

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 85th General Assembly
3 Regular Session, 2005
4

As Engrossed: H3/29/05

A Bill

HOUSE BILL 2605

5 By: Representative M. Martin
6
7

For An Act To Be Entitled

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

Subtitle

12 AN ACT TO LIMIT APPROPRIATIONS FOR THE
13 OPERATION OF STATE GOVERNMENT; AND FOR
14 OTHER PURPOSES.
15
16
17

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

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

22 19-13-101. Definitions.

23 As used in this chapter:

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

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

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

32 (i) "ARDPIF"; or

33 (ii) "ARDPIF = CARDPI / PARDPI";

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



1 consumer price index divided by the previous consumer price index.

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

4 (i) "CPIF" ; or

5 (ii) "CPIF = CCPI / PCPI";

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

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

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

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

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

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

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

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

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

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

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

36 (B) "Current total population" is also expressed in this

1 chapter as "CTP";

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

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

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

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

16 (i) "IGBF"; or

17 (ii) "IGBF = ARDPIF / USDPIF";

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

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

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

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

30 (i) "PGF"; or

31 (ii) "PGF = CTP / PTP";

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

36 (B) "Previous appropriable revenues" is also expressed in

1 this chapter as "PAR";

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

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

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

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

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

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

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

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

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

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

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

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

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

36 (18)(A)(i) "Previous United States disposable personal income"

1 means the total amount of personal income received by United States residents
2 in a calendar year less personal taxes on the income as determined by the
3 Director of the Department of Finance and Administration.

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

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

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

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

12 (i) "RRCO"; or

13 (ii) "RRCO = TR - TAR";

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

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

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

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

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

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

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

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

34 (i) "USDPIF"; or

35 (ii) "USDPIF = CUSDPI / PUSDPI".

36

1 19-13-102. Limitation on appropriations.

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

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

6 or

7 (2) $TAR = PAR \times CPIF \times PGF$, if IGBF is less than or equal to
8 1.00.

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

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

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

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

28
29 SECTION 2. Title 19, Chapter 5, Subchapter 2 is amended to add a new
30 section as follows:

31 19-5-207. Reserve Revenue Fund.

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

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

1 of the Reserve Revenue Fund.

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

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

6
7 SECTION 3. Arkansas Code § 19-5-201 is amended to read as follows:
8 19-5-201. State Apportionment Fund.

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

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

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

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

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

26
27 /s/ M. Martin
28
29
30
31
32
33
34
35
36