FROM:** Jerry McGinty, Director 

**DATE:** November 22, 2022

**SUBJECT:** November 30, 2022 LBB Meeting: Growth Rates & Technical Memorandum for Publication in the *Texas Register*

The Legislative Budget Board is scheduled to meet on November 30, 2022 at 2:00 PM in the Senate Finance Committee Hearing Room, Capitol Extension Room E1.036. During this meeting, the Board will review and consider the items of information necessary to establish the Article VIII constitutional tax spending limit on appropriations from tax revenue not dedicated by the Constitution and the consolidated general revenue spending limit, created by Senate Bill 1336, 87th Regular Session, for the 2024-25 biennium. The agenda for this meeting is attached.

Section 316.002 of the Government Code defines the growth rate for the tax spending limit as the estimated rate of growth in Texas personal income. Additionally, for the consolidated general revenue limit, the growth rate is defined as the average growth in population and inflation during the current and next biennia. In preparation of the meeting, our staff has compiled various personal income, population, and inflation growth rates. These growth rates will be updated if additional information becomes available before the meeting. Please note that Texas A&M does not forecast population and the Texas Demographic Center does not forecast personal income or inflation.

<b>Estimated Growth Rate in Texas Personal Income from the 2022-23 Biennium to the 2024-25 Biennium</b>		
<b>Source of Forecast</b>	<b>Personal Income</b>	<b>Date of Forecast</b>
Moody's Analytics New York City, NY	14.57%	November 2022
Perryman Group Waco, Texas	10.22%	November 2022
S&P Global New York City, NY	10.04%	November 2022
Texas A&M University, Department of Economics College Station, Texas	14.19%	November 2022
Texas Comptroller of Public Accounts Austin, Texas	9.48%	November 2022

<b>Average Growth of Texas Population and Inflation during the 2022-23 Biennium and the 2024-25 Biennium</b>				
<b>Source of Forecast</b>	<b>Population</b>	<b>Inflation</b>	<b>Compounded Population and Inflation</b>	<b>Date of Forecast</b>
Moody's Analytics New York City, NY	2.33%	9.38%	11.93%	November 2022
Perryman Group Waco, Texas	2.07%	9.84%	12.11%	November 2022
S&P Global New York City, NY	2.38%	9.72%	12.33%	November 2022
Texas A&M University, Department of Economics College Station, Texas	N/A	10.17%	N/A	November 2022
Texas Comptroller of Public Accounts Austin, Texas	2.38%	9.55%	12.15%	November 2022
Texas Demographic Center San Antonio, Texas	2.62%	N/A	N/A	November 2022

November 22, 2022

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Attached to this memo is historical information related to growth rates for the Article VIII constitutional tax spending limit, comparing the actual growth rate of Texas personal income to the growth rate adopted by the LBB in establishing the Article VIII Limit. The table also includes personal income growth rate estimates from various economic forecasters presented to the LBB for consideration at the time of each public hearing on the Article VIII Limit. The graph compares the various growth rate estimates considered by the LBB with the adopted and actual growth rates from 1994-95 to 2022-23.

Also attached is the technical memorandum that is to be published, as required by Section 316.003 of the Government Code, in the November 25th issue of the *Texas Register*. The memorandum explains the methodology and sources used to calculate the items of information necessary to establish the Article VIII tax spending limit and the consolidated general revenue spending limit.

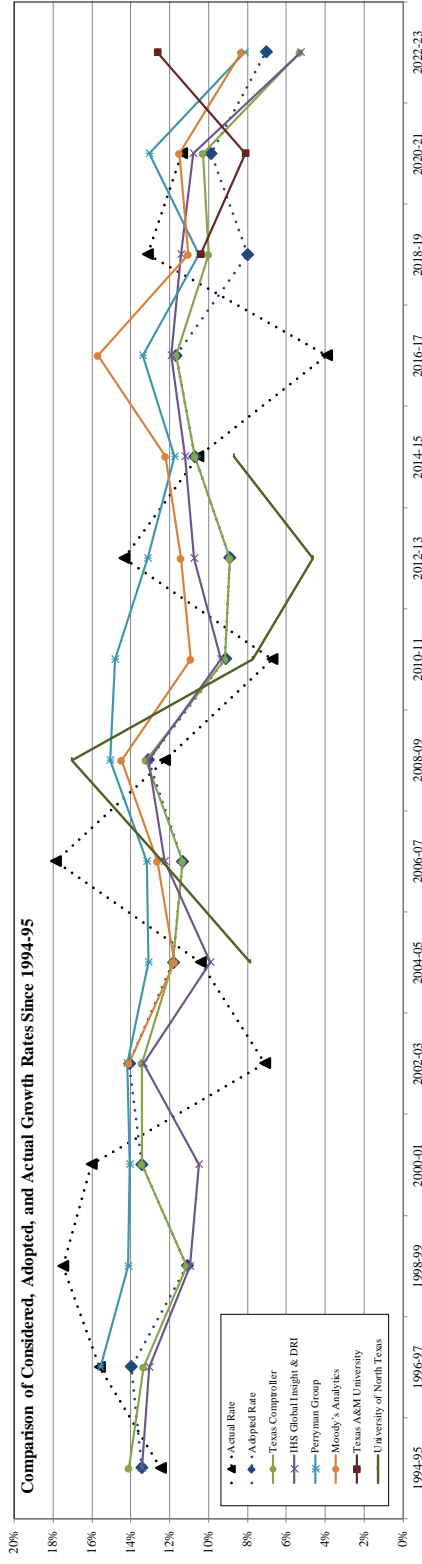
If you have any questions about the upcoming meeting, please do not hesitate to call me at (512) 463-1043.

Attachment

cc:	Mike Morrissey	Andrew Blifford
	Joaquin Guadarrama	Sallie Bentley
	Sean Opperman	Cameron Cocke
	Stacey Gilliam	Brigitt Hartin
	Tara Clements	JJ Garza
	Chris Steinbach	Nicholas Wat
	Drew Graham	Cara Santucci
	Nora Velasco	Aaron Henricksen
	Julie Lindsey	Stewart Shallow
	Gina Sweetin	Scott Dudley
	Central Files	Kevin Kavanaugh
		Brendon Riggs

**Historical Personal Income Growth Rate Estimates  
Considered by the Legislative Budget Board for the Article VIII Limit**

LBB Meeting Date	11/24/80	11/20/82	11/08/84	11/05/86	10/20/88	11/07/90	11/11/92	11/22/94	11/20/96	11/19/98	11/29/00	11/25/02	11/17/04	01/11/07	11/14/08	11/15/10	11/15/12	12/01/14	12/01/16	01/11/19	12/30/20
Bicennium	1982-83	1984-85	1986-87	1988-89	1990-91	1992-93	1994-95	1996-97	1998-99	2000-01	2002-03	2004-05	2006-07	2008-09	2010-11	2012-13	2014-15	2016-17	2018-19	2020-21	2022-23
Adopted Rate	33.00%	28.60%	18.50%	None Adopted			13.43%	13.98%	11.12%	13.44%	14.09%	11.83%	13.11%	9.14%	8.92%	10.71%	11.68%	8.00%	9.89%	7.06%	
Actual Rate	25.75%	17.23%	8.67%	9.44%	14.11%	13.74%	12.46%	15.59%	17.50%	16.02%	7.12%	10.40%	17.89%	12.25%	14.37%	10.53%	3.94%	13.15%	11.37%		Note (1)
Economic Forecasts Presented to the LBB for Consideration:																					
Comptroller of Public Accounts	16.89%	12.40%	15.80%	15.14%	14.08%	13.35%	11.12%	13.44%	13.42%	11.83%	11.34%	13.22%	9.14%	8.92%	10.71%	11.68%	9.99%	10.29%	5.30%		
WEFA Group	27.11%	23.55%	16.77%	13.10%	13.81%	12.25%	11.54%	13.14%	13.15%	13.70%	13.81%	12.25%	11.54%	13.14%	13.15%	13.44%	13.35%				
DRU/McGraw-Hill	28.45%	24.49%	14.10%	10.60%	14.11%	13.43%	13.05%	10.97%	10.49%	13.35%	9.90%	12.26%	13.11%	9.38%	10.74%	11.21%	11.93%	11.44%	10.78%	5.27%	
IHS Markit																					
UT Business Research																					
Moody's Analytics																					
Perryman Group																					
Texas A&M, Department of Economics																					
UNT, Center for Economic Development & Research																					



**NOTES:**

- Historical growth rates are based on data from the U.S. Bureau of Economic Analysis as of September 30, 2022. Actual 2022-23 growth is not yet known.
- In 1999, WEFA group and DRI/McGraw-Hill merged into DRI-WEFA. DRI-WEFA changed its name to Global Insight in October of 2002. In October 2008, Global Insight became IHS Global Insight and then became IHS in 2016. For comparison purposes, the chart above includes DRI/McGraw-Hill's forecasts from 1994-95 through 2002-03 with its successor - IHS Markit. Subsequently, IHS was acquired by S&P Global in 2022.