



LEGISLATIVE BUDGET BOARD

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MEMORANDUM

TO: Lt. Governor Dan Patrick
Senator Kelly Hancock
Senator Joan Huffman
Senator Bryan Hughes
Senator Jane Nelson
Speaker Dennis Bonnen
Representative Drew Darby
Representative Ken King
Representative Oscar Longoria
Representative John Zerwas

FROM: John McGeady, Assistant Director Sarah Keyton, Assistant Director
Stewart Shallow, Senior Analyst and Counselor

DATE: January 11, 2019

SUBJECT: 2018-19 Article VIII Spending Limit Update

In accordance with the instructions contained in the Legislative Budget Board's December 1, 2016 motion, LBB staff has updated the 2018-19 Article VIII spending limit calculation to account for fiscal year 2019 revenue updates in the Comptroller's January 2019 *Biennial Revenue Estimate*.

Updating fiscal year 2019 revenue estimates and estimated appropriations increased 2018-19 spending capacity under the spending limit because a smaller portion of the 2018-19 General Revenue budget is financed with tax revenue subject to the limit than previously estimated.

Specifically, 2018-19 appropriations funded with revenue subject to the spending limit decreased from \$91.5 billion to \$91.2 billion. As a result, 2018-19 appropriations subject to the spending limit are \$8.4 billion below the 2018-19 spending limit of \$99.7 billion. An additional \$10.4 billion could be appropriated from the General Revenue Fund during the 2018-19 biennium before reaching the spending limit because the General Revenue Fund is financed with both revenue subject to the spending limit and revenue not subject to the spending limit. This analysis does not consider possible fiscal year 2019 supplemental appropriations. Please see the following table for additional information.

2018-19 Spending Limit Update	November 2018 (in \$ millions)	January 2019 (in \$ millions)
Spending Limit	\$99,672.9	\$99,672.9
Appropriations Subject to Spending Limit	\$91,483.0	\$91,237.3
Below Spending Limit by	\$8,189.9	\$8,435.6
Spending Limit - Remaining GR Spending Authority	\$10,269.7	\$10,408.2

This estimate of 2018-19 appropriations subject to the limit, \$91.2 billion, will serve as the 2018-19 base for the 2020-21 limit calculation that will be discussed at the January 11, 2019 LBB meeting. If you have any questions, please call us at (512) 463-1200.

cc: Mike Morrissey	Andrew Blifford
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