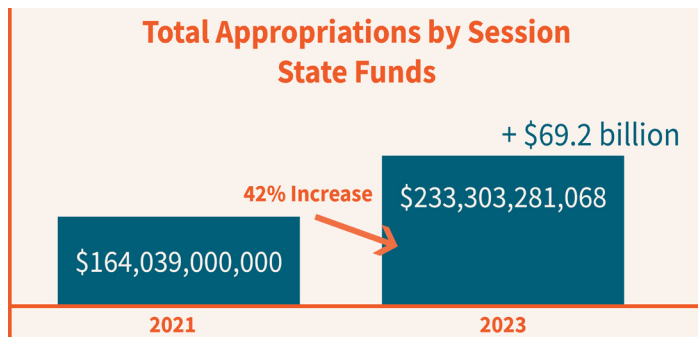


A Review of the 88th Texas Legislature: The Texas Budget

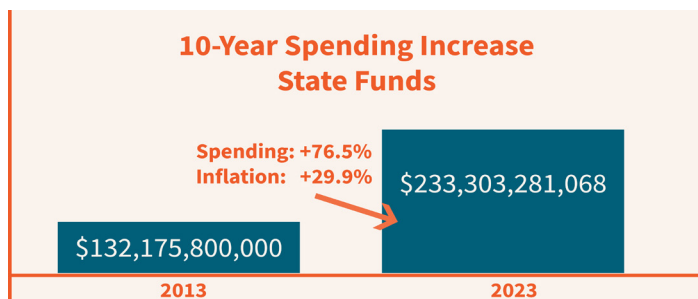
By Bill Peacock and Don Huffines

The Texas Legislature adjourned May 29 ending its 88th regular legislative session. In its wake, a lot of bills were sent to Texas Governor Greg Abbott to become law with his signature. Many more bills were not passed or even considered. In this first paper in our review of the Texas Legislature, we will review one of the bills that did pass, the Texas Budget.

The Texas Legislature began its session this year with approximately \$70 billion in new funds to spend over what they spent in 2021, including a record \$32 billion surplus left over from 2023. Unfortunately, the Legislature decided to spend almost all of the money it could get its hands on.

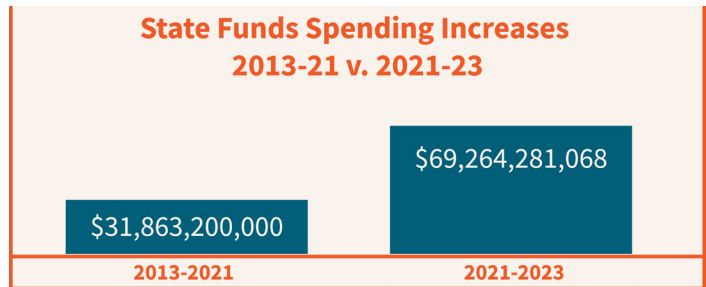


There were two primary appropriations bills this session, SB 30 and HB 1. SB 30 was the “supplemental” appropriations bill that spent money in the current year, 2023. HB 1 appropriated money that will be spent over the next two years, 2024 and 2025. By adding the spending in both bills together, total new spending this session is \$233 billion, a \$69 billion or 42% increase over spending authorized by the Legislature in 2021. Dollarwise, this is by far the largest increase spending increase in Texas history. And it is likely also the largest in terms of percentage growth of spending.



The spending increase this session follows a pattern of significant spending growth in Texas over the last decade, with spending up \$101 billion over the last decade. That is a 76.5% increase during a period when inflation increased by only 29.9%. Highlighting the historic growth in spending in

2023, out of the \$101 billion increase over the last 10 years, \$69 billion of that occurred in this legislative session.



Another way to judge the fiscal record of the 88th Texas Legislature is to examine how much of the surplus funds were returned to taxpayers versus how much was dedicated to increasing Texas government spending. The Legislature’s record is not good here either.

Category	Spending Increase	Property Tax Relief
Property Tax Relief	\$12.3 billion	N/A
Health and Human Services Spending Increase	\$8.3 billion	23.1%
K-12 and Higher Education Spending Increase	\$9.2 billion	12.4%
Judiciary Spending Increase	\$237 million	24.5%
Public Safety/Criminal Justice Spending Increase	\$6.3 billion	51.7%
Natural Resources Agencies Spending Increase	\$2.4 billion	81.6%
Regulatory Agencies Spending Increase	\$126 million	17.4%
General Provisions Spending Increase	\$27.4 billion	N/A
Legislature Spending Increase	\$79.4 million	38.2%

Though we do not yet know exactly how much property tax relief Texans will receive, the current budget has set aside \$12.3 billion. That translates into \$6.2 billion of property tax relief this year out of a property tax levy that totaled \$82 billion in 2022. The chart above shows that there was more than enough new spending this session that could have been curtailed to double or even triple the amount of property tax relief available for Texans.

The Huffines Liberty Foundation’s plan for eliminating school property taxes shows that this could be accomplished in eight years or less through five simple steps. The most of important of these is for the Texas Legislature to exercise fiscal discipline that would limit state and local spending growth. This would create future budget surpluses which could be used to buy down the school property tax to zero. Unfortunately, this session the Texas Legislature took us in the opposite direction. This means that Texas’ fiscal belt will need even more tightening in 2025.