

1 State of Arkansas
2 89th General Assembly
3 Regular Session, 2013
4

A Bill

HOUSE BILL 1041

5 By: Representatives Westerman, D. Altes, Bell, Biviano, J. Burris, Clemmer, Collins, Cozart, Davis,
6 Dotson, C. Douglas, D. Douglas, Eubanks, Gillam, Gossage, Hammer, Harris, Hickerson, Hobbs, House,
7 Hutchison, Kerr, Lea, Lowery, Mayberry, D. Meeks, Rice, Scott, Shepherd, Slinkard
8 By: Senators D. Sanders, Files, Hester, Holland, Rapert
9

For An Act To Be Entitled

10 AN ACT TO IMPOSE A CAP ON GENERAL REVENUE
11 EXPENDITURES FOR EACH FISCAL YEAR; TO LIMIT THE
12 INCREASE IN GENERAL REVENUE EXPENDITURES FROM YEAR TO
13 YEAR; TO CREATE A NEXUS BETWEEN THE AMOUNT OF GENERAL
14 REVENUE EXPENDITURES AND THE GROWTH OF GROSS GENERAL
15 REVENUES; TO DECLARE AN EMERGENCY; AND FOR OTHER
16 PURPOSES.
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Subtitle

20 TO LIMIT THE INCREASE IN GENERAL REVENUE
21 EXPENDITURES FROM YEAR TO YEAR; TO CREATE
22 A NEXUS BETWEEN THE AMOUNT OF GENERAL
23 REVENUE EXPENDITURES AND THE GROWTH OF
24 GROSS GENERAL REVENUES; AND TO DECLARE AN
25 EMERGENCY.
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29 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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31 SECTION 1. Arkansas Code § 19-1-212 is amended to read as follows:

32 19-1-212. Duty to avoid deficit - Limitation on general revenue
33 expenditures.

34 ~~It shall be the duty and responsibility of the~~ The Director of the
35 Department of Finance and Administration ~~to~~ shall:

36 (1) Keep advised at all times as to the revenues and other



1 income available for the operation, maintenance, and improvement of all state
2 agencies;

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

7 (3) See that no obligation shall be incurred which shall not be
8 payable when the obligation shall become due; and

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

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

14 (B) The general revenue expenditures for each fiscal year
15 do not exceed the lesser of the following:

16 (i) An increase of three percent (3%) over the total
17 general revenue expenditures of all state agencies and institutions of higher
18 education for the previous fiscal year; and

19 (ii)(a) The average rate of change of the state
20 gross domestic product for the preceding three (3) fiscal years.

21 (b) The average rate of change of the state
22 gross domestic product is calculated by:

23 (1) Dividing:

24 (A) The estimated state gross
25 domestic product forecast based on the most recent report from the Department
26 of Finance and Administration as of June 30 of the immediately preceding
27 fiscal year; by

28 (B) The estimated state gross
29 domestic product based on the department's estimates closest in time to three
30 (3) fiscal years before the report used in subdivision (4)(B)(ii)(b)(1)(A) of
31 this section; and

32 (2) Subtracting one (1) from the cube
33 root of the quotient obtained under subdivision (4)(B)(ii)(b)(1) of this
34 section.

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36 SECTION 2. EMERGENCY CLAUSE. It is found and determined by the

1 General Assembly of the State of Arkansas that it is in the best interest of
2 the state to control spending and prepare for variations in the health of the
3 economy; that the state's general revenue expenditures should not grow more
4 than three percent (3%) each year to prevent the overgrowth of government,
5 which cannot be sustained in poor economic times and to smooth the
6 fluctuations in budgeting; that the growth of the state's general revenue
7 expenditures should be tied to the growth of the state's gross domestic
8 product to avoid overspending; and that this act is necessary to control
9 state spending beginning with the 2013-2014 fiscal year, which begins July 1,
10 2013. Therefore, an emergency is declared to exist, and this act being
11 necessary for the preservation of the public peace, health, and safety shall
12 become effective on July 1, 2013.

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