

Testimony

Testimony to the House Subcommittee on Spending Limits

Submitted by The Honorable Talmadge Heflin, Director, Center for Fiscal Policy
Presented by James Quintero, Policy Analyst, Center for Fiscal Policy

Chairman Isett and distinguished members of the committee, my name is James Quintero and I am the Fiscal Policy Analyst at the Texas Public Policy Foundation. I'll be delivering this testimony on behalf of the Honorable Talmadge Heflin who fell ill earlier this week and is currently recovering in Houston.

First, thank you all for taking time out of your busy schedules to discuss such an important issue. Your hard work and support are greatly appreciated and I truly hope that the Foundation's testimony here today will aid you in your deliberations.

Over the years, the Foundation has produced a number of reports discussing Texas' constitutional Tax and Expenditure Limit (TEL) and its weaknesses. At your request, I would be happy to provide any interested members with this research.

In its current form, the Texas TEL is wholly ineffective at limiting government spending. From 2000 to 2008, state spending increased 72 percent, while population plus inflation increased only 38 percent. The disparity of these figures signals that government is growing faster than the needs of its people.

Texas needs a truly effective tax and expenditure limit in its constitution that includes the following provisions:

First, and foremost, the expenditure limit should be based on the growth of population plus inflation. This

measure best reflects growth within the state and the needs of residents.

Second, the spending limit should apply to all non-federal state appropriations, not just funds raised from general revenue.

Third, the spending limit should require voter approval for growth in appropriations above the limit. At the least, there should be a provision requiring a two-thirds vote requirement in the Legislature.

Fourth, the TEL should include a provision that refunds surplus revenue to taxpayers. While Texas has no state tax system in place to directly refund surplus revenue, the Legislature can certainly adjust the sales tax downward to ensure that most taxpayers benefit from the windfall.

Using the policy recommendations listed above, your committee can begin designing a strong TEL that allows responsible government spending and growth. The biggest challenge now is to set aside the rhetoric and work to improve TELs by addressing the legitimate concerns of taxpayers.

Thank you for your time and I'd be glad to answer any questions you may have. 

