

Hall of the House of Representatives
85th General Assembly - Regular Session, 2005
Amendment Form

Subtitle of House Bill No. 2605

"AN ACT CONCERNING LIMITED GOVERNMENT."

Amendment No. 1 to House Bill No. 2605.

Amend House Bill No. 2605 as originally introduced:

Page 1, delete lines 9 and 10 and substitute:

"AN ACT TO LIMIT APPROPRIATIONS FOR THE OPERATION OF STATE GOVERNMENT; AND FOR OTHER PURPOSES."

AND

Page 1, delete line 13 and substitute:

"AN ACT TO LIMIT APPROPRIATIONS FOR THE OPERATION OF STATE GOVERNMENT; AND FOR OTHER PURPOSES."

AND

Delete lines 18 and 19 and substitute:

"SECTION 1. Arkansas Code Title 19 is amended to add a new chapter as follows:

19-13-101. Definitions.

As used in this chapter:

(1) "Appropriation year" means the calendar year in which a regular legislative session begins.

(2)(A) "Arkansas disposable personal income factor" means a standardized factor to describe the growth in disposable personal income in the State of Arkansas, which is equal to current Arkansas disposable personal income divided by previous Arkansas disposable personal income.

(B) "Arkansas disposable personal income factor" is also expressed in this chapter as:

(i) "ARDPIF"; or

(ii) "ARDPIF = CARDPI / PARDPI";

(3)(A) "Consumer price index factor" means a standardized factor to account for the change in the Consumer Price Index-All Urban Consumers in order to adjust the state budget for inflation, which is equal to the current consumer price index divided by the previous consumer price index.

(B) "Consumer price index factor" is also expressed in this chapter as:



- (i) "CPIF" ; or
- (ii) "CPIF = CCPI / PCPI";

(4)(A) "Current Arkansas disposable personal income" means the total amount of personal income received by Arkansas residents in the calendar year preceding the appropriation year less personal taxes on the income as determined by the Director of the Department of Finance and Administration.

(B) "Current Arkansas disposable personal income" is also expressed in this chapter as "CARDPI";

(5)(A) "Current consumer price index" means the average Consumer Price Index-All Urban Consumers determined:

(i) By the Director of the Department of Finance and Administration and based on the United States Department of Labor, Bureau of Labor Statistics Consumer Price Indexes program; and

(ii) For the twelve-month period immediately preceding October 1 of the even-numbered year immediately preceding the appropriation year.

(B) "Current consumer price index" is also expressed in this chapter as "CCPI";

(6)(A) "Current Revenue Reserve Fund" means the amount of funds estimated to be in the Revenue Reserve Fund as of July 1 of the appropriation year.

(B) "Current Revenue Reserve Fund" is also expressed in this chapter as "CRRF";

(7)(A) "Current total population" means the total population of the State of Arkansas determined:

(i) By the Director of the Department of Finance and Administration utilizing information from the latest federal decennial census and other available data; and

(ii) For the twelve-month period immediately preceding October 1 of the even-numbered year immediately preceding the appropriation year.

(B) "Current total population" is also expressed in this chapter as "CTP";

(8)(A) "Current United States disposable personal income" means the total amount of personal income received by United States residents in the calendar year preceding the appropriation year less personal taxes on the income as determined by the Director of the Department of Finance and Administration using all available data.

(B) "Current United States disposable personal income" is also expressed in this chapter as "CUSDPI";

(9)(A) "Disposable personal income growth bonus factor" means a standardized factor to describe the proportional growth of Arkansas disposable personal income as compared to the growth of the United States disposable personal income, which is equal to Arkansas disposable personal income factor divided by United States disposable personal income factor.

(B) "Disposable personal income growth bonus factor" is also expressed in this chapter as:

- (i) "IGBF"; or
- (ii) "IGBF = ARDPIF / USDPIF";

(10) "General Improvement Fund" means the fund created under § 19-5-1005 and is also expressed in this chapter as "GIF";

(11) "Personal income" means all income received by an individual originating from all sources, including without limitation, wages, salary, rental income, dividend and interest income, and unemployment insurance.

(12)(A) "Population growth factor" means a standardized factor to account for the population increase or decrease in the population of the State of Arkansas, which is equal to current total population divided by previous total population.

(B) "Population growth factor" is also expressed in this chapter as:

(i) "PGF"; or

(ii) "PGF = CTP / PTP";

(13)(A) "Previous appropriable revenues" means the amount of gross revenues appropriated for the two (2) fiscal years immediately preceding the two (2) fiscal years for which appropriations are made during the appropriation year.

(B) "Previous appropriable revenues" is also expressed in this chapter as "PAR";

(14)(A)(i) "Previous Arkansas disposable personal income" means the total amount of personal income received by Arkansas residents in a calendar year less personal taxes on the income as determined by the Director of the Department of Finance and Administration.

(ii) As used in this subdivision (14)(A)(i), "calendar year" means the appropriation year less two (2) years.

(B) "Previous Arkansas disposable personal income" is also expressed in this chapter as "PARDPI";

(15)(A) "Previous consumer price index" means the average Consumer Price Index-All Urban Consumers:

(i) Determined by the Director of the Department of Finance and Administration and based on the United States Department of Labor, Bureau of Labor Statistics Consumer Price Indexes program;

(ii) For the twelve-month period immediately preceding October 1 of the even-numbered year that is equal to the appropriation year less three (3) years.

(B) "Previous consumer price index" is also expressed in this chapter as "PCPI";

(16)(A) "Previous Reserve Revenue Fund" means the balance of the Revenue Reserve Fund as of July 1 of the calendar year in which the previous legislative session began and for which funds were appropriated by the General Assembly in accordance with this chapter.

(B) "Previous Reserve Revenue Fund" is also expressed in this chapter as "PRRF";

(17)(A) "Previous total population" means the total population of the State of Arkansas determined:

(i) By the Director of the Department of Finance and Administration utilizing information from the latest federal decennial census and other available data; and

(ii) For the twelve-month period immediately preceding October 1 of the even-numbered year that is equal to the appropriation year less two (2) years.

(B) "Previous total population" is also expressed in this chapter as "PTP";

(18)(A)(i) "Previous United States disposable personal income" means the total amount of personal income received by United States residents in a calendar year less personal taxes on the income as determined by the Director of the Department of Finance and Administration.

(ii) As used in this subdivision (18)(A)(i), "calendar year" means the appropriation year less four (4) years.

(B) "Previous United States disposable personal income" is also expressed in this chapter as "PUSDPI";

(19)(A) "Reserve revenue carry-over" means the amount of total revenue in excess of the total appropriable revenues.

(B) "Reserve revenue carry-over" is also expressed in this chapter as:

(i) "RRCO"; or

(ii) "RRCO = TR - TAR";

(20)(A) "Reserve revenue fund" means the pool of revenues accrued from the collective previous year's total revenue in excess of the total appropriable revenues.

(B) "Reserve Revenue Fund" is also expressed in this chapter as "RRF";

(21)(A) "Total appropriable revenue" means the maximum amount that may be appropriated by the General Assembly in a fiscal biennium as calculated in § 19-13-102.

(B) "Total appropriable revenue" is also expressed in this chapter as "TAR";

(22)(A) "Total revenue" means the total amount of gross revenues credited to the State Apportionment Fund during a fiscal year.

(B) "Total revenue" is also expressed in this chapter as "TR"; and

(23)(A) "United States disposable personal income factor" means a standardized factor to describe the growth in disposable personal income in the United States, which is equal to current United States disposable personal income divided by previous United States disposable personal income.

(B) "United States disposable personal income factor" is also expressed in this chapter as:

(i) "USDPIF"; or

(ii) "USDPIF = CUSDPI / PUSDPI".

19-13-102. Limitation on appropriations.

(a) The maximum amount of gross revenues that may be appropriated by the General Assembly in an appropriation year for a fiscal biennium shall be limited according to one (1) of the following formulae:

(1) $TAR = PAR \times CPIF \times PGF \times IGBF$, if IGBF is greater than 1.00;

or

(2) $TAR = PAR \times CPIF \times PGF$, if IGBF is less than or equal to 1.00.

(b) If total revenue (TR) is less than total appropriable revenue (TAR), then funds may be appropriated in an appropriation year for a fiscal biennium from the Reserve Revenue Fund if a sufficient balance exists.

(c) If the sum of total revenue (TR) and the balance in the Reserve Revenue Fund as of January 1 of the appropriation year is insufficient to meet the allowed total appropriable revenue (TAR), then the General Assembly shall increase state taxes or impose additional taxes as necessary to

maintain a balanced budget.

(d) If the balance in the Reserve Revenue Fund on January 1 of an appropriation year is equal to or greater than twenty-five percent (25%) of the total appropriable revenues for the appropriation year, the General Assembly shall enact those tax cuts it deems necessary to reduce the balance in the Reserve Revenue Fund to less than twenty-five percent (25%) of the total appropriable revenues (TAR) over a five-year period.

(e) If the General Assembly fails to institute sufficient tax cuts to reduce the balance of the Reserve Revenue Fund as required under subsection (d) of this section, then all taxes levied by the state under Title 26 shall be automatically reduced by five percent (5%) effective on January 1 of the year following the appropriation year.

SECTION 2. Title 19, Chapter 5, Subchapter 2 is amended to add a new section as follows:

19-5-207. Reserve Revenue Fund.

(a) There is created on the books of the Treasurer of State, Auditor of State, and Chief Fiscal Officer of the State a fund to be known as the "Reserve Revenue Fund".

(b)(1) Ten percent (10%) of all moneys deposited to the State Apportionment Fund shall be deposited into the State Treasury to the credit of the Reserve Revenue Fund.

(2) The Reserve Revenue Fund shall also consist of any other revenues as may be authorized by law.

(c) The fund shall be subject to appropriation by the General Assembly in accordance with 19-13-102.

SECTION 3. Arkansas Code § 19-5-201 is amended to read as follows:

19-5-201. State Apportionment Fund.

(a) There is created on the books of the Treasurer of State, the Auditor of State, and the Chief Fiscal Officer of the State a fund to be known as the State Apportionment Fund. After July 1, 1973, all general revenues and all special revenues, as defined in the Revenue Classification Law of Arkansas, § 19-6-101, et seq., shall be deposited by the Treasurer of State into the State Apportionment Fund, there to be handled and distributed as provided in this subchapter.

(b)(1) All revenue received by the Treasurer of State by 4:00 p.m. of any normal working day shall be deposited and so credited to the State Apportionment Fund as occurring on that day and shall be deemed to be gross revenues for that respective day.

(2) For the purposes of accounting for such revenue, the Treasurer of State shall credit it:

(A) Ten percent (10%) of the amount of gross revenues to the Reserve Revenue Fund; and

(B) The remaining amounts to the proper fund account of the State Apportionment Fund as established by this section."

The Amendment was read _____

By: Representative M. Martin

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Chief Clerk