



HOUSE OF REPRESENTATIVES

HB 2285

state budget; appropriation limitation; hearing

Sponsors: Representatives Smith, Stevens

DPA Committee on Federalism and Fiscal Responsibility

DP Committee on Appropriations

X Caucus and COW

House Engrossed

OVERVIEW

HB 2285 mandates the Joint Legislative Budget Committee (JLBC) to compute and transmit truth in spending estimates (Estimates) and requires the Legislature to hold a public hearing if the Estimates are exceeded by proposed appropriations.

HISTORY

Article IX, Section 17 of the Arizona Constitution provides an appropriations limit for the Legislature. The current appropriations limitation is determined by the Economic Estimates Commission, and utilizes total personal income as the basis for determining the limitation. The Constitution prohibits the Legislature from appropriating revenues in excess of 7% of the total personal income of the state for that fiscal year (FY). This limitation may be exceeded by a two-thirds vote of the Legislature. Additionally, the Constitution allows the limitation to be adjusted if governmental functions are transferred between levels of government. The state has assumed various governmental functions over the years and consequently the current appropriations limit is 7.41% of personal income.

According to JLBC, Arizona personal income is projected to be \$253 billion, in FY 2012-13. Under the 7.41% limit, the spending cap is \$18.76 billion. The FY 2013-14 JLBC baseline spending level subject to the limit is \$13.95 billion, or 5.47% of personal income.

PROVISIONS

- Directs JLBC to compute the Estimates before February 15 of each year for the following FY, beginning in 2014, and transmit such Estimates to certain individuals.
- Specifies the Estimates consist of the amount of state General Fund (GF) appropriations and the total amount of all appropriations from all sources for the current FY adjusted by the sum of:
 - The percentage change in population for the most recent available 12-month period as determined by the United States Census or only the average of the annual revisions of population data produced by state universities.
 - The percentage change in the cost of living for the most recent available 12-month period as determined by the GDP price deflator.
- Mandates both the House and Senate Appropriations Committees, beginning in FY 2014-15, to hold a joint hearing if the proposed GF appropriations or total appropriations exceed the Estimates. Additionally, requires the committees to:
 - Issue a press release containing the truth in spending hearing notice.

Fifty-first Legislature
First Regular Session

Analyst Initials _____
February 13, 2013

HB 2285

- Publish a notice on the Legislature's official website at least 14, but not more than 20 days before the hearing.
- Specifies the format and language of the notice.
- Mandates the joint hearing to include a roll call vote on any motion to recommend the proposed spending levels to the full Legislature.

AMENDMENTS

Committee on Federalism and Fiscal Responsibility

- Changes the time the notice must be published on the official website from at least 14 days to at least 48 hours before the date of the hearing.
- Adds clarifying language.