



**BUDGET GIMMICKS HIDE AN  
AVALANCHE OF SPENDING  
INCREASES IN TEXAS**

# About the Founder



## *Don Huffines*

Former Texas State Senator Donald B. Huffines is a strong Christian, proud fifth-generation Texan, husband, father, grandfather, and self-made businessman.

Don Huffines fought fearlessly for fiscal restraint and government accountability in the Texas State Senate while representing Dallas County.

During his time in the Senate, Senator Huffines served as the Vice-Chairman of the Border Security Committee. Huffines also earned a reputation as one of Texas's most conservative lawmakers.

Don Huffines now serves as President of the Huffines Liberty Foundation and leads the Texas First movement by promoting the values we all cherish that make Texas great.

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## Executive Summary

**T**he Texas Legislature and Gov. Abbott are on the verge of passing a two-year budget of more than \$300 billion dollars, larger than any budget it has adopted previously. Though you wouldn't know it from looking at the numbers the Legislature provides.

Through a series of budget gimmicks, some old and some new, the Legislature has managed to hide \$36.3 billion of the unprecedented \$62.5 billion spending increase it is on the verge of passing, based on the proposed budget. The Legislature's tricks include using billions of dollars of increased property tax revenue to boost state spending.

While the gimmicks make the state budget opaque, it is crystal clear that the Legislature is far more interested in increasing funding for Medicaid and health care (\$12.9 billion) than it is in bringing true property tax relief (\$9.8 billion) to Texas taxpayers. Texans who want real property tax cuts should let Texas politicians know that they want their money back.

What Happened to the Budget Surplus?	
Surplus Funds 2023	\$78.4 billion
New State Spending	\$52.7 billion
New Property Tax Relief	\$9.8 billion
Remaining Surplus*	\$17.2 billion

\* The state's official budget surplus is obtained using different methodology

## The Budget Surplus: Spending or Property Tax Relief?

In 2021, the Texas Legislature appropriated \$109.8 billion in General Revenue-Related (GRR) funds (essentially, state money collected through taxes and fees) for the current two-year (biennial) state budget cycle ([Texas Comptroller, p. 9](#)). For the upcoming biennium, the [Comptroller estimates](#) that the Legislature has \$188.2 billion in GRR funds available for spending. That \$78.4 billion increase, which includes the well-publicized \$32.7 billion “budget surplus,” is the true amount of surplus funds available to the Texas Legislature this session; a surplus larger than Texans have seen before.

Of the \$78.4 billion surplus, the Legislature is on track to spend \$62.5 billion of it, with only \$9.8 billion going for property tax relief. The other \$52.7 billion will be spent on various projects the Texas Legislature has decided—based on the Texas Senate’s version of House Bill 1 (HB 1), the appropriations bill for the upcoming 2024-25 (biennial) Texas budget.

## Breaking Down the 2023 Spending Increase

The Texas Senate’s version of HB 1 appropriates \$308 billion for the next biennium, \$208 billion from state funds and \$99 billion from the federal government. Yet the Legislature is spending more than that this session. SB 30 is what is known as the supplemental appropriations bill. Rather than spend money over the next two years, money in SB 30 will be spent in the

current budget cycle that ends August 31.

With the understanding that every session the Texas Legislature appropriates some money for the current biennium (supplemental appropriations) and some money for the future biennium (primary appropriations), this allows us to get a complete picture of how much money the Legislature spends each legislative session. And with that, we can then compare spending from one session to the next, rather than one biennium to another. This is what is known as session spending.

Increase in Session Spending – 2021 to 2023 State Funds	
2021	\$161,159,700,000
2023	\$223,649,200,000
Increase	\$62,489,500,000
Increase	38.7%
Increase w/o tax relief	32.7%
Annual Increase	15.2%

The 38.7% increase, which exceeds the highest spending increases in recent years—21% in 2006 and 20% in 2013 ([Texas Public Policy Foundation, p. 8](#)), are much higher than what taxpayers will find in official legislative documents. For instance, here are the Legislative Budget Board’s report for the Senate version of HB 1:

Increase in Biennial Appropriations – 2022-23 to 2024-25 – State Funds	
2022-23	\$182,405,600,000
2024-25	\$208,587,700,000
Increase	\$26,182,100,000
Increase	14.4%
Increase w/o tax relief	9%
Annual Increase	4.4%

Why the \$36 billion difference? It is because the Texas Legislature uses a number of gimmicks to hide the increased spending from taxpayers. This session, members of the Legislature seem particularly anxious to hide the amount of new spending taking place because many taxpayers are unhappy with the small amount being returned to them in the form of property tax relief, especially when compared to the amount of new spending taking place.

### **Hiding the Ball: The Texas Legislature's Budget Gimmicks**

As the charts above show, the Texas Legislature is hiding about \$36 billion worth of spending increases. This section of the paper runs through some of the ways they accomplish this.

### **Biennial Shenanigans**

In 2021, the Texas Legislature appropriated \$166.3 billion in state funds for Fiscal Years (FY) 2022-23 ([Legislative Budget Board, p. 7](#)). Yet, the Legislative Budget Board's (LBB) summary for the [Senate's version of HB 1](#) shows that expected spending of state funds for 2022-23 is \$182.4 billion, \$16.1 billion higher. Thus, what taxpayers were told in 2021 was only a 1.5% spending increase turns out to be 11.3%. Legislators accomplish this slight of hand in part through supplemental appropriations. By delaying the increase for two years, they accomplish two things. First, few pay attention to the supplemental appropriations bill so the larger increase goes unnoticed and uncriticized. Second, the increase raises the baseline

for comparing spending in 2022-23 to spending in 2024-25. This helps turn this session's 38.7% actual spending increase into a reported 14.4%

### **Hijacking Property Taxes**

Much of the talk this session has been about how much taxpayer money the Texas Legislature will use to provide property tax relief to taxpayers. The Senate has ponied up \$9.8 billion, the House a couple of billion more. But what taxpayers do not know is that in SB 30 the Legislature is taking increased property tax revenue from 2022 to offset much of an \$8.2 billion decrease in General Revenue (GR) education funding in 2023 that will be spent instead on things like state and school district employees (\$2.3 billion), payments to energy companies (\$3.9 billion), and Medicaid and hospitals (\$5.2 billion). In other words, much of the \$9.2 billion in property tax relief will be swallowed up by using property tax revenue to allow for more state spending. Using the property tax funds also allows the Legislature to show a \$5 billion spending increase in GR funds instead of the \$13 billion it really is ([Legislative Budget Board](#)).

### **Budget Schemes**

We need more honesty in the budget so that the Legislature is not hiding off-the-books spending. One way the Legislature does this is through supplemental appropriations, which appropriate money "backward" and thus create a higher base that hides spending growth. That is happening again this year in the House version of SB 30. It appropriates \$16.6 billion

in new general revenue (GR) spending for the current year, which reduced the reported two-year increase of the 2024-25 budget.

On top of that, the House uses another budget gimmick to hide billions of that increase. Higher property taxes in 2022 allows the Legislature use Texans' property tax and other revenue to reduce current GR spending on education by \$8.2 billion. This enables the summary of SB 30 to show an increase of only \$8 billion in GR spending, not \$16 billion.

Gov. Greg Abbott is silent and complicit to these budget schemes and he promised Texans would get the largest property tax cut in Texas history. But if he signs HB 1 in anything near its current form, that won't happen. Instead, Big Business will get wealthier and Big Government will get bigger. And because of the budget gimmicks employed by the Legislature this session, taxpayers will only be vaguely aware that this is happening. Until then, they receive their property tax bills in December and find that, once again, promises of property tax relief did not come true.

In Article V of HB 1, appropriates \$18.1 billion of GR for public safety and criminal justice, a \$6.2 billion increase over 2021. But then, in Article IX, it reduces those appropriations by about \$4 billion and replaces them with left over federal American Rescue Plan Act (ARPA) funds. This allows the Legislature to:

1. pay for a large increase in state spending with federal funds and

2. divert the \$4 billion in criminal justice GR funds for increased spending in other areas.

## Solutions

Not only do HB 1 and SB 30 spend too much taxpayer money and provide far too little property tax relief, they are also being used by the Texas Legislature to hide \$36 billion of increased spending. Texans should tell Texas politicians they want less spending and more transparency.

The path away from this and toward prosperity for all Texans is twofold.

First, the Texas Legislature should tell the truth and be transparent, ending the duplicitous nature of the gimmicks designed to deceive Texas taxpayers.

Once that is out of the way, the second step is simple: reduce government spending. Capping annual state and local spending growth to 3 percent or less would create ongoing annual surpluses to first buy down property taxes and later the sales and business franchise taxes. This will create unimaginable prosperity for all Texans.

Texas government doesn't earn money, it takes your money. The best and only way to truly limit government in Texas is to limit the money.

Liberty and prosperity do not come cheap; one of those costs is a reduced reliance on government. Texans can have this future if they want it.



*The Huffines Liberty Foundation is a 501(c)(3) non-profit, non-partisan research institute.*

**Our mission is to advance the cause of liberty, prosperity, and virtue in the State of Texas by educating citizens so they may hold their elected officials accountable.**

**We have developed an agenda based upon the common sense liberty principles of individual rights, fiscal restraint, personal responsibility, limited government, and social conservatism.**

**The Huffines Liberty Foundation encourages and educates citizens so they are better informed to tackle the toughest challenges.**