

REFERENCE TITLE: **limitation on state expenditures**

State of Arizona
House of Representatives
Fiftieth Legislature
Second Regular Session
2012

HB 2791

Introduced by
Representatives Lesko, Harper, Mesnard, Montenegro, Senator Burges:
Representatives Fillmore, Gowan, Gray R, Judd, Kavanagh, McLain, Olson,
Pierce, Senators Allen, Barto, Melvin, Murphy, Nelson, Smith

AN ACT

AMENDING TITLE 35, CHAPTER 1, ARIZONA REVISED STATUTES, BY ADDING ARTICLE 2.2; AMENDING SECTION 35-144, ARIZONA REVISED STATUTES; RELATING TO STATE EXPENDITURE LIMITS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Title 35, chapter 1, Arizona Revised Statutes, is amended
3 by adding article 2.2, to read:

4 ARTICLE 2.2. STATE EXPENDITURE LIMITS

5 35-132. Definition of state general fund revenues

6 IN THIS ARTICLE, UNLESS THE CONTEXT OTHERWISE REQUIRES, "STATE GENERAL
7 FUND REVENUES":

8 1. INCLUDES ALL MONIES, REVENUES, FEES, FINES, PENALTIES, FUNDS,
9 PROPERTY AND RECEIPTS DEPOSITED IN THE STATE GENERAL FUND, AFTER
10 DISTRIBUTIONS TO THE URBAN REVENUE SHARING FUND ESTABLISHED BY SECTION
11 43-206, EXCEPT AS PROVIDED IN THIS SECTION.

12 2. DOES NOT INCLUDE:

13 (a) ANY AMOUNTS OR PROPERTY RECEIVED FROM THE ISSUANCE OR INCURRENCE
14 OF BONDS OR OTHER LAWFUL LONG-TERM OBLIGATIONS ISSUED OR INCURRED FOR A
15 SPECIFIC PURPOSE. FOR THE PURPOSES OF THIS SUBDIVISION, LONG-TERM
16 OBLIGATIONS DO NOT INCLUDE WARRANTS ISSUED IN THE ORDINARY COURSE OF
17 OPERATION OR REGISTERED FOR PAYMENT BY THIS STATE.

18 (b) ANY AMOUNTS OR PROPERTY RECEIVED BY THIS STATE IN THE CAPACITY OF
19 TRUSTEE, CUSTODIAN OR AGENT.

20 (c) ANY AMOUNTS RECEIVED AS GRANTS, AID, CONTRIBUTIONS OR GIFTS,
21 EXCEPT VOLUNTARY CONTRIBUTIONS OR OTHER CONTRIBUTIONS RECEIVED DIRECTLY OR
22 INDIRECTLY IN LIEU OF TAXES.

23 (d) ANY AMOUNTS RECEIVED AS THE PROCEEDS FROM THE SALE, LEASE OR
24 REDEMPTION OF PROPERTY OR AS CONSIDERATION FOR SERVICES OR THE USE OF
25 PROPERTY.

26 (e) ANY AMOUNTS RECEIVED PURSUANT TO A TRANSFER DURING A FISCAL YEAR
27 FROM A DEDICATED FUND TO THE STATE GENERAL FUND THAT WERE INCLUDED AS GENERAL
28 FUND REVENUES FOR THAT FISCAL YEAR OR THAT ARE EXCLUDED FROM STATE GENERAL
29 FUND REVENUES UNDER OTHER PROVISIONS OF THIS PARAGRAPH.

30 (f) ANY AMOUNTS RECEIVED DURING A FISCAL YEAR AS REFUNDS,
31 REIMBURSEMENTS OR OTHER RECOVERIES OF AMOUNTS APPROPRIATED THAT WERE APPLIED
32 AGAINST THE LIMITATION UNDER THIS ARTICLE FOR THAT FISCAL YEAR OR THAT WERE
33 EXCLUDED FROM STATE GENERAL FUND REVENUES UNDER OTHER PROVISIONS OF THIS
34 PARAGRAPH.

35 35-132.01. State general fund revenue and allowable budgeted
36 general fund revenue estimates

37 BEGINNING IN 2013, ON OR BEFORE APRIL 1 OF EACH YEAR, THE JOINT
38 LEGISLATIVE BUDGET COMMITTEE SHALL DETERMINE AND PUBLISH:

39 1. THE ACTUAL AMOUNT OF STATE GENERAL FUND REVENUES IN THE PRECEDING
40 FISCAL YEAR.

41 2. THE ESTIMATES OF THE MAXIMUM AMOUNT OF BUDGETED GENERAL FUND
42 REVENUES ALLOWABLE UNDER THIS ARTICLE FOR THE IMMEDIATELY FOLLOWING FISCAL
43 YEAR. THE ESTIMATES SHALL BE USED IN COMPUTING THE AMOUNT OF BUDGETED
44 GENERAL FUND REVENUE ALLOWABLE UNDER THIS ARTICLE FOR THE FOLLOWING FISCAL
45 YEAR.

1 OF ANY DEPARTMENT, OFFICE, AGENCY, COMMISSION, BOARD OR OTHER INSTRUMENTALITY
2 OF STATE GOVERNMENT, INCLUDING INSTRUMENTS COMMONLY KNOWN AS CERTIFICATES OF
3 PARTICIPATION, GENERAL OBLIGATION BONDS, REVENUE BONDS AND LONG-TERM NOTES
4 AND OBLIGATIONS NOT INCLUDED IN SUBDIVISION (a) OF THIS PARAGRAPH.

5 3. PAYMENTS TO THE BUDGET STABILIZATION FUND ESTABLISHED BY SECTION
6 35-144.

7 4. PAYMENTS AS A REFUND TO PERSONS WHO FILED INDIVIDUAL INCOME TAX
8 RETURNS IN THE FISCAL YEAR. THE REFUNDS MUST BE PAID WITHIN FOUR MONTHS
9 AFTER THE END OF THE FISCAL YEAR. THE LEGISLATURE MAY LIMIT REFUNDS UNDER
10 THIS PARAGRAPH TO AMOUNTS OF TEN DOLLARS OR MORE.

11 Sec. 2. Section 35-144, Arizona Revised Statutes, is amended to read:
12 35-144. Budget stabilization fund; definitions

13 A. The budget stabilization fund is established consisting of monies
14 transferred from the state general fund pursuant to subsection B of this
15 section. The state treasurer shall administer the fund and invest and divest
16 monies in the fund as provided by sections 35-313 and 35-314.02, and monies
17 earned from investment shall be credited to the fund. Except as provided by
18 this section:

19 1. Monies in the fund are exempt from the provisions of section 35-190
20 relating to the reversion of monies to the state general fund.

21 2. The monies in the fund are separate monies to be used only for the
22 purposes of the fund.

23 B. ~~In a calendar year in which the annual growth rate exceeds the~~
24 ~~trend growth rate, the excess growth when multiplied by total general fund~~
25 ~~revenue of the fiscal year ending in the calendar year determines the amount~~
26 ~~to be appropriated by the legislature to the budget stabilization fund in the~~
27 ~~fiscal year in which the calendar year ends.~~ STATE GENERAL FUND MONIES SHALL
28 BE APPROPRIATED BY THE LEGISLATURE TO THE BUDGET STABILIZATION FUND
29 CONSISTENT WITH SECTION 35-132.03.

30 C. In a calendar year in which the annual growth rate is both less
31 than two per cent and less than the trend growth rate, the difference between
32 the annual growth rate and the trend growth rate when multiplied by the total
33 general fund revenue of the fiscal year ending in the calendar year
34 determines the amount to be transferred by the legislature from the budget
35 stabilization fund to the state general fund at the end of the fiscal year in
36 which the calendar year ends. The transfer calculated pursuant to this
37 subsection shall not exceed the available balance in the fund, nor shall the
38 legislature transfer an amount ~~which~~ THAT exceeds the amount sufficient to
39 balance the general fund budget.

40 D. The legislature shall pass a bill ~~which~~ THAT contains the emergency
41 clause if the legislature ~~either:~~

42 ~~1. Reduces the amount for appropriation to the budget stabilization~~
43 ~~fund under subsection B of this section.~~

44 ~~2.~~ increases the amount for transfer to the state general fund under
45 subsection C of this section.

1 E. The annual budget recommendations of the governor and the joint
2 legislative budget committee shall include estimates of appropriations or
3 transfers required under subsection B or C of this section.

4 F. A final determination of the amount to be ~~appropriated to or~~
5 transferred from the budget stabilization fund shall be made using personal
6 income and price deflator estimates as reported in the second calendar
7 quarter for the preceding calendar year. The economic estimates commission
8 shall determine the annual growth rate, the trend growth rate and the
9 required ~~appropriation to or~~ transfer from the budget stabilization fund at
10 its first meeting following the second calendar quarter report of the United
11 States department of commerce, but not later than June 1. The commission
12 shall certify and report its findings to the governor, the state treasurer,
13 the president of the senate, the speaker of the house of representatives and
14 the joint legislative budget committee.

15 G. The appropriation ~~calculated~~ MADE pursuant to subsection B of this
16 section may be included in the general appropriation bill for that fiscal
17 year. ~~Any additional appropriation calculated pursuant to subsection F of~~
18 ~~this section shall be made by separate act.~~

19 H. At the end of a fiscal year, the budget stabilization fund balance
20 shall not exceed 5.634 per cent for fiscal year 1997-1998, 6.333 per cent for
21 fiscal year 1998-1999 and seven per cent for fiscal year 1999-2000 and each
22 subsequent fiscal year of general fund revenue for each fiscal year. Any
23 surplus monies above the allowable percentages shall be transferred by the
24 state treasurer to the state general fund.

25 I. The state treasurer may temporarily divest monies in the budget
26 stabilization fund to avoid a negative cash balance in operating monies. The
27 amount divested shall not exceed the amount required to meet immediate cash
28 needs. The state treasurer may divest monies in the budget stabilization
29 fund only when the general fund has a negative cash balance.

30 J. ~~It~~ **FOR THE PURPOSES OF** this section:

31 1. "Adjusted personal income" means personal income minus transfer
32 payments, as reported by the United States department of commerce, bureau of
33 economic analysis, or its successor agency.

34 2. "Annual growth rate" means the percentage change in real adjusted
35 personal income in the calendar year ending during a fiscal year as compared
36 to real adjusted personal income for the preceding calendar year. The annual
37 growth rate shall be rounded to the nearest one-hundredth of one per cent.

38 3. "GDP price deflator" means the gross domestic product price
39 deflator reported by the United States department of commerce, bureau of
40 economic analysis, or its successor agency.

41 4. "Personal income" means the total personal income of all persons in
42 this state reported by the United States department of commerce, bureau of
43 economic analysis, or its successor agency.

1 5. "Real adjusted personal income" means an amount ~~which~~ THAT is
2 determined by dividing adjusted personal income by the GDP price deflator and
3 multiplying the result by one hundred.

4 6. "Transfer payments" means that portion of personal income ~~which~~
5 THAT represents a government expenditure for which no service is rendered or
6 product is delivered, as determined by the United States department of
7 commerce, bureau of economic analysis, or its successor agency.

8 7. "Trend growth rate" means the average annual growth rate for the
9 most recent seven calendar years, rounded to the nearest one-hundredth of one
10 per cent.

11 Sec. 3. Short title

12 This act may be referred to as the "Fiscal Accountability Act".