

Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.

1 State of Arkansas  
2 84th General Assembly  
3 Regular Session, 2003  
4

As Engrossed: H3/19/03

# A Bill

HOUSE BILL 2460

5 By: Representative Harris  
6  
7

## For An Act To Be Entitled

9 AN ACT CONCERNING FISCAL RESPONSIBILITY FOR STATE  
10 GOVERNMENT; "THE STATE GOVERNMENT FISCAL  
11 RESPONSIBILITY ACT"; AND FOR OTHER PURPOSES.  
12

### Subtitle

14 THE STATE GOVERNMENT FISCAL  
15 RESPONSIBILITY ACT.  
16  
17

18 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
19

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

22 *19-1-801. Annual state expenditures.*

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

26 *(b) The General Assembly shall by law provide a method for determining*  
27 *the percentage change in the cost-of-living and population, but in no case*  
28 *shall the percentage change in expenditures exceed the average percentage*  
29 *change in the state's per capita.*  
30

31 *19-1-802. Definitions.*

32 *For purposes of this subchapter:*

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



1 time;

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

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

9 (4) "Expenditures" means the total amount of moneys appropriated  
10 by the state except:

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

13 (B) Principal and interest on bonded indebtedness;

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

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

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

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

23 (G) Moneys appropriated for tax relief;

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

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

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

33  
34 19-1-803. Excess revenues.

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

1 income tax returns.

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

5  
6 19-1-804. Emergency.

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

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

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

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

18  
19 19-1-805. Mandated and shifted costs.

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

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

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

29 (d) When costs are transferred from one unit of government to another  
30 unit of government, either by law or court order, the limitation imposed by §  
31 19-1-801 shall be adjusted and transferred accordingly, so the total costs  
32 are not increased as a result of the transfer.

33  
34 19-1-806. Severability.

35 If any expenditure category or revenue source, shall, by a court of  
36 competent jurisdiction in a final order, be adjudged exempt from this

1 subchapter, the process of computing the expenditure limitation shall be  
2 adjusted accordingly and remaining provisions shall be in full force and  
3 effect.

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5 19-1-807. Implementation.

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

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9 19-1-808. Local tax limitation.

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

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

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

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

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

21  
22 /s/ Harris