

As Engrossed: 2/19/93 2/25/93 3/8/93

1 **State of Arkansas**

2 **79th General Assembly**

3 **Regular Session, 1993**

A Bill

HOUSE BILL 1388

4 **By: Reps. Mullenix, Wooldridge, Parkerson, Fairchild, Wyrick,**

5 **Hinshaw, Wallis, Young, Choate, Riable, Owens, Sheid, Bennett,**

6 **Bryant, Molinaro, Wren, Fletcher, Hill, Stalnaker, King, *Thurman, Easley, Wilkins, Allen,***

7 ***O. Miller, Cash, Dietz, Hawkins, and Roberts***

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For An Act To Be Entitled

12 "AN ACT TO CREATE A *FUTURE OPERATIONS RESERVE FUND* AND TO

13 SPECIFY ITS USE; AND FOR OTHER PURPOSES."

14

15

Subtitle

16 "CREATE A *FUTURE OPERATIONS RESERVE FUND*"

17

18 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

19

20 *SECTION 1. Arkansas Code 19-5-1032 is hereby amended to read as*

21 *follows:*

22 *"§19-5-1032. Future Operations Reserve Fund.*

23 *There is hereby established on the books of the State Treasurer, State*

24 *Auditor, and Chief Fiscal Officer of the State a fund to be known as the*

25 *'Future Operations Reserve Fund'. This fund shall consist of such general*

26 *revenues as may be provided by the Revenue Stabilization Law, §19-5-101 et*

27 *seq., and such other funds as may be provided by law."*

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29 *SECTION 2. TRANSFERS TO FUTURE OPERATIONS RESERVE FUND. The term*

30 *"general revenues available for distribution" shall have the same meaning in*
31 *this section as the term is used in Arkansas Code title 19, chapter 5,*

32 *subchapter 2. After determining the amount of general revenues available for*

33 *distribution at the end of each month, the State Treasurer shall add the*

34 *amount so determined to the total of the general revenues available for*

35 *distribution in the preceding months of the then current fiscal year. The*

1 total of the general revenues available for distribution for the full twelve
2 months of the preceding fiscal year shall be subtracted from the sum of the
3 general revenues available for distribution of the current fiscal year. If
4 the remainder is greater than zero, the State Treasurer shall transfer ten per
5 cent (10%) of the remainder to the *Future Operations Reserve Fund* or so much
6 thereof as is required to maintain an available balance in the *Future*
7 *Operations Reserve Fund* as set herein . The total balance available in the
8 *Future Operations Reserve Fund* during any month shall not exceed an amount
9 equal to *two and one-half percent (2½%)* of the general revenues distributed
10 during the preceding fiscal year. The transfer to the *Future Operations*
11 *Reserve Fund* by the State Treasurer shall be made prior to distributing the
12 general revenues available for distribution as set out in Arkansas Code title
13 19, chapter 5, subchapter 4 to the various funds and fund accounts.

14

15 SECTION 3. RESTRICTIONS. Funds available in the *Future Operations*
16 *Reserve Fund* may be used only under the following conditions and restrictions:

17 (a) by appropriation therefrom by the General Assembly; or

18 (b) a "revenue shortfall" exists as defined as a circumstance when the
19 official general revenue projection certified by the Chief Fiscal Officer of
20 the State and in effect on July 1 of the current fiscal year is required to be
21 reduced by at least five percent (5%) due to changes in economic conditions;
22 or

23 (c) a "federal/court mandate" exists as defined as a circumstance when
24 mandates or specific requirements of the federal government or federal courts
25 require an increase in the general revenues available to a fund or fund
26 account above the amount certified for the fund or fund account by the Chief
27 Fiscal Officer of the State on July 1 of the current fiscal year and the
28 required increase in the current fiscal year on an annual basis is ten percent
29 (10%) or more.

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31 SECTION 4. PROCEDURES. In the event that the Governor or the Chief
32 Fiscal Officer of the State or both determine that circumstances exist that
33 meet the requirements for the utilization of the *Future Operations Reserve*
34 *Fund* as set out in Section 3(b) or 3(c) of this Act, the procedures set out
35 herein shall apply.

1 (a) When the Chief Fiscal Officer of the State determines that a
2 "revenue shortfall" exists, he shall prepare and file written documentation
3 with the Arkansas Legislative Council, the Joint Budget Committee and the
4 Legislative Joint Audit Committee. Such documentation shall include:

5 (1) such sufficient financial data that will enable the
6 verification of the existence and the amount of the revenue shortfall;

7 (2) a proposed distribution of monies from the *Future Operations*
8 *Reserve Fund* to one or more funds or fund accounts; and

9 (3) a statement certifying that no other funds are available
10 that could be transferred in lieu of the *Future Operations Reserve Fund*.

11 (b) When the Chief Fiscal Officer of the State determines that a
12 "federal/court mandate" exists, he shall prepare and file written
13 documentation with the Arkansas Legislative Council, the Joint Budget
14 Committee and the appropriate joint interim committee. Such documentation
15 shall include:

16 (1) sufficient documentation that will enable the verification
17 of the existence and the amount of funds required under the federal/court
18 mandate; and

19 (2) a written summary of the federal mandate or court mandate
20 with the applicable rules, regulations, court order, settlement agreement and
21 other documents as deemed appropriate or requested to be provided by either
22 committee attached thereto; and

23 (3) a proposed distribution of monies from the *Future Operations*
24 *Reserve Fund* to one or more funds or fund accounts; and

25 (4) a statement certifying that no other funds are available
26 that could be transferred in lieu of the *Future Operations Reserve Fund*.

27 Such documentation as required in (a) and (b) herein shall be filed with
28 the committees for their review prior to the implementation of the proposed
29 distribution. The Chief Fiscal Officer of the State, after having sought
30 prior review, shall cause any required transfers to be made on his books and
31 on the books of the State Treasurer in such amounts as needed, but not to
32 exceed the amount of the revenue shortfall or federal/court mandate whichever
33 is applicable, from the *Future Operations Reserve Fund* to the appropriate
34 funds and fund accounts.

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/s/Ted E. Mullenix, et al

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