

INTERIM STUDY PROPOSAL 2021-056

1 State of Arkansas
2 93rd General Assembly
3 Regular Session, 2021

A Bill

HOUSE BILL 1902

4 By: Representative Ray
5 By: Senator Gilmore

6 Filed with: Arkansas Legislative Council
7 pursuant to A.C.A. §10-3-217.

For An Act To Be Entitled

8 AN ACT TO IMPOSE A CAP ON GENERAL REVENUE
9 EXPENDITURES FOR EACH FISCAL YEAR; TO LIMIT THE
10 INCREASE IN GENERAL REVENUE EXPENDITURES FROM YEAR TO
11 YEAR; TO CREATE A NEXUS BETWEEN THE AMOUNT OF GENERAL
12 REVENUE EXPENDITURES AND THE GROWTH OF THE STATE
13 DISPOSABLE PERSONAL INCOME; AND FOR OTHER PURPOSES.
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Subtitle

19 TO LIMIT THE INCREASE IN GENERAL REVENUE
20 EXPENDITURES FROM YEAR TO YEAR; AND TO
21 CREATE A NEXUS BETWEEN THE AMOUNT OF
22 GENERAL REVENUE EXPENDITURES AND THE
23 GROWTH OF THE STATE DISPOSABLE PERSONAL
24 INCOME.
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28 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

29 SECTION 1. Arkansas Code § 19-1-212 is amended to read as follows:

30 19-1-212. Duty to avoid deficit ~~– Limitation on expenditures of net~~
31 general revenue.
32

33 ~~(a) It shall be the duty and responsibility of the~~ The Secretary of
34 the Department of Finance and Administration ~~to~~ shall:

1 (1) Keep advised at all times as to the revenues and other
2 income available for the operation, maintenance, and improvement of all state
3 agencies;

4 (2) Exercise the powers conferred upon him or her by law to see
5 that the state and all state agencies are maintained on a basis of accounting
6 recommended by the Governmental Accounting Standards Board for governmental
7 purposes;

8 (3) See that no obligation ~~shall be~~ is incurred ~~which shall not~~
9 ~~be payable~~ that would be unpayable when the obligation ~~shall become~~ becomes
10 due; and

11 (4) Exercise his or her powers to see that ~~the~~ :

12 (A) The funds on hand and estimated to become available to
13 each state agency ~~shall be~~ are sufficient to maintain the state and all ~~of~~
14 ~~its~~ state agencies on a sound financial basis without incurring a deficit; ;
15 and

16 (B)(i) The expenditures of net general revenue available
17 for distribution for each fiscal year do not exceed the average rate of
18 change of the total state disposable personal income.

19 (ii) The average rate of change of the total state
20 disposable personal income that is applicable for a fiscal year shall be
21 calculated by July 15 of the preceding fiscal year by:

22 (a) Dividing:

23 (1) The total state disposable personal
24 income based on the most recent annual report from the United States Bureau
25 of Economic Analysis for the immediately preceding calendar year; by

26 (2) The total state disposable personal
27 income based on the bureau's estimates closest in time to five (5) calendar
28 years before the report used in subdivision (4)(B)(ii)(a)(1) of this section;
29 and

30 (b) Subtracting one (1) from the fifth root of
31 the quotient obtained under subdivision (4)(B)(ii)(a) of this section.

32 (b) The secretary may authorize an expenditure that exceeds the
33 limitation stated in subdivision (a)(4)(B) of this section if the:

34 (1) Expenditure is necessary because of an emergency;

35 (2) Governor approves the expenditure; and

1 (3) Legislative Council, or the Joint Budget Committee if the
2 General Assembly is in session, reviews the expenditure.

3 (c) The limitation stated in subdivision (a)(4)(B) of this section
4 does not apply to:

5 (1) General revenues transferred or credited to the Development
6 and Enhancement Fund or its successor fund or fund accounts; or

7 (2) One-time expenditures for the settlement of claims against
8 the state or a state entity.

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11 Referred requested by the Arkansas House of Representatives
12 Prepared by: MBM/KFW

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