

**Hall of the House of Representatives**  
84th General Assembly - Regular Session, 2003  
**Amendment Form**

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**Subtitle of House Bill No. 2460**  
"THE STATE GOVERNMENT FISCAL RESPONSIBILITY ACT."  
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**Amendment No. 1 to House Bill No. 2460.**

Amend House Bill No. 2460 as originally introduced:

Page 1, delete line 20 through 26 and substitute the following:

“SECTION 1. Arkansas Code Title 19, Chapter 1, is amended to add an additional subchapter to read as follows:

19-1-801. Annual state expenditures.

(a) The annual state expenditures shall not exceed the total expenditures for the prior biennium, except for annual percentage changes in the cost-of-living and population.

(b) The General Assembly shall by law provide a method for determining the percentage change in the cost-of-living and population, but in no case shall the percentage change in expenditures exceed the average percentage change in the state’s per capita.

19-1-802. Definitions.

For purposes of this subchapter:

(1) “Personal income” means the total income received by residents of the state from all sources, including transfer payments as defined and officially reported by the United States Department of Commerce or any other appropriate federal agency for a twelve (12) month period of time;

(2) “Cost-of-living” means the consumer price index for the United States of America, or any comparable index, as computed by the Bureau of Labor Statistics of the Department of Commerce of the United States for a twelve (12) month period of time;

(3) “Population” means the number of people residing in the state, excluding armed forces stationed overseas, as determined by the United States Bureau of Census;

(4) “Expenditures” means the total amount of moneys appropriated by the state except:

(A) Appropriations funded by moneys received from the federal government;

(B) Principal and interest on bonded indebtedness;

(C) Appropriations funded by unemployment and disability insurance funds;



(D) Appropriations funded by discretionary user charges to the extent that such charges do not exceed the cost of the goods or services and its purchase by the user is discretionary;

(E) Appropriations funded from permanent endowment, trust funds, or pension funds;

(F) Proceeds of gifts or bequests made for purposes specified by the donor; or

(G) Moneys appropriated for tax relief;

(5) "Fiscal year" means any accounting period consisting of twelve (12) consecutive months;

(6) "Per capita expenditures" means the quotient derived from dividing expenditures of the state for a fiscal year by its population on the first day of that fiscal year; and

(7) "Emergency" means an extraordinary event or occurrence that could not have been reasonably foreseen or prevented and that requires immediate expenditure to preserve the health, safety, and general welfare of the people.

19-1-803. Excess revenues.

(a) For any fiscal year, the excess of revenues over expenditures, except as provided in § 19-1-802, shall be funded pro rata on the annual income tax returns.

(b) The General Assembly shall reduce state tax rates for the next tax year to reflect the excess of revenues over expenditures except as provided by § 19-1-802.

19-1-804. Emergency.

(a) The limitation imposed by § 19-1-801 may be exceeded upon the exhaustion of the fund established according to § 19-1-802, and upon the declaration of an emergency by the Governor and upon a two-thirds (2/3) vote of all members elected to the House of Representatives and the Senate concurring therein.

(b) The General Assembly shall set forth the amount of the cost of the emergency and the method by which it shall be defrayed.

(c) The limitation may be exceeded only for the years in which the emergency is declared.

(d) No emergency expenditures, as expressed in § 19-1-802, be included in the computation of the limitation imposed by § 19-1-801 for any year.

19-1-805. Mandated and shifted costs.

(a) The state shall not impose upon any local unit of government any part of the total costs of new programs or services, or increases in existing programs or services, unless a specific appropriation is made sufficient to pay the local unit of government for that purpose.

(b) The appropriation is made sufficient to pay the local unit of government for that purpose.

(c) The proportion of state revenue paid to all local units of government, taken as a group, shall not be reduced below that proportion in effect at the adoption of this subchapter.

(d) When costs are transferred from one unit of government to another unit of government, either by law or court order, the limitation imposed by § 19-1-801 shall be adjusted and transferred accordingly, so the total costs

are not increased as a result of the transfer.

19-1-806. Severability.

If any expenditure category or revenue source, shall, by a court of competent jurisdiction in a final order, be adjudged exempt from this subchapter, the process of computing the expenditure limitation shall be adjusted accordingly and remaining provisions shall be in full force and effect.

19-1-807. Implementation.

The General Assembly shall enact legislation that may be necessary to implement and enforce the provisions of this subchapter.

19-1-808. Local tax limitation.

(a) Without the approval of a majority of the voters of the local unit of government, the units of local government are prohibited from:

(1) Levying any tax not in existence at the time this subchapter is enacted; and

(2) Increasing the rates of existing taxes at the time this subchapter is enacted.

(b) This section shall not apply to taxes imposed for the repayment of principal and interest or other indebtedness or for the payment of assessments or contract obligations in anticipation of bonds that are issued.

(c) The legislature may impose an expenditure limitation upon local units of government not inconsistent with the provisions of this subchapter.

The Amendment was read \_\_\_\_\_

By: Representative Harris

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Chief Clerk