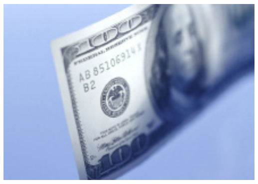

TEXAS PUBLIC POLICY FOUNDATION
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Reforming Texas' Tax and Expenditure Limit

by The Honorable Talmadge Heflin & Vance Ginn, Ph.D.

Key Points

- Texas' total government spending will likely increase by 64 percent to $204 billion from 2004 to 2015, burdening Texans with an ever-expanding footprint of state government.
- Legislators should reform the state's TEL to include total spending and base it on the lowest growth rate of population plus inflation, personal income, or gross state product for the previous two fiscal years.
- If total spending had increased based on this recommended TEL reform, Texans would fund an $11.5 billion smaller government in 2014—allowing $1,700 more in the pockets of Texas families of four.
- By reforming the state's TEL, legislators can better align state spending growth with Texans' ability to support it.

Introduction

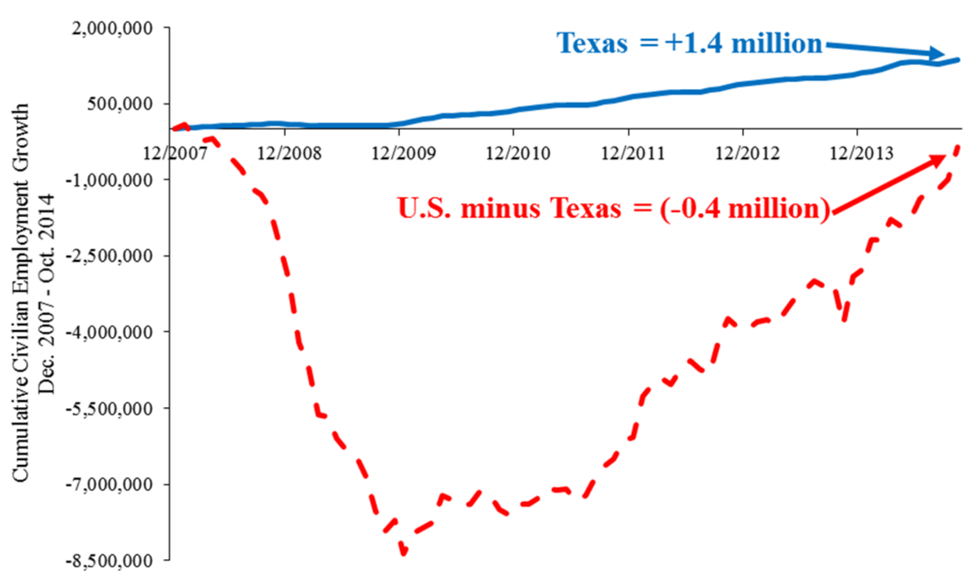
Federalism in the U.S. allows states the opportunity to be laboratories of competition. Given that every state is unique, not every idea adopted from another state works as planned; but many of them do. Through this discovery process of which ideas work best, states help build a foundation for their citizens to prosper.

The Texas model of lower taxes with no personal income tax, a reduced regulatory environment, and sensible lawsuit climate contributes to a low cost-of-living bastion of economic opportunity that other states desire to emulate.

An example of this success is the cumulative total civilian employment gains since the last national recession started in December 2007. **Figure 1** shows that, during this period, Texas has carried the nation's job creation and prosperity load as the Lone Star State now employs roughly 1.4 million *more* people. If you compare this with the rest of the nation that employs about 0.4 million *fewer* people, there is clear evidence that the Texas model works.

The entrepreneurial environment promoting more economic opportunity and improved individual well-being contribute to the reason why other states want to adopt similar policies that better the lives of their citizens. Though Texas has done better economically than most states, one area needing improvement is controlling the growth of state spending.

Figure 1: Not Counting Texas, Fewer People Are Employed Across the U.S. Since the Last Recession Started in December 2007



Note: Data are cumulative monthly total civilian employment from the U.S. Bureau of Labor Statistics from 12/2007 to 10/2014.

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Texas' total government spending from the 2004-05 to 2014-15 budgets will likely increase by $80 billion, or 64 percent, to $204 billion. To understand how this affects Texas families, a Texas Public Policy Foundation report shows that spending accounting for population growth plus inflation is up 13.4 percent in the same period.[1] This additional spending continues to burden Texans with having to fund a greater footprint of state government relative to their ability to support it.

Why does this matter? Every tax dollar used to fund the state is a dollar not available to Texas families. Current elevated total spending that burdens Texas families with paying higher taxes and fees demand reforms now more than ever to restrain spending growth; there is abundant evidence that states with higher taxes have worse economies than states that tax their citizens less.[2]

A driving force behind the rapid increase in Texas' total spending during the last decade is the state's weak tax and expenditure limit, otherwise known as a TEL. A TEL is simply an institutionalized restriction on the growth of tax revenue and/or government spending. Its goal is to restrain spending growth to a level that can fund core government programs without over-burdening taxpayers with paying high taxes. The weakness of Texas' TEL can be traced back to several design flaws that should be reformed or Texans will continue to be burdened with funding excessive government spending.

This paper examines the historical nature of TELs nationwide and evaluates the TEL and spending trends in Texas. After considering which TELs work best to effectively limit government spending and leave more money in the hands of hard working taxpayers, we conclude that Texas' TEL is ineffective and needs to be reformed. It is ineffective because it excludes a majority of the state's total budget, uses personal income growth rather than population growth plus inflation, is based on projected rather than actual economic data, and is relatively easy to ignore.

Given these weaknesses of the state's current TEL and considering which limits have worked well in other states, we recommend that the Texas Legislature make the following reforms to effectively limit government spending:

- Revise Government Code 316.002 as follows:
    - Apply the TEL to both the appropriation of all funds and the appropriation of state funds instead of only to non-dedicated general revenue spending as is currently required by the Texas Constitution; and
    - Base the limit on appropriations on the change in the lowest of either population growth plus inflation, personal income, or gross state product in the two fiscal years immediately preceding a regular legislative session instead of the current limit based on projected total personal income growth during the next two-year fiscal period.
- Send a constitutional amendment to the voters that would change Section 22, Article VIII: require a super majority (two-thirds) vote of each chamber to exceed the limit.

If these reforms had been adopted since 2004, Texas taxpayers would support a substantially smaller state budget. **Figure 2** (next page) notes that spending adjusted for the lowest of the three recommended economic metrics for the 2004 to 2015 period would be only $181 billion, $23 billion less than the current two-year budget. This translates into Texans being asked to fund a roughly $11.5 billion smaller government in 2014—allowing $1,700 more in the pockets of Texas families of four.

Clearly, these reforms would help legislators limit the size and scope of the Texas budget, allowing Texans the opportunity to improve their well-being and achieve their dreams with their own resources. This will allow Texas to remain the land of opportunity and success.

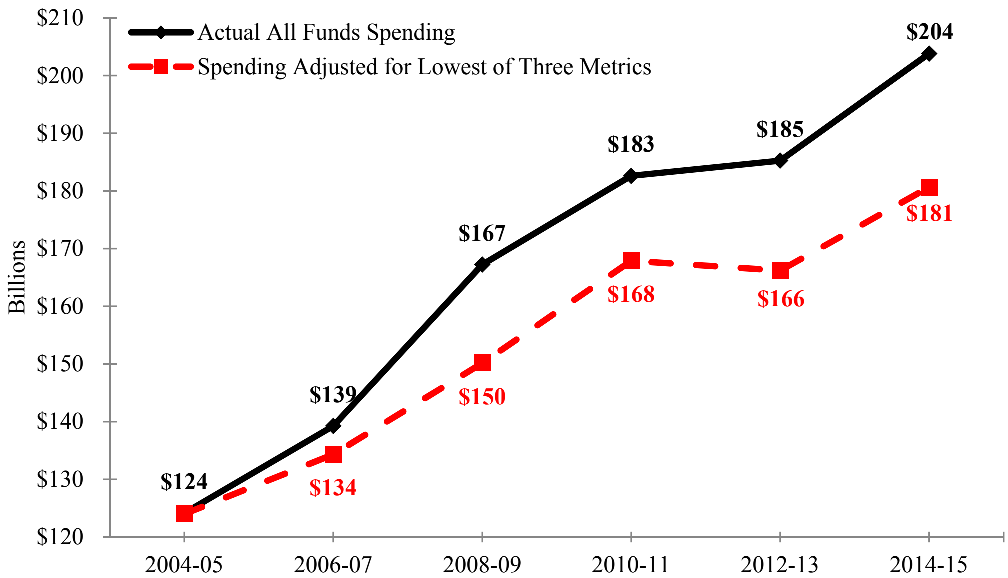
Brief History of State TELs

Widespread concern about elevated state government spending levels during the 1970s led to discussions nationwide of how to effectively limit spending. New Jersey took the first step in 1976 by enacting in statute a TEL that limited spending growth to no more than the growth rate of personal income. Almost 40 years later and multiple iterations of experimentation, thirty states now have some form of a TEL. The related literature shows that not all of these experiments were successful but some have become more effective in recent years.

The 30 states currently with a TEL use different metrics to base the growth of their tax revenues or expenditures on each period.[3] Twenty-three states base their TEL in some capacity on personal income. Only seven states—Arkansas, California, Colorado, Nevada, Ohio, Utah, and Washington—have a TEL based on population growth and inflation.

Some researchers find little evidence that TELs are able to sufficiently limit government spending because of the underlying forces of public demand for public services and other characteristics that drive spending.[4] For instance, total gov-

Figure 2: Total Texas Government Spending Grows Faster Than Reformed TEL During the Last Decade*



Source: Legislative Budget Board, The Real Texas Budget

ernment spending by all 50 states increased by $1.90 for every dollar increase in the private sector from 2000 to 2009 though a majority of states had some form of a TEL.[5]

However, the problem isn't necessarily that TELs don't work; it could be that TELs that are poorly designed don't work. Recent research shows that states with a relatively strong TEL restrain state spending more than those that don't, indicating some metrics are preferred to others, particularly those based on population growth plus inflation.[6]

Additionally, dynamic scoring analyses of states that effectively limit spending by population growth plus inflation show that they achieve better economic outcomes[7] and generate more tax revenue.[8]

With rising state government spending and national debt issues potentially threatening future federal funding for the states, an effective method of controlling state government spending based on past evidence of experimentation in our laboratory of competition among states is needed now more than ever.

Texas' TEL and Its Flaws

In 1978, the Texas Legislature passed legislation putting Proposition 1, otherwise known as the *Tax Relief Amendment*, on the ballot that November, which voters overwhelmingly approved by 84 percent.[9] The amendment added Article VIII Section 22 to the Texas Constitution, which states, "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."[10] Since spending growth in every biennium, two-year fiscal period, is controlled by, and roughly equivalent to, appropriations, this explicit growth cap on state appropriations is also a limit on state spending.

Subsequently, legislators added in statute government code 316.002 that directed the Legislative Budget Board (LBB) to calculate the projected growth rate of the state's economy with the growth rate of Texas' total personal income for the upcoming two-year fiscal period.[11] The next two sections examine the effectiveness of Texas' current TEL.

* Adjusted spending estimates are calculated based on our recommended TEL reform that would base the spending limit on the lowest growth rate of population plus inflation, personal income, or gross state product in the two fiscal years immediately preceding the regular legislative session when the budget is adopted.

Projected Personal Income vs. Population Growth plus Inflation and Gross State Product

In practice, the LBB determines the spending growth limit by first adopting a projected personal income growth rate for the upcoming two fiscal years. After selecting a growth rate, the LBB sets the appropriations limit by applying the chosen growth rate to its estimate of spending for the current fiscal period.

Table 1 displays the five external forecasts presented to the LBB in November 2012 to help it determine the 2014-15 appropriations limit for the Texas Legislature's regular session in 2013.[12]

Table 1: Forecasts of Texas Personal Income Growth Rate for the 2014-15 Fiscal Period

Sources	Forecasts
IHS Global Insight	11.21%
Moody's Analytics	12.21%
Perryman Group	11.77%
Texas Comptroller of Public Accounts	10.71%
University of North Texas Center for Economic Development & Research	8.71%

Source: Legislative Budget Board

The LBB selected the forecast by the Texas Comptroller of 10.71 percent. By adding this percentage increase to the 2012-13 biennial spending level of general revenue funds not dedicated by the constitution, the 2014-15 spending limit was set at $85.2 billion. However, this limit applied to only about 42 percent of the total $204 billion two-year budget.[13]

The use of personal income growth in Texas has not proven to effectively restrain the burden of excessive spending on Texans. Here is how it stacks up against other potential spending limits:

1. **Personal Income Growth:** Texas currently uses this metric for the basis of its spending limit. It is also the most popular among states. However, this measure is difficult to forecast over a two-year period because we live in a dynamic world with an ever-changing economy. In addition, the literature on this topic shows that states which base their TEL on personal income growth fail to effectively limit state spending.

2. **Population Growth Plus Inflation:** This appears to be a reasonably good metric to account for the government's cost of providing public goods and services, offering lawmakers a demonstrable limit on the state's budget growth. Historically, this metric has been relatively stable allowing forecasts to be closer to reality and tends to best limit state spending compared with other metrics.

3. **Gross State Product Growth:** This metric measures the growth in the state's total economic output. While it is not often used, it has some of the same problems as those associated with personal income. If the economy is growing at a rapid rate, there is little reason for the government to grow at the same pace. It is also difficult to forecast over a two-year horizon given a dynamic economy.

Figure 3 (next page) shows a comparison of the concurrent growth rates of these three metrics with the adopted two-year spending limit growth rates since the 1994-95 fiscal period.

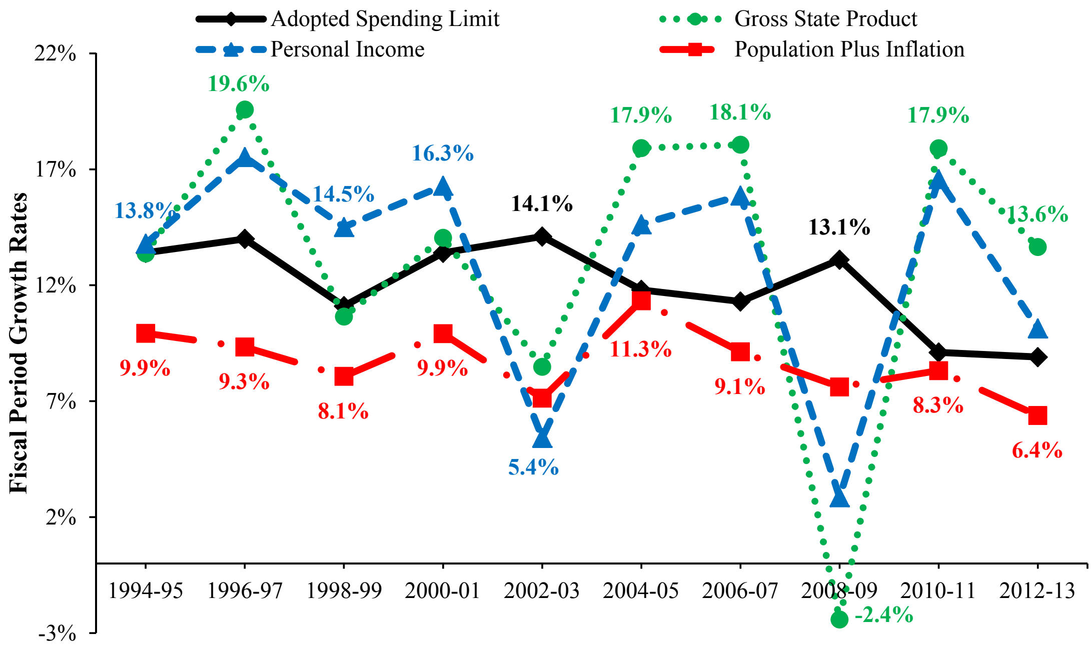
There are several key takeaways:

1. Actual personal income during each two-year period has been wildly off from the adopted spending limit based on the two-year projection before the period began. This shows how difficult it is to forecast personal income in a dynamic economy. With such large discrepancies that make appropriators' jobs even more difficult when budgeting from one two-year period to the next, there is ample reason a spending limit should be based on actual past data in the two preceding fiscal years instead of projections for future periods.

2. Population growth plus inflation was lower than the adopted spending limit in every two-year budget period. This metric would have led to slower growth in government spending and provide a lower burden on Texans of funding rapid increases in state spending, suggesting the state's TEL should be reformed.

3. Population growth plus inflation was lower than the other metrics in every two-year period except for 2002-03 and 2008-09 during economic downturns in Texas. Unfortunately, the day might come when inflation is high, similar to the 1970s, which could make this measure not the best TEL metric, providing reason for selecting the lowest of these three metrics.

Figure 3: Population Growth Plus Inflation Tends to Be the Lowest Concurrent Biennial TEL Metric in Texas Since 1994-95



Source: Legislative Budget Board

The Effect of Texas' TEL on Texas' Government Spending Trends During the Last Decade

In fiscal 2004-05, Texas' two-year all funds (total) expenditures was $124 billion and supported the major functions of government: health, education, administration, judicial services, public safety and criminal justice, legislative activities, and capital projects. Today, state government's core functions remain largely the same, but funding for those programs and services has increased substantially.

In assessing the 2014-15 total budget, we estimate total spending will be about $204 billion, an increase of $80 billion, or 64 percent, since fiscal 2004-05.[14] Growth in spending during the same period of state funds, which includes general revenue, general revenue-dedicated, and other funds, increased by 67 percent—or $54 billion—to $134 billion, while spending of federal funds increased by $26 billion, or 58 percent, to $70 billion.

These spending totals include the voter approved constitutional amendment in November 2013 for $2 billion in water projects and in November 2014 ballot for $1.7 billion in transportation projects.[15] They also include Texas Health and Human Services Commission (HHSC) estimated supplemental bill of $2.6 billion to fully fund Medicaid and other health care expenditures because of the increase in case-loads and rising health care costs.

Since the 2004-05 fiscal period, these spending increases are substantially higher than the 45 percent increase in the compounded rate of concurrent population growth plus inflation. With total spending growing more rapidly than this key metric, Texans are burdened with having to pay more to support their government. These valuable comparisons provide clear evidence that the current TEL has failed to effectively limit spending, providing reason to adopt an alternative approach.

Alternatives to Texas' Current TEL Metric

Growth in state spending expands the footprint of Texas government. Every tax dollar legislators have available to spend is one less dollar consumers and firms have to spend and invest. Higher taxes reduce economic activity and lower standards of living in the process,[16] making state spending growth a concern. Of course, there are essential government payments for services and infrastructure that tax dollars should fund, but the growth of state spending must be compared with objective and reasonable measures to determine if this spending is appropriate.

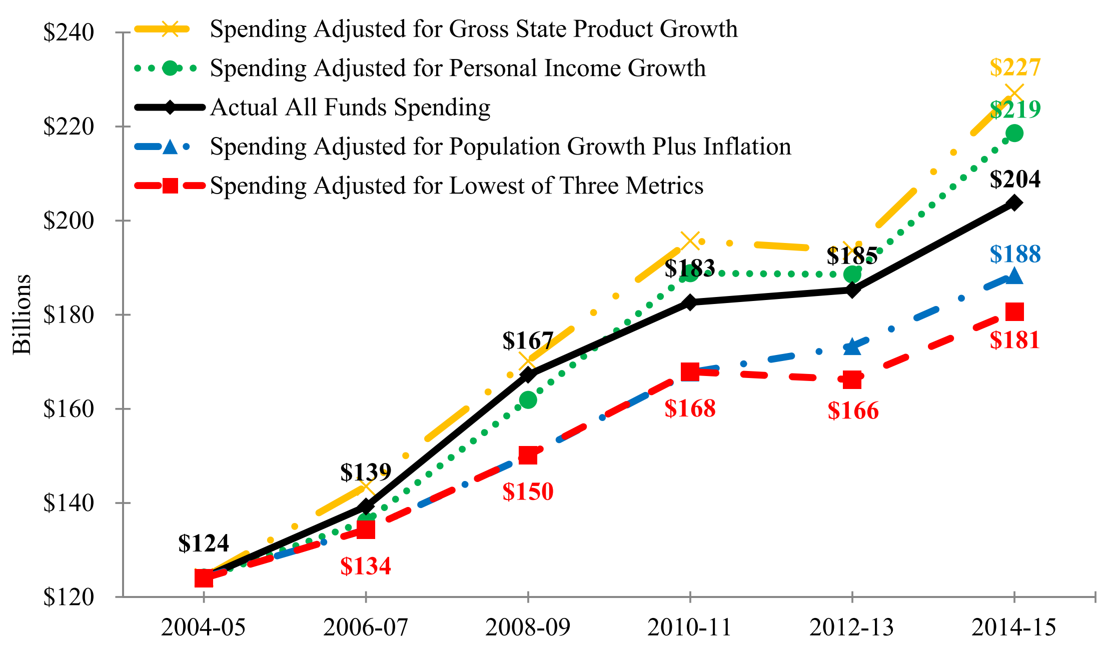
Let's consider what Texas' all funds spending would be each fiscal period if it had followed the three metrics discussed above and the lowest of these three. **Figure 4** shows adjusted (i.e. "deflated") actual all funds spending by these metrics using growth rates calculated with data from the two fiscal years immediately preceding the regular legislative session when the next two-year budget is adopted. This accurate calculation would replace the costly exercise of incorrectly forecasting personal income growth for the upcoming two-year budget period.

Comparing actual all funds spending with what it would have been if it grew at the pace of these other economic metrics shows that spending would have been lower if the TEL was based on the lowest of the three metrics. As shown in Figure 4, population growth plus inflation is the lowest metric for all periods except during the two fiscal years prior to the 2012-13 budget period when gross state product contracted by 1 percent during the recession.

If the state's TEL had been reformed to encompass total spending and limit its growth to the lowest of these metrics from 2004 to 2015, Texas taxpayers would support a budget of only $181 billion, $23 billion less than the current two-year budget. This means that Texans would be asked to fund an $11.5 billion smaller government in 2014—allowing roughly $1,700 more in the pockets of Texas families of four. With actual spending 12.8 percent higher than it would be if based on this more effective TEL, this additional cost hurts Texans and the state's economy.

What about the expenditures of state funds? In fiscal 2004-05, Texas' two-year state funds spending totaled $80 billion. The 2014-15 state funds spending amount is expected to total $134 billion, an increase of $54 billion—or 67 percent—since fiscal 2004-05.[17] **Figure 5** compares actual state funds expenditures with spending adjusted for the same metrics as those discussed above, providing a better understanding of why the trajectory of state spending growth is a concern.

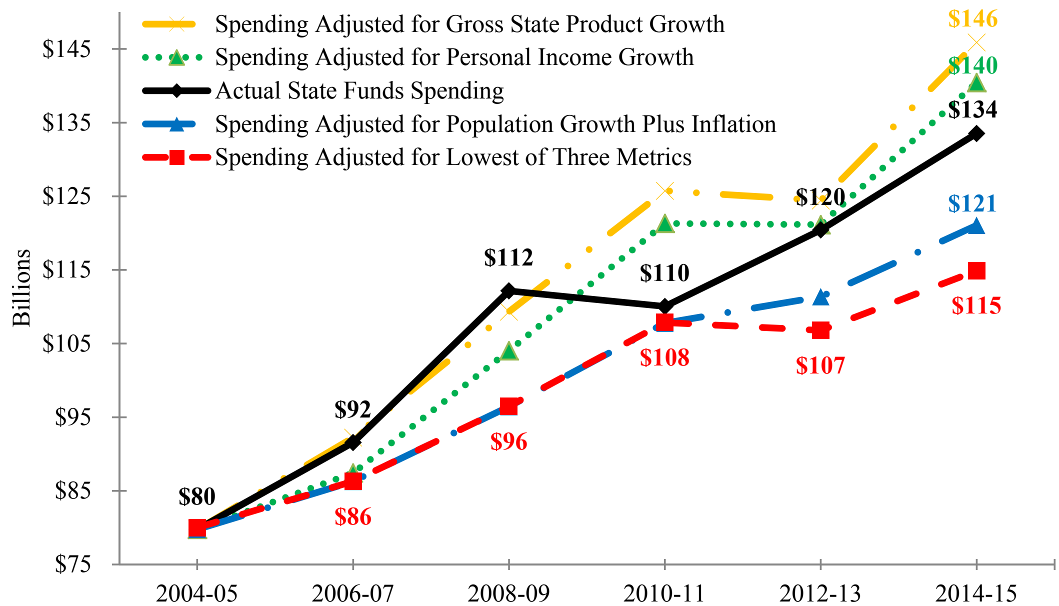
Figure 4: Texas' Total Spending Would Be Substantially Lower If Subject to a Reformed TEL Based on the Lowest of Three Economic Metrics*



Sources: Legislative Budget Board, *The Real Texas Budget,* Authors' Calculations

* Adjusted spending estimates use actual data from the two fiscal years immediately preceding each regular legislative session to calculate the compounded growth rates of each metric and the lowest of the three metrics.

Figure 5: The Reformed Texas TEL Would More Effectively Restrain State Funds Spending*



Sources: Legislative Budget Board, *The Real Texas Budget*, Authors' Calculations

As with all funds spending, the data clearly show that spending of state funds is bloated relative to the lowest of the three metrics, putting more pressure on Texans to fund a larger state government.

If the state's TEL was reformed to include the lowest metric to base state funds spending growth during the last decade, Texans would have funded a $115 billion budget that is $19 billion less than the current two-year budget. With state funds expenditures 16.2 percent higher than what this reformed metric would suggest, there is little doubt that Texas families are sending more of their hard-earned dollars to Austin than necessary.

If these spending trends are not checked, the private sector will be asked to continue paying higher taxes and fees to sustain elevated spending levels, slowing economic growth in the process.

Recommendations

The Legislature cannot undo past spending excesses; however, it can better restrain the growth of government spending moving forward by enacting meaningful reforms to the state's constitutional tax and expenditure limit.

To slow the growth of total spending and therefore the burden of the state on Texans, the Texas Legislature should consider what works best in other states and the evidence we provide regarding which metric(s) would most effectively limit spending. Based on these guidelines, we recommend the following reforms to Texas' TEL:

- Revise Government Code 316.002 as follows:
  - Apply the TEL to both the appropriation of all funds and the appropriation of state funds instead of only to non-dedicated general revenue spending as is currently required by the Texas Constitution; and
  - Base the limit on appropriations on the change in the lowest of either population growth plus inflation, personal income, or gross state product in the two fiscal years immediately preceding a regular legislative session instead of the current limit based on projected

* Adjusted spending estimates use actual data from the two fiscal years immediately preceding each regular legislative session to calculate the compounded growth rates of each metric and the lowest of the three metrics.

total personal income growth during the next two-year fiscal period.

- Send a constitutional amendment to the voters that would change Section 22, Article VIII: require a super majority (two-thirds) vote of each chamber to exceed the limit.

Conclusions

When examining the growth of government, it's important to consider state spending restraints and whether those limits are effective. This is important because the larger role the government plays in the economy, the less economic freedom, liberty, and prosperity people will enjoy.[18]

If the Foundation's recommendations had been in place from 2004 to 2015, the size and burden of government would be much smaller today. This would allow Texans greater opportunity to fulfill their dreams without government intruding in their lives.

For the Texas model to be sustained over the long term, legislators should reform the state's TEL in statute and through a constitutional amendment, while making a concerted effort to restrain spending for the upcoming biennium. By reforming the state's TEL and keeping spending within these reasonable metrics, legislators will help reduce state government's footprint and improve the well-being of all Texans.

[1] Talmadge Heflin, Bill Peacock, and Vance Ginn, *The Real Texas Budget* (updated Dec. 2014).

[2] Arthur B. Laffer, Chuck DeVore, Stephen Moore, and Nicholas Drinkwater, *How Big Government Hurts the Economy*, Texas Public Policy Foundation (Nov. 2013).

[3] Bart Waisanen, *State Tax and Expenditure Limits-2010*, National Conference of State Legislatures (2010).

[4] Benjamin Zycher, *State and Local Spending: Do Tax and Expenditure Limits Work?* American Enterprise Institute (May 2013).

[5] Matthew Mitchell, *TEL It Like It Is: Do State Tax and Expenditure Limits Actually Limit Spending?* Mercatus Center (Dec. 2010).

[6] John Merrifield and Barry W. Paulson, "State Fiscal Policies for Budget Stabilization and Economic Growth: A Dynamic Scoring Analysis," *Cato Journal*, Vol. 34, No. 1 (Winter 2014).

[7] Ibid.

[8] John Merrifield and Barry W. Poulson, *The New Economics of Tax and Expenditure Limits*, paper presented to the Western Economic Association meetings (June 2014).

[9] HJR1, 65th Second Called Session, Proposition 1, Legislative Reference Library of Texas (accessed Oct. 2014).

[10] The Texas Constitution, Article 8. Taxation and Revenue, Section 22 (accessed Oct. 2014).

[11] Texas Government Code, Title 3, Subtitle B, Section 316.002 (accessed Oct. 2014).

[12] *Limit on Growth of Certain State Appropriations*, Legislative Budget Board (Nov. 2012).

[13] Talmadge Heflin and Vance Ginn, *Busting Texas' 2014-15 Spending Limit*, Texas Public Policy Foundation (Nov. 2014).

[14] *The Real Texas Budget* (updated Dec. 2014).

[15] *An Overview of Selected Cost Drivers in the State Budget*, Legislative Budget Board (Sept. 2014).

[16] *How Big Government Hurts the Economy* (Nov. 2013).

[17] *The Real Texas Budget* (updated Dec. 2014).

[18] *How Big Government Hurts the Economy* (Nov. 2013).

Appendix: Potential TEL Reform Language

GOVERNMENT CODE
TITLE 3. LEGISLATIVE BRANCH
SUBTITLE B. LEGISLATION
CHAPTER 316. APPROPRIATIONS
SUBCHAPTER A. LIMIT ON GROWTH OF APPROPRIATIONS

Sec. 316.001. LIMIT. (a) The rate of growth of appropriations in a biennium from both all state [~~tax~~] revenues and all revenues, including federal revenues, [~~not dedicated by the constitution~~] may not exceed the estimated rate of growth of the state's economy, as determined by the lesser of population growth plus inflation, growth of personal income, or growth of gross state product from the two fiscal years immediately preceding the regular legislative session in which the regular appropriations bill for a biennium is adopted.

(b) The limits in subsection (a) are binding on the legislature with respect to all appropriations for a biennium, including appropriations made in the regular session prior to a biennium and appropriations for that biennium made in an appropriations bill in a subsequent called or regular legislative session.

(c) 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.

Sec. 316.002. DUTIES OF LEGISLATIVE BUDGET BOARD. (a) Before the Legislative Budget Board submits the budget as prescribed by Section 322.008(c), the board shall establish:

(1) the estimated rate of growth of the state's economy from the current biennium to the next biennium;

(2) the level of appropriations for the current biennium from both all state [~~tax~~] revenues and all revenues, including federal revenues, [~~not dedicated by the constitution~~]; and

(3) the amount of both all state [~~tax~~] revenues and all revenues, including federal revenues, [~~not dedicated by the constitution~~] that could be appropriated for the next biennium within the limit established by the estimated rate of growth of the state's economy.

(b) [~~Except as provided by Subsection (c), t~~]The board shall determine the estimated rate of growth of the state's economy [~~by dividing the estimated Texas total personal income for the next biennium by the estimated Texas total personal income for the current biennium. U~~]using [~~standard statistical methods, the board shall make the estimate by projecting through the biennium the estimated Texas total personal income~~] data reported by the United States Department of Commerce, [~~or~~] its successor in function, or other reliable state, federal, or private sources.

(c) [~~If a more comprehensive definition of the rate of growth of the state's economy is developed and is approved by the committee established by Section 316.005, the board may use that definition in calculating the limit on appropriations.~~

~~(d)~~] To ensure compliance with this subchapter [~~Article VIII, Section 22, of the Texas Constitution~~], the Legislative Budget Board may not transmit in any form to the governor or the legislature the budget as prescribed by Section 322.008(c) or the general appropriations bill as prescribed by Section 322.008(d) until the limit on the rate of growth of appropriations has been adopted as required by this subchapter.

(e) In the absence of an action by the Legislative Budget Board to adopt a spending limit as provided in Subsections (a) and (b), the estimated rate of growth in the state's economy from the current biennium to the next biennium shall be treated as if it were zero, and the amount of both all state [~~tax~~] revenues and all revenues, including federal revenues, [~~not dedicated by the constitution~~] that could be appropriated within the limit established by the estimated rate of growth in the state's economy shall be the same as the level of appropriations for the current biennium.

Sec. 316.003. PUBLICATION. Before the Legislative Budget Board approves the items of information required by Section 316.002, the board shall publish in the Texas Register the proposed items of information and a description of the methodology and sources used in the calculations.

Sec. 316.004. PUBLIC HEARING. Not later than December 1 of each even-numbered year, the Legislative Budget Board shall hold a public hearing to solicit testimony regarding the proposed items of information and the methodology used in making the calculations required by Section 316.002.

Sec. 316.005. ADOPTION BY COMMITTEE. (a) After the Legislative Budget Board approves the items of information required by Section 316.002, the board shall submit the information to a committee composed of the governor, lieutenant governor, speaker of the house of representatives, and comptroller of public accounts.

(b) Not later than the 10th day after the date on which the board submits the items, the committee shall meet and finally adopt the items, either as submitted by the board or as amended by the committee.

(c) If the committee fails to act within the 10-day period prescribed by Subsection (b), the items of information submitted by the board are treated as if the committee had adopted them as submitted.

Sec. 316.006. LIMIT ON BUDGET RECOMMENDATIONS. Unless authorized by majority vote of the members of the board from each house, the Legislative Budget Board budget recommendations relating to the proposed appropriations of both all state [~~tax~~] revenues and all revenues, including federal revenues, [~~not dedicated by the constitution~~] may not exceed the limit adopted by the committee under Section 316.005.

Sec. 316.007. TRANSMISSION OF RECOMMENDATIONS. (a) The Legislative Budget Board shall include in its budget recommendations the proposed limit of appropriations from both all state [~~tax~~] revenues and all revenues, including federal revenues [~~not dedicated by the constitution~~].

(b) The board shall transmit the recommendations to the governor and to each member of the legislature.

Sec. 316.008. EFFECT OF LIMIT; ENFORCEMENT. (a) Unless the legislature adopts a resolution under Section 316.001 (b) [~~Article VIII, Section 22(b), of the Texas Constitution~~] raising the proposed limit on appropriations, the proposed limit is binding on the legislature with respect to all appropriations for the next biennium [~~made from state tax revenues not dedicated by the constitution~~].

(b) The rules of the house of representatives and senate shall provide for enforcement of Subsection (a).

Sec. 316.009. SUBMISSION OF BILL BY GOVERNOR. The governor may prepare a general appropriation bill and submit printed copies of it to the lieutenant governor, speaker of the house of representatives, and each member of the legislature. The bill must be submitted not later than the 30th day of the legislature's regular session, except that if a person is inaugurated as governor who was not governor preceding the inauguration, the bill must be submitted not later than the 20th day after the date of that inauguration.

About the Authors

The Honorable Talmadge Heflin is the Director of the Foundation's Center for Fiscal Policy. Prior to joining the Foundation, Heflin served the people of Harris County as a state representative for 11 terms. Well regarded as a legislative leader on budget and tax issues by Democratic and Republican speakers alike, he for several terms was the only House member to serve on both the Ways and Means and Appropriations committees. In the 78th Session, Heflin served as chairman of the House Committee on Appropriations. He navigated a $10 billion state budget shortfall through targeted spending cuts that allowed Texans to avoid a tax increase.

Vance Ginn, Ph.D. is an economist in the Center for Fiscal Policy at the Texas Public Policy Foundation. In 2006, he graduated with honors from Texas Tech University with a B.B.A in economics and accounting and minors in political science and mathematics. After interning for a U.S. Texas Congressman in Washington, D.C., he started his doctoral degree in economics at Texas Tech University and graduated in 2013. Before joining the Foundation in September 2013, Ginn interned at the Foundation as a Charles G. Koch Summer Fellow in 2011 and taught at three universities and one community college across Texas. He has successfully published peer-reviewed articles in academic journals, commentaries in multiple outlets, and posts in free market blogs. His research interests include free markets, fiscal policy, energy topics, monetary issues, and economic modeling.

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