

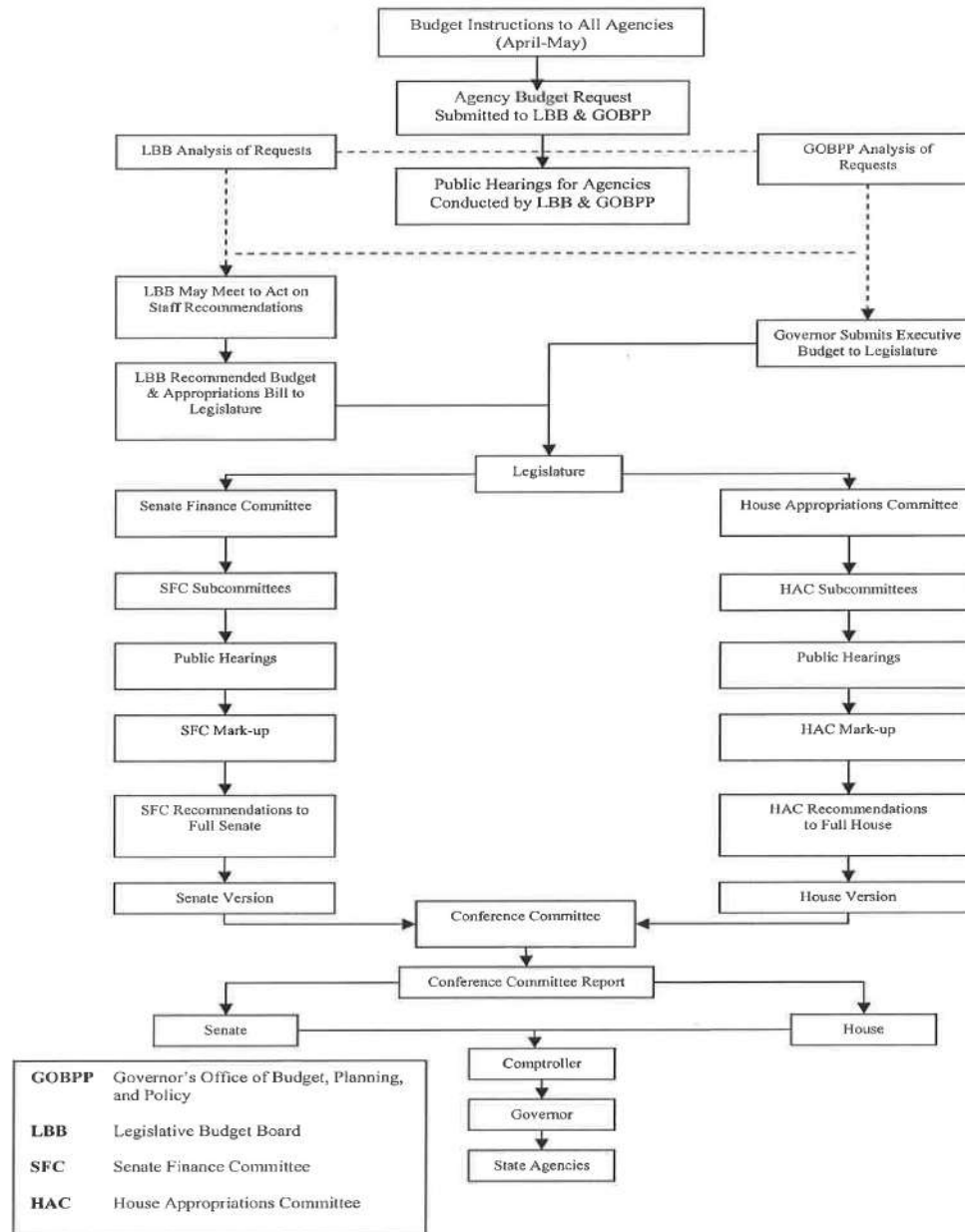
# **The Law of Appropriations**

September 25, 2012

# Overview:

- Key constitutional provisions
- Structure
- Other statutory and constitutional provisions

# Texas Biennial Budget Cycle



# **Article 8. Section 6.**

## **Taxation and Revenue**

Sec. 6. WITHDRAWAL OF MONEY FROM TREASURY; DURATION OF APPROPRIATION.

No money shall be drawn from the Treasury but in pursuance of specific appropriations made by law; nor shall any appropriation of money be made for a longer term than two years.

(Amended Nov. 2, 1999.) (TEMPORARY TRANSITION PROVISIONS for Sec. 6: See Appendix, Note 1.)

# Article 16. Section 6.

## General Provisions

Sec. 6. APPROPRIATIONS FOR PRIVATE PURPOSES; STATE PARTICIPATION IN PROGRAMS FINANCED WITH PRIVATE OR FEDERAL FUNDS FOR REHABILITATION OF BLIND, CRIPPLED, OR PHYSICALLY OR MENTALLY HANDICAPPED PERSONS.

- (a) No appropriation for private or individual purposes shall be made, unless authorized by this Constitution. A regular statement, under oath, and an account of the receipts and expenditures of all public money shall be published annually, in such manner as shall be prescribed by law.

# Article 3. Section 49(a).

## Legislative Department

Sec. 49a. FINANCIAL STATEMENT AND ESTIMATE BY COMPTROLLER OF PUBLIC ACCOUNTS;  
LIMITATION OF APPROPRIATIONS.

- (a) It shall be the duty of the Comptroller of Public Accounts in advance of each Regular Session of the Legislature to prepare and submit to the Governor and to the Legislature upon its convening a statement under oath showing fully the financial condition of the State Treasury at the close of the last fiscal period and an estimate of the probable receipts and disbursements for the then current fiscal year. There shall also be contained in said statement an itemized estimate of the anticipated revenue based on the laws then in effect that will be received by and for the State from all sources showing the fund accounts to be credited during the succeeding biennium and said statement shall contain such other information as may be required by law. Supplemental statements shall be submitted at any Special Session of the Legislature and at such other times as may be necessary to show probable changes.
- (b) Except in the case of emergency and imperative public necessity and with a four-fifths vote of the total membership of each House, no appropriation in excess of the cash and anticipated revenue of the funds from which such appropriation is to be made shall be valid. No bill containing an appropriation shall be considered as passed or be sent to the Governor for consideration until and unless the Comptroller of Public Accounts endorses his certificate thereon showing that the amount appropriated is within the amount estimated to be available in the affected funds. When the Comptroller finds an appropriation bill exceeds the estimated revenue he shall endorse such finding thereon and return to the House in which same originated. Such information shall be immediately made known to both the House of Representatives and the Senate and the necessary steps shall be taken to bring such appropriation to within the revenue, either by providing additional revenue or reducing the appropriation.

(Added Nov. 3, 1942; amended Nov. 2, 1999.) (TEMPORARY TRANSITION PROVISIONS for Sec. 49a: See Appendix, Note 1.)

# Article 8. Section 22.

## Taxation and Revenue

### Sec. 22. RESTRICTION ON APPROPRIATIONS.

- (a) In no biennium shall the rate of growth of appropriations from state tax revenues not dedicated by this constitution exceed the estimated rate of growth of the state's economy. The legislature shall provide by general law procedures to implement this subsection.
- (b) 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, the legislature may provide for appropriations in excess of the amount authorized by Subsection (a) of this section. The excess authorized under this subsection may not exceed the amount specified in the resolution.
- (c) In no case shall appropriations exceed revenues as provided in Article III, Section 49a, of this constitution. Nothing in this section shall be construed to alter, amend, or repeal Article III, Section 49a, of this constitution.

(Added Nov. 7, 1978.)

# Structure



# Governor

- Gov't Code 401.041 – Governor is Chief Budget Officer of state.
- Gov't Code 401.042 – Governor and LBB prepare Legislative Appropriation Request forms.
- Gov't Code 401.043 – Governor (or designee) conducts budget hearings.
- Gov't Code 401.0445 – Governor shall prepare biennial appropriation budget. Budget must show level of appropriation for current year, two previous years as well as the 2 years of upcoming biennium.
- Gov't Code 401.048 – References to biennial budget means annual budget if constitution is ever amended to provide for annual budget sessions.
- 401 Subchapter D – Governor's Emergency Appropriations. Governor has expanded appropriation authority upon certification of emergency under OBRA. (See also Gov code Chapter 418 (Emergency Management).)
- Gov't Code 401.105 – Governor designates state agencies to administer federal funds under certain federal programs.
- Gov't Code Chapter 751 – Office of State Federal Relations

# GENERAL APPROPRIATIONS ACT FOR THE 2012-13 BIENNIUM

## COMMISSION ON STATE EMERGENCY COMMUNICATIONS

For the Years Ending	
August 31,	August 31,
<u>2012</u>	<u>2013</u>

**Method of Financing:**

General Revenue Fund - Dedicated

Commission on State Emergency Communications Account No. 5007	\$ 13,760,800	\$	11,549,851
911 Service Fees Account No. 5050 <sup>1</sup>	40,628,443		46,032,838
Subtotal, General Revenue Fund - Dedicated	<u>\$ 54,389,243</u>	<u>\$</u>	<u>57,582,689</u>

Federal Funds	2,556,510		UB
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<sup>1</sup> Incorporates \$2,821,188 in FY 2012 and \$8,901,236 in FY 2013 out of General Revenue-Dedicated 911 Service Fees Account No. 5050 in Strategy A.1.1, 911 Network Operations and Equipment Replacement that was previously included in "Supplemental Appropriations Made in Riders" relating to Rider 10 for contingent revenue.

**COMMISSION ON STATE EMERGENCY COMMUNICATIONS**

(Continued)

Appropriated Receipts	240,000	240,000
<b>Total, Method of Financing</b>	<b>\$ 57,185,753</b>	<b>\$ 57,822,689</b>

**This bill pattern represents an estimated 100% of this agency's estimated total available funds for the biennium.**

<b>Number of Full-Time-Equivalents (FTE):</b>	25.0	25.0
<b>Schedule of Exempt Positions:</b>		
Executive Director, Group 2	\$90,750	\$90,750

**Items of Appropriation:**  
**A. Goal: STATEWIDE 9-1-1 SERVICES**  
 Planning & Development, Provision & Enhancement of 9-1-1 Service.

<b>A.1.1. Strategy: 9-1-1 NTKW OPER &amp; EQUIP REPLACEMENT<sup>2</sup></b>	\$ 46,384,885	\$ 49,669,791
9-1-1 Network Operations and Equipment Replacement.		
<b>A.1.2. Strategy: NEXT GEN 9-1-1 IMPLEMENTATION</b>	\$ 2,556,510	\$ UB
<b>A.1.3. Strategy: CSEC 9-1-1 PROGRAM ADMINISTRATION</b>	\$ 717,590	\$ 725,338
<b>Total, Goal A: STATEWIDE 9-1-1 SERVICES</b>	<b>\$ 49,658,985</b>	<b>\$ 50,395,129</b>

**B. Goal: POISON CONTROL SERVICES**  
 Maintain High Quality Poison Control Services in Texas.

<b>B.1.1. Strategy: POISON CALL CENTER OPERATIONS</b>	\$ 5,479,230	\$ 5,367,144
<b>B.1.2. Strategy: STATEWIDE POISON NETWORK OPERATIONS</b>	\$ 979,110	\$ 983,592
<b>B.1.3. Strategy: CSEC POISON PROGRAM MANAGEMENT</b>	\$ 193,371	\$ 201,753
<b>Total, Goal B: POISON CONTROL SERVICES</b>	<b>\$ 6,651,711</b>	<b>\$ 6,552,489</b>

**C. Goal: INDIRECT ADMINISTRATION**  
**C.1.1. Strategy: INDIRECT ADMINISTRATION**

	\$ 875,057	\$ 875,071
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<b>Grand Total, COMMISSION ON STATE EMERGENCY COMMUNICATIONS</b>	<b>\$ 57,185,753</b>	<b>\$ 57,822,689</b>
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**Object-of-Expense Informational Listing:**

Salaries and Wages	\$ 1,515,456	\$ 1,515,456
Other Personnel Costs	41,140	41,500
Professional Fees and Services	54,114	54,125
Consumable Supplies	8,062	8,060
Utilities	147,282	149,400
Travel	49,968	65,738
Rent - Building	4,536	4,540
Rent - Machine and Other	5,634	5,640
Other Operating Expense	938,936	941,295
Grants	51,864,115	55,036,935
Capital Expenditures	2,556,510	0

<b>Total, Object-of-Expense Informational Listing</b>	<b>\$ 57,185,753</b>	<b>\$ 57,822,689</b>
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**Estimated Allocations for Employee Benefits and Debt Service Appropriations Made Elsewhere in this Act:**

<u>Employee Benefits</u>		
Retirement	\$ 83,854	\$ 90,842
Group Insurance	165,166	178,331
Social Security	108,306	108,306

<sup>2</sup> Incorporates \$2,821,188 in FY 2012 and \$8,901,236 in FY 2013 out of General Revenue-Dedicated 911 Service Fees Account No. 5050 in Strategy A.1.1, 911 Network Operations and Equipment Replacement that was previously included in "Supplemental Appropriations Made in Riders" relating to Rider 10 for contingent revenue.

**COMMISSION ON STATE EMERGENCY COMMUNICATIONS**  
(Continued)

Benefits Replacement	2,964	2,772
Subtotal, Employee Benefits	\$ 360,290	\$ 380,251
<u>Debt Service</u>		
Lease Payments	\$ 8,194	\$ 4,161
<b>Total, Estimated Allocations for Employee Benefits and Debt Service Appropriations Made Elsewhere in this Act</b>	<b>\$ 368,484</b>	<b>\$ 384,412</b>

1. **Performance Measure Targets.** The following is a listing of the key performance target levels for the Commission on State Emergency Communications. It is the intent of the Legislature that appropriations made by this Act be utilized in the most efficient and effective manner possible to achieve the intended mission of the Commission on State Emergency Communications. In order to achieve the objectives and service standards established by this Act, the Commission on State Emergency Communications shall make every effort to attain the following designated key performance target levels associated with each item of appropriation.

	<u>2012</u>	<u>2013</u>
<b>A. Goal: STATEWIDE 9-1-1 SERVICES</b>		
<b>Outcome (Results/Impact):</b>		
Percentage of Time Wireline ALI System is Operational	99.5%	99.5%
<b>A.1.1. Strategy: 9-1-1 NTWK OPER &amp; EQUIP REPLACEMENT</b>		
<b>Output (Volume):</b>		
Number of 9-1-1 Calls Received by State Program Public Safety Answering Points (PSAPs)	7,676,607	7,837,816
<b>B. Goal: POISON CONTROL SERVICES</b>		
<b>Outcome (Results/Impact):</b>		
Percentage of Time the Texas Poison Control Managed Services are Available	99.5%	99.5%
<b>B.1.1. Strategy: POISON CALL CENTER OPERATIONS</b>		
<b>Output (Volume):</b>		
Total Number of Poison Control Calls Processed Statewide	396,201	408,872
<b>Efficiencies:</b>		
Average Cost per Poison Call Processed	16.3	15.53

2. **Capital Budget.** None of the funds appropriated above may be expended for capital budget items except as listed below. The amounts shown below shall be expended only for the purposes shown and are not available for expenditure for other purposes.

	<u>2012</u>	<u>2013</u>
a. Acquisition of Information Resource Technologies		
(1) Next Generation 9-1-1	\$ 2,556,510	\$ UB
Total, Capital Budget	\$ 2,556,510	\$ UB
Method of Financing (Capital Budget):		
Federal Funds	\$ 2,556,510	\$ UB
Total, Method of Financing	\$ 2,556,510	\$ UB

3. **Equipment Replacement.** None of the funds appropriated above to Strategy A.1.1, 9-1-1 Network Operations and Equipment Replacement, may be used to replace or fund a reserve for future replacement of 9-1-1 equipment. The Commission on State Emergency Communications shall develop and submit a 10-year equipment replacement schedule to the Legislative Budget Board and the Governor's Office not later than November 1, 2011. The Commission on State Emergency Communications may modify the schedule as necessary during the biennium, due to changing conditions resulting in equipment failure that affects public safety, and shall notify the Legislative Budget Board and the Governor's Office of such modifications.

# Comptroller

- Gov't Code Section 403
  - Sec. 403.011 – GENERAL POWERS
  - (a) The comptroller shall:
    - (1) obtain a seal with "Comptroller's Office, State of Texas" engraved around the margin and a five-pointed star in the center, to be used as the seal of the office to authenticate official acts, except warrants drawn on the state treasury;
    - (2) adopt regulations the comptroller considers essential to the speedy and proper assessment and collection of state revenues;
    - (3) supervise, as the sole accounting officer of the state, the state's fiscal concerns and manage those concerns as required by law;
    - (4) require all accounts presented to the comptroller for settlement not otherwise provided for by law to be made on forms that the comptroller prescribes;
    - (5) prescribe and furnish the form or electronic format to be used in the collection of public revenue;
    - (6) prescribe the mode and manner of keeping and stating of accounts of persons collecting state revenue;
    - (7) prescribe forms or electronic formats of the same class, kind, and purpose so that they are uniform in size, arrangement, matter, and form;
    - (8) require each person receiving money or managing or having disposition of state property of which an account is kept in the comptroller's office periodically to render statements of the money or property to the comptroller;
    - (9) require each person who has received and not accounted for state money to settle the person's account;
    - (10) keep and settle all accounts in which the state is interested;
    - (11) examine and settle the account of each person indebted to the state, verify the amount or balance, and direct and supervise the collection of the money;
    - (12) audit claims against the state the payment of which is provided for by law, unless the audit is otherwise specially provided for;
    - (13) determine the method for auditing claims against the state in a cost-effective manner, including the use of stratified and statistical sampling techniques in conjunction with automated edits;
    - (14) maintain the necessary records and data for each approved claim against the state so that an adequate audit can be performed and the comptroller can submit a report to each house of the legislature, upon request, stating the name and amount of each approved claim;
    - (15) keep and state each account between the state and the United States;

# Comptroller

– Sec. 403.011 – GENERAL POWERS (*continued*)

- (16) keep journals through which all entries are made in the ledger;
  - (17) draw warrants on the treasury for payment of all money required by law to be paid from the treasury on warrants drawn by the comptroller;
  - (18) suggest plans for the improvement and management of the general revenue; and
  - (19) preserve the books, records, papers, and other property of the comptroller's office and deliver them in good condition to the successor to that office.
- (b) The comptroller may solicit, accept, or refuse a gift or grant of money, services, or property on behalf of the state for any public purpose related to the office or duties of the comptroller.

Acts 1987, 70th Leg., ch. 147, Sec. 1, eff. Sept. 1, 1987.  
Amended by Acts 1989, 71st Leg., ch. 108, Sec. 4, eff. Sept. 1, 1989; Acts 1997, 75th Leg., ch. 1423, Sec. 7.03, eff. Sept. 1, 1997; Acts 1999, 76th Leg., ch. 1467, Sec. 1.12, eff. June 19, 1999.

– Sec. 403.0131. APPROPRIATION CERTIFICATION.

- (a) Not later than the 10th day, excluding Sundays, after the date on which an act making an appropriation is reported enrolled by the house of origin, the comptroller shall complete the evaluation and certification of the appropriation required by Section 49a(b), Article III, Texas Constitution.
- (b) As soon as practical after the comptroller certifies the appropriations made by the legislature in a regular or special session, the comptroller shall prepare a summary table that details the basis for the certification of all major funds. The table must be similar in format and detail to the summary tables of the major fund estimates published in the comptroller's biennial revenue estimate and must include the biennial appropriations from all major funds. The comptroller shall deliver a copy of each table prepared under this section to the governor, the lieutenant governor, the speaker of the house of representatives, each member of the legislature, and the Legislative Budget Board.

Added by Acts 1999, 76th Leg., ch. 281, Sec. 2, eff. Sept. 1, 1999. Amended by Acts 2003, 78th Leg., 3rd C.S., ch. 3, Sec. 24.01, eff. Jan. 11, 2004.

# Comptroller

- Sec 403.037
  - Legislative Budget Board may change Attorney General’s certification as to which state account settlement proceeds should be credited.
  
- 403 Subchapter M
  - Study of school district property values.

# Legislative Budget Board

- Gov't Code 322
  - 10 members – co-chaired by Lt. Governor and Speaker
  - Shall prepare appropriation bill for introduction not later than 5<sup>th</sup> day after legislature convenes
  - Charged to do various reports, evaluations and performance reviews
- Gov't Code 314 – Fiscal Notes & Cost Projections
  - LBB shall prepare a fiscal note for each bill that authorizes or requires expenditure of state funds. Estimate must cover five year time period. Once attached, estimate remains with bill until it reaches governor's desk.
- Gov't Code 316 – Rate of Growth in Appropriations
  - Rate of growth in appropriations from state tax revenues dedicated by the constitution may not exceed the rate of growth in the state's economy.



# State Auditor (SAO)

- Gov't code chapter 321
  - 321.002 – Legislative Audit Committee is 6 members, co-chaired by Lt. Governor and Speaker with 4 other members of the legislature
  - 321.001 – “Audit Plan” outlines work of SAO; must be approved by Legislative Audit Committee
  - 321.013 – Powers and duties of state auditor include:
    - Financial audits
    - Compliance audits
    - Investigations
    - Economy and efficiency audits
    - Effectiveness audits
    - Special audits
  - 321.014 – Audit reports
    - State auditor is required to produce written report for audit conducted
  - 321.0161 – Gross mismanagement of evidence allows expansion of audit scope
  - 321.018 – Subpoenas
    - Audit committee may issue subpoena at request of state auditor

# **Other Statutory and Constitutional Provisions**

# Other Provisions

- Gov't code chapter 317 – Budget Execution
  - Governor or LBB may propose a state agency be prohibited from obligating spending or distributing all or part of an appropriation.
  - May transfer funds between agencies
  - May change timing for distribution of appropriation
  - Budget execution accomplished by written order agreed to by governor and LBB
  - Budget execution action not available while legislature in session
- Gov't code chapter 1231 – Bond Review Board
  - Governor, Lt. Governor, Comptroller and Speaker (non voting) provides debt issuance policies, guidelines, analysis and reporting
- Gov't code chapter 2056 – Strategic Planning Process
- Gov't code 316.041
  - Legislature may adjust fees in General Appropriation Act
- Opinion MW-389
  - “It is well established that a rider to a general appropriations act is valid if its only effect is to ‘detail, limit, or restrict the use of the funds...therein appropriated.’ (Attorney General Opinion V-1253 (1951).) A rider may not, however, modify or amend an existing general law.”

# Article 3. Section 5.

## Legislative Department

### Sec. 5. MEETINGS; ORDER OF BUSINESS.

- (a) The Legislature shall meet every two years at such time as may be provided by law and at other times when convened by the Governor.
- (b) When convened in regular Session, the first thirty days thereof shall be devoted to the introduction of bills and resolutions, acting upon emergency appropriations, passing upon the confirmation of the recess appointees of the Governor and such emergency matters as may be submitted by the Governor in special messages to the Legislature. During the succeeding thirty days of the regular session of the Legislature the various committees of each House shall hold hearings to consider all bills and resolutions and other matters then pending; and such emergency matters as may be submitted by the Governor. During the remainder of the session the Legislature shall act upon such bills and resolutions as may be then pending and upon such emergency matters as may be submitted by the Governor in special messages to the Legislature.
- (c) Notwithstanding Subsection (b), either House may determine its order of business by an affirmative vote of four-fifths of its membership.

(Amended Nov. 4, 1930, and Nov. 2, 1999.) (TEMPORARY TRANSITION PROVISIONS for Sec. 5: See Appendix, Note 1.)

# Article 3. Section 49(j).

## Legislative Department

Sec. 49-j. LIMIT ON STATE DEBT PAYABLE FROM GENERAL REVENUE FUND.

- (a) The legislature may not authorize additional state debt if the resulting annual debt service exceeds the limitation imposed by this section. The maximum annual debt service in any fiscal year on state debt payable from the general revenue fund may not exceed five percent of an amount equal to the average of the amount of general revenue fund revenues, excluding revenues constitutionally dedicated for purposes other than payment of state debt, for the three preceding fiscal years.
- (b) For purposes of this section, "state debt payable from the general revenue fund" means general obligation and revenue bonds, including authorized but unissued bonds, and lease-purchase agreements in an amount greater than \$250,000, which bonds or lease purchase agreements are designed to be repaid with the general revenues of the state. The term does not include bonds that, although backed by the full faith or credit of the state, are reasonably expected to be paid from other revenue sources and that are not expected to create a general revenue draw. Bonds or lease purchase agreements that pledge the full faith and credit of the state are considered to be reasonably expected to be paid from other revenue sources if they are designed to receive revenues other than state general revenues sufficient to cover their debt service over the life of the bonds or agreement. If those bonds or agreements, or any portion of the bonds or agreements, subsequently requires use of the state's general revenue for payment, the bonds or agreements, or portion of the bonds or agreements, is considered to be a "state debt payable from the general revenue fund" under this section, until:
- (1) the bonds or agreements are backed by insurance or another form of guarantee that ensures payment from a source other than general revenue; or
  - (2) the issuer demonstrates to the satisfaction of the Bond Review Board or its successor designated by law that the bonds no longer require payment from general revenue, and the Bond Review Board so certifies to the Legislative Budget Board or its successor designated by law.

(Added Nov. 4, 1997.)

# Article 3. Section 49(g).

## Legislative Department

### Sec. 49g. ECONOMIC STABILIZATION FUND.

- (a) The economic stabilization fund is established as a special fund in the state treasury.
- (b) The comptroller shall, not later than the 90th day of each biennium, transfer to the economic stabilization fund one-half of any unencumbered positive balance of general revenues on the last day of the preceding biennium. If necessary, the comptroller shall reduce the amount transferred in proportion to the other amounts prescribed by this section to prevent the amount in the fund from exceeding the limit in effect for that biennium under Subsection (g) of this section.
- (c) Not later than the 90th day of each fiscal year, the comptroller of public accounts shall transfer from general revenue to the economic stabilization fund the amounts prescribed by Subsections (d) and (e) of this section. However, if necessary, the comptroller shall reduce proportionately the amounts transferred to prevent the amount in the fund from exceeding the limit in effect for that biennium under Subsection (g) of this section.
- (d) If in the preceding year the state received from oil production taxes a net amount greater than the net amount of oil production taxes received by the state in the fiscal year ending August 31, 1987, the comptroller shall transfer to the economic stabilization fund an amount equal to 75 percent of the difference between those amounts. The comptroller shall retain the remaining 25 percent of the difference as general revenue. In computing the net amount of oil production taxes received, the comptroller may not consider refunds paid as a result of oil overcharge litigation.
- (e) If in the preceding year the state received from gas production taxes a net amount greater than the net amount of gas production taxes received by the state in the fiscal year ending August 31, 1987, the comptroller shall transfer to the economic stabilization fund an amount equal to 75 percent of the difference between those amounts. The comptroller shall retain the remaining 25 percent of the difference as general revenue. For the purposes of this subsection, the comptroller shall adjust his computation of revenues to reflect only 12 months of collection.

# Article 3. Section 49(g). *Continued.*

- (f) The legislature may appropriate additional amounts to the economic stabilization fund.
- (g) During each fiscal biennium, the amount in the economic stabilization fund may not exceed an amount equal to 10 percent of the total amount, excluding investment income, interest income, and amounts borrowed from special funds, deposited in general revenue during the preceding biennium.
- (h) In preparing an estimate of anticipated revenues for a succeeding biennium as required by Article III, Section 49a, of this constitution, the comptroller shall estimate the amount of the transfers that will be made under Subsections (b), (d), and (e) of this section. The comptroller shall deduct that amount from the estimate of anticipated revenues as if the transfers were made on August 31 of that fiscal year.
- (i) The comptroller shall credit to general revenue interest due to the economic stabilization fund that would result in an amount in the economic stabilization fund that exceeds the limit in effect under Subsection (g) of this section.
- (j) The comptroller may transfer money from the economic stabilization fund to general revenue to prevent or eliminate a temporary cash deficiency in general revenue. The comptroller shall return the amount transferred to the economic stabilization fund as soon as practicable, but not later than August 31 of each odd-numbered year. The comptroller shall allocate the depository interest as if the transfers had not been made. If the comptroller submits a statement to the governor and the legislature under Article III, Section 49a, of this constitution when money from the economic stabilization fund is in general revenue, the comptroller shall state that the transferred money is not available for appropriation from general revenue.

# Article 3. Section 49(g). *Continued.*

- (k) Amounts from the economic stabilization fund may be appropriated during a regular legislative session only for a purpose for which an appropriation from general revenue was made by the preceding legislature and may be appropriated in a special session only for a purpose for which an appropriation from general revenue was made in a preceding legislative session of the same legislature. An appropriation from the economic stabilization fund may be made only if the comptroller certifies that appropriations from general revenue made by the preceding legislature for the current biennium exceed available general revenues and cash balances for the remainder of that biennium. The amount of an appropriation from the economic stabilization fund may not exceed the difference between the comptroller's estimate of general revenue for the current biennium at the time the comptroller receives for certification the bill making the appropriation and the amount of general revenue appropriations for that biennium previously certified by the comptroller. Appropriations from the economic stabilization fund under this subsection may not extend beyond the last day of the current biennium. An appropriation from the economic stabilization fund must be approved by a three-fifths vote of the members present in each house of the legislature.
- (l) If an estimate of anticipated revenues for a succeeding biennium prepared by the comptroller pursuant to Article III, Section 49a, of this constitution is less than the revenues that are estimated at the same time by the comptroller to be available for the current biennium, the legislature may, by a three-fifths vote of the members present in each house, appropriate for the succeeding biennium from the economic stabilization fund an amount not to exceed this difference. Following each fiscal year, the actual amount of revenue shall be computed, and if the estimated difference exceeds the actual difference, the comptroller shall transfer the amount necessary from general revenue to the economic stabilization fund so that the actual difference shall not be exceeded. If all or a portion of the difference in revenue from one biennium to the next results, at least in part, from a change in a tax rate or base adopted by the legislature, the computation of revenue difference shall be adjusted to the amount that would have been available had the rate or base not been changed.
- (m) In addition to the appropriation authority provided by Subsections (k) and (l) of this section, the legislature may, by a two-thirds vote of the members present in each house, appropriate amounts from the economic stabilization fund at any time and for any purpose.



# Article 3. Section 49(d-11).

## Legislative Department

Sec. 49-d-11. CONTINUING AUTHORIZATION FOR ADDITIONAL BONDS FOR TEXAS WATER DEVELOPMENT FUND II.

- (a) In addition to the bonds authorized by the other provisions of this article, the Texas Water Development Board may issue general obligation bonds, at its determination and on a continuing basis, for one or more accounts of the Texas Water Development Fund II in amounts such that the aggregate principal amount of the bonds issued by the board under this section that are outstanding at any time does not exceed \$6 billion.
- (b) Section 49-d-8 of this article applies to the bonds authorized by this section. The limitation in Section 49-d-8 of this article that the Texas Water Development Board may not issue bonds in excess of the aggregate principal amount of previously authorized bonds does not apply to the bonds authorized by and issued under this section.
- (c) A limitation on the percentage of state participation in any single project imposed by this article does not apply to a project funded with the proceeds of bonds issued under the authority of this section or Section 49-d-8 of this article.

(Added Nov. 8, 2011.)

# Article 8. Section 24.

## Taxation and Revenue

### Sec. 24. PERSONAL INCOME TAX; DEDICATION OF PROCEEDS.

- (a) A general law enacted by the legislature that imposes a tax on the net incomes of natural persons, including a person's share of partnership and unincorporated association income, must provide that the portion of the law imposing the tax not take effect until approved by a majority of the registered voters voting in a statewide referendum held on the question of imposing the tax. The referendum must specify the rate of the tax that will apply to taxable income as defined by law.
- (b) A general law enacted by the legislature that increases the rate of the tax, or changes the tax, in a manner that results in an increase in the combined income tax liability of all persons subject to the tax may not take effect until approved by a majority of the registered voters voting in a statewide referendum held on the question of increasing the income tax. A determination of whether a bill proposing a change in the tax would increase the combined income tax liability of all persons subject to the tax must be made by comparing the provisions of the proposed change in law with the provisions of the law for the most recent year in which actual tax collections have been made. A referendum held under this subsection must specify the manner in which the proposed law would increase the combined income tax liability of all persons subject to the tax.
- (c) Except as provided by Subsection (b) of this section, the legislature may amend or repeal a tax approved by the voters under this section without submitting the amendment or the repeal to the voters as provided by Subsection (a) of this section.
- (d) If the legislature repeals a tax approved by the voters under this section, the legislature may reenact the tax without submitting the reenactment to the voters as provided by Subsection (a) of this section only if the effective date of the reenactment of the tax is before the first anniversary of the effective date of the repeal.
- (e) The legislature may provide for the taxation of income in a manner which is consistent with federal law.
- (f) In the first year in which a tax described by Subsection (a) is imposed and during the first year of any increase in the tax that is subject to Subsection (b) of this section, not less than two-thirds of all net revenues remaining after payment of all refunds allowed by law and expenses of collection from the tax shall be used to reduce the rate of ad valorem maintenance and operation taxes levied for the support of primary and secondary public education. In subsequent years, not less than two-thirds of all net revenues from the tax shall be used to continue such ad valorem tax relief.

# What's Next

- Continued pressure on state budgets
  - Continued transparency demands
  - Spending limit discussions
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**HELP**