

1 State of Arkansas  
2 80th General Assembly  
3 Regular Session, 1995

# A Bill

HOUSE BILL 1667

4 By: Representatives Mullenix, Wallis, Allen, Young,  
5 Wooldridge, Wyrick, T. Smith, Thomas, Von Gremp,  
6 Hudson, Ray

## For An Act To Be Entitled

9 "AN ACT TO CREATE A RAINY DAY FUND AND TO SPECIFY ITS USE;  
10 AND FOR OTHER PURPOSES."

### Subtitle

13 "CREATE A RAINY DAY FUND"

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

#### 17 SECTION 1. RAINY DAY FUND CREATED.

18 There is hereby established on the books of the State Treasurer, State  
19 Auditor, and Chief Fiscal Officer of the State a fund to be known as the  
20 "Rainy Day Fund". This fund shall consist of such general revenues as may be  
21 provided by the Revenue Stabilization Law, §19-5-101 et seq., and such other  
22 funds as may be provided by law.

24 SECTION 2. TRANSFERS TO RAINY DAY FUND. The term "general revenues  
25 available for distribution" shall have the same meaning in this section as  
26 the term is used in Arkansas Code title 19, chapter 5, subchapter 2. After  
27 determining the amount of general revenues available for distribution at the  
28 end of each month, the State Treasurer shall add the amount so determined to  
29 the total of the general revenues available for distribution in the preceding  
30 months of the then current fiscal year. The total of the general revenues  
31 available for distribution for the full twelve months of the preceding fiscal  
32 year shall be subtracted from the sum of the general revenues available for  
33 distribution of the current fiscal year, less those increased general  
34 revenues available for distribution of the current fiscal year due solely to  
35 enactments of the current General Assembly. If the remainder is greater than

1 zero, the State Treasurer shall transfer *five per cent (5%)* of the remainder  
2 to the Rainy Day Fund or so much thereof as is required to maintain an  
3 available balance in the Rainy Day Fund as set out herein. The total balance  
4 available in the Rainy Day Fund during any month shall not exceed an amount  
5 equal to two and one-half percent (2-1/2%) of the general revenues  
6 distributed during the preceding fiscal year. The transfer to the Rainy Day  
7 Fund by the State Treasurer shall be made prior to distributing the general  
8 revenues available for distribution as set out in Arkansas Code title 19,  
9 chapter 5, subchapter 4 to the various funds and fund accounts.

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11 SECTION 3. RESTRICTIONS. Funds available in the Rainy Day Fund may be  
12 used only under the following conditions and restrictions:

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

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

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

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27 SECTION 4. PROCEDURES. In the event that the Governor or the Chief  
28 Fiscal Officer of the State or both determine that circumstances exist that  
29 meet the requirements for the utilization of the Rainy Day Fund as set out in  
30 Section 3(b) or 3(c) of this Act, the procedures set out herein shall apply.

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

35 (1) such sufficient financial data that will enable the

1 verification of the existence and the amount of the revenue shortfall;

2 (2) a proposed distribution of monies from the Rainy Day Fund to  
3 one or more funds or fund accounts; and

4 (3) a statement certifying that no other funds are available  
5 that could be transferred in lieu of the Rainy Day Fund.

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

11 (1) sufficient documentation that will enable the verification  
12 of the existence and the amount of funds required under the federal/court  
13 mandate; and

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

18 (3) a proposed distribution of monies from the Rainy Day Fund to  
19 one or more funds or fund accounts; and

20 (4) a statement certifying that no other funds are available  
21 that could be transferred in lieu of the Rainy Day Fund.

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

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31 /s/Rep. Mullenix, et al

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***As Engrossed: 3/24/95***

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