

By: Representative Weathersby

To: Appropriations

HOUSE BILL NO. 1353

1 AN ACT TO AMEND SECTIONS 27-103-125, 27-103-127, 27-103-139,
 2 27-103-211 AND 31-17-123, MISSISSIPPI CODE OF 1972, TO REQUIRE THE
 3 STATE, IN PREPARING THE PROPOSED STATE BUDGET, MAKING LEGISLATIVE
 4 APPROPRIATIONS TO STATE AGENCIES AND MAKING STATE AGENCY BUDGET
 5 REDUCTIONS, TO USE 98% OF THE AMOUNT OF GENERAL FUND REVENUES THAT
 6 THE STATE RECEIVED DURING THE PRECEDING FISCAL YEAR, PLUS ANY
 7 UNENCUMBERED BALANCES IN GENERAL FUNDS THAT WILL BE AVAILABLE AT
 8 THE END OF THE CURRENT FISCAL YEAR AND THE AMOUNT OF ANY GENERAL
 9 FUND REVENUES THAT MAY BE RAISED BY INCREASES IN TAXES OR FEES
 10 DURING THE NEXT FISCAL YEAR; TO REQUIRE THE STATE, IN PREPARING
 11 THE PROPOSED STATE BUDGET AND MAKING LEGISLATIVE APPROPRIATIONS TO
 12 STATE AGENCIES, TO USE THE AMOUNT OF SPECIAL FUND REVENUES THAT
 13 EACH AGENCY RECEIVED DURING THE PRECEDING FISCAL YEAR, PLUS ANY
 14 UNENCUMBERED BALANCES IN SPECIAL FUNDS THAT WILL BE AVAILABLE FOR
 15 THE AGENCY AT THE END OF THE CURRENT FISCAL YEAR AND THE AMOUNT OF
 16 ANY SPECIAL FUND REVENUES THAT MAY BE RAISED FOR THE AGENCY BY
 17 INCREASES IN TAXES OR FEES DURING THE NEXT FISCAL YEAR; AND FOR
 18 RELATED PURPOSES.

19 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MISSISSIPPI:

20 **SECTION 1.** Section 27-103-125, Mississippi Code of 1972, is
 21 amended as follows:

22 27-103-125. The proposed budget of each state agency shall
 23 show the amounts required for operating expenses separately from
 24 the amounts required for permanent improvements.

25 The overall budget shall show, separately by each source, the
 26 estimated amount of general fund revenue and of special fund
 27 revenues of general fund agencies. The total proposed
 28 expenditures in Part 1 of the overall budget shall not exceed the
 29 amount of estimated revenues that will be available in the general
 30 and special funds for appropriation or use during the succeeding
 31 fiscal year, including any balances that will be on hand in the
 32 general and special funds at the close of the then current fiscal
 33 year.

34 * * * The total proposed expenditures from the General Fund
 35 in Part 1 of the overall budget shall not exceed ninety-eight



36 percent (98%) of the amount of general fund revenues that the
37 state actually received during the previous fiscal year, plus any
38 unencumbered balances in general funds that will be available and
39 on hand at the close of the then current fiscal year and the
40 amount of any general fund revenues that may be raised by
41 increases in taxes or fees during the next fiscal year.

42 Unencumbered balances in general funds that will be available and
43 on hand at the close of the current fiscal year shall not include
44 projected amounts required to be deposited into the Working
45 Cash-Stabilization Reserve Fund under Section 27-103-203.

46 The total proposed expenditures from special funds for any
47 agency in Part 1 of the overall budget shall not exceed the amount
48 of special fund revenues that the agency actually received during
49 the previous fiscal year, plus any unencumbered balances in
50 special funds that will be available and on hand for the agency at
51 the close of the then current fiscal year and the amount of any
52 special fund revenues that may be raised for the agency by
53 increases in fees during the next fiscal year.

54 The Legislative Budget Office may recommend additional taxes
55 or sources of revenue if in its judgment those additional funds
56 are necessary to adequately support the functions of the state
57 government.

58 **SECTION 2.** Section 27-103-127, Mississippi Code of 1972, is
59 amended as follows:

60 27-103-127. To the end that the overall budget will present
61 in comparable terms a complete summary of all financial operations
62 of all state agencies, Part 2 of the overall budget shall
63 include * * * the requested budget and the recommended budget for
64 each special fund agency. The overall budget shall show for each
65 special fund agency, in addition to such other information as may
66 be prescribed by the Legislative Budget Office, the following:

67 (a) The amount by source of all special fund receipts
68 collected or otherwise available in the current fiscal year, and



69 an estimate by source of all special funds that will be collected
70 or become available by the end of the then current fiscal year;

71 (b) The estimated amount of all expenditures to be made
72 or obligations to be incurred payable from those special funds
73 during the then current fiscal year;

74 (c) The estimated aggregate amount of special funds
75 that will be needed by the agency for the succeeding fiscal year;
76 if any services proposed to be provided by the agency in the
77 succeeding fiscal year are Medicaid reimbursable, any state
78 general matching funds necessary for that reimbursement shall be
79 included in the agency's proposed budget * * *;

80 (d) The estimated amount by source of special funds
81 that will be available under existing laws during the succeeding
82 fiscal year, including any balances that will be on hand at the
83 close of the then current fiscal year;

84 (e) The estimated amount that will be needed and that
85 will require change in existing law or laws;

86 (f) If any new item of expense is included in the
87 proposed budget of any special fund agency, the reason therefor
88 shall be given; and in any case where the Legislative Budget
89 Office * * * eliminates or reduces any item or items in the
90 proposed budget of any special fund agency, it shall note briefly
91 the reasons therefor, together with the reasons advanced by the
92 agency in support of the item or items eliminated or reduced;

93 (g) The proposed budget of each special fund agency
94 shall show the amounts required for operating expenses separately
95 from the amounts required for permanent improvements.

96 The total proposed expenditures for any agency in Part 2 of
97 the overall budget shall not exceed the amount of special fund
98 revenues that the agency received during the previous fiscal year,
99 plus any unencumbered balances in special funds that will be
100 available and on hand for the agency at the close of the then
101 current fiscal year and the amount of any special fund revenues



102 that may be raised for the agency by increases in fees during the
103 next fiscal year. However, the Legislative Budget Office may
104 recommend changes in existing law in order to decrease or increase
105 the revenues available to any agency if in its judgment those
106 changes are necessary or desirable.

107 * * * Expenditures approved or authorized by the Legislature
108 for any special fund agency or special funds approved for general
109 fund agency shall constitute a maximum to be expended or
110 encumbered by the agency, and shall not constitute authority to
111 expend or encumber more than the amount of revenue actually
112 collected or otherwise received.

113 No special fund agency or general fund agency shall make
114 expenditures from special funds available to the agency unless
115 those expenditures are set forth in a budget approved by the
116 Legislature. That legislative approval shall be set forth in an
117 appropriation act. * * * However, * * * special funds derived
118 from the collection of taxes for any political subdivision of the
119 state shall be excepted from the foregoing provisions. The
120 executive head of the state agency shall be liable on his official
121 bond for expenditures or encumbrances that exceed the total amount
122 of the budget or the amount received if receipts are less than the
123 approved budget.

124 * * * Each university and college shall submit through the
125 Board of Trustees of State Institutions of Higher Learning an
126 annual budget to the Legislative Budget Office before the
127 beginning of each fiscal year with such information and in such
128 form, and in such detail, as may be required by the Legislative
129 Budget Office. If the Legislative Budget Office determines that
130 sufficient funds will be available during the fiscal year to fund
131 the proposed budget as submitted, then * * * the proposed budget
132 shall be approved. However, if the Legislative Budget Office
133 determines that, in its judgment, sufficient funds will not be
134 available to fund the proposed budget, the affected institution or



135 institutions and the Board of Trustees of State Institutions of
136 Higher Learning shall be promptly notified and given an
137 opportunity to either justify the proposed budget or proposed
138 amendments that can be mutually agreed upon. The Legislative
139 Budget Office shall then approve the proposed budget or budgets of
140 the several universities and colleges. The total amount approved
141 for each institution shall constitute the maximum funds that may
142 be expended during the fiscal year.

143 The municipal, county or combined municipal and county port
144 and harbor commissions, authorities or other port or harbor
145 agencies not owned or operated by the state, shall submit annual
146 or amended budgets of their estimated receipts and expenditures to
147 the governing bodies of the municipality, county or municipality
148 and county, for their approval, and a copy of the budget as
149 approved by the governing body or bodies shall be filed with the
150 Legislative Budget Office. That budget shall itemize all
151 estimated receipts and expenditures, and the Legislative Budget
152 Office may require particularization, explanation or audit
153 thereof, and shall report that information to the Legislature.

154 To the end that the overall budget shall present in
155 comparable terms a complete summary of all financial operations of
156 all state agencies, Part 3 of the overall budget shall consist of
157 an estimated preliminary annual budget of the Department of
158 Transportation and the Division of State Aid Road Construction of
159 the Department of Transportation and such information for the
160 current fiscal year as is necessary to make presentation
161 comparable to that specified for Part 2 special fund agencies.

162 The annual budget request of the Department of Transportation
163 shall be divided into the following program budgets: (a)
164 administration and other expenses, (b) construction, (c)
165 maintenance, and (d) debt service. In making its annual
166 appropriation to the Department of Transportation from the State
167 Highway Fund, the Legislature shall separate the appropriation



168 bill into the four (4) program budget areas herein specified. For
169 the purposes of this paragraph, "administration and other
170 expenses" shall be construed to mean those expenses incurred due
171 to departmental support activities that cannot be assigned to a
172 specific construction or maintenance project, and shall be
173 construed to include expenses incurred for office machines,
174 furniture, fixtures, automobiles, station wagons, truck and other
175 vehicles, road machinery, farm equipment and other working
176 equipment, data processing and computer equipment, all other
177 equipment, and replacements for equipment. "Construction" shall
178 be construed to mean those expenses associated with the creation
179 and development of the state highway system and its related
180 facilities; "maintenance" shall be construed to mean those
181 expenses incurred due to activities associated with preservation
182 of safe and aesthetically acceptable highways in an attempt to
183 maintain them in as close to the original condition as possible;
184 and "debt service" shall be construed to mean amounts needed to
185 pay bonds and interest coming due, bank service charges, and bond
186 debt service.

187 **SECTION 3.** Section 27-103-139, Mississippi Code of 1972, is
188 amended as follows:

189 27-103-139. On or before November 15 preceding each regular
190 session of the Legislature, except the first regular session of a
191 new term of office, the Governor shall submit to the members of
192 the Legislature, the Legislative Budget Office or the
193 members-elect, as the case may be, and to the executive head of
194 each state agency a balanced budget for the succeeding fiscal
195 year. * * * The budget submitted shall be prepared in a format
196 that will include performance measurement data associated with the
197 various programs operated by each agency. The total proposed
198 expenditures in the balanced budget shall not exceed the amount of
199 estimated revenues that will be available for appropriation or use
200 during the succeeding fiscal year, including any balances that



201 will be on hand at the close of the then current fiscal
202 year * * *.

203 * * * The total proposed expenditures from the General Fund
204 in the balanced budget shall not exceed ninety-eight percent (98%)
205 of the amount of general fund revenues that the state actually
206 received during the previous fiscal year, plus any unencumbered
207 balances in general funds that will be available and on hand at
208 the close of the then current fiscal year and the amount of any
209 general fund revenues that may be raised by increases in taxes or
210 fees during the next fiscal year. Unencumbered balances in
211 general funds that will be available and on hand at the close of
212 the fiscal year shall not include projected amounts required to be
213 deposited into the Working Cash-Stabilization Reserve Fund under
214 Section 27-103-203.

215 The total proposed expenditures from special funds for any
216 agency in the balanced budget shall not exceed the amount of
217 special fund revenues that the agency actually received during the
218 previous fiscal year, plus any unencumbered balances in special
219 funds that will be available and on hand for the agency at the
220 close of the then current fiscal year and the amount of any
221 special fund revenues that may be raised for the agency by
222 increases in fees during the next fiscal year.

223 The Governor may recommend additional taxes or sources of
224 revenue if in his judgment those additional funds are necessary to
225 adequately support the functions of the state government.

226 The Governor may employ a budget officer for the purpose of
227 receiving information from the State Fiscal Officer and preparing
228 his recommendations on the budget. If the Governor determines
229 that information received from the State Fiscal Officer is not
230 sufficient to enable him to prepare his budget recommendations, he
231 may request an appropriation from the Legislature to provide
232 additional staff within the Governor's Office for that purpose.
233 At the first regular session after his election for Governor, the



234 Governor shall submit any budget recommendations plus the required
235 revenue source recommendations no later than January 31 of that
236 year.

237 **SECTION 4.** Section 27-103-211, Mississippi Code of 1972, is
238 amended as follows:

239 27-103-211. * * * The total sum appropriated by the
240 Legislature from the State General Fund for any fiscal year shall
241 not exceed ninety-eight percent (98%) of the amount of general
242 fund revenues that the state actually received during the previous
243 fiscal year, plus any unencumbered balances in general funds that
244 will be available and on hand at the close of the then current
245 fiscal year and the amount of any general fund revenues that will
246 be raised by increases in taxes or fees during the next fiscal
247 year. The unencumbered balances in general funds that will be
248 available and on hand at the close of the fiscal year shall not
249 include projected amounts required to be deposited into the
250 Working Cash-Stabilization Reserve Fund under Section 27-103-203.

251 The total sum appropriated by the Legislature from special
252 funds for any agency for any fiscal year shall not exceed the
253 amount of special fund revenues that the agency actually received
254 during the previous fiscal year, plus any unencumbered balances in
255 general funds that will be available and on hand for the agency at
256 the close of the then current fiscal year and the amount of any
257 special fund revenues that will be raised for the agency by
258 increases in fees during the next fiscal year.

259 **SECTION 5.** Section 31-17-123, Mississippi Code of 1972, is
260 amended as follows:

261 31-17-123. The intent of the Legislature is to authorize
262 borrowing funds under the provisions of Sections 31-17-101 through
263 31-17-123 to offset any temporary cash flow deficiencies and
264 should not be construed to authorize the borrowing of any funds in
265 an amount that cannot be repaid during the fiscal year in which
266 the funds are borrowed. * * *



267 If, at the end of October, or at the end of any month
268 thereafter of any fiscal year, the revenues received for the
269 fiscal year * * * fall below ninety-eight percent (98%) of the
270 amount of general fund revenues that the state actually received
271 during the fiscal year immediately before the preceding fiscal
272 year, plus any unencumbered balances in general funds that were
273 available and on hand at the close of the preceding fiscal year
274 and the amount of any general fund revenues that will be raised by
275 increases in taxes or fees during the current fiscal year, the
276 State Fiscal Officer shall reduce allocations of general funds and
277 state-source special funds to general fund and special fund
278 agencies and to the "administration and other expenses" budget of
279 the State Highway Department in an amount necessary to keep
280 expenditures within the sum of actual general fund receipts
281 including any transfers to the General Fund from the Working
282 Cash-Stabilization Reserve Fund for the fiscal year.

283 The State Fiscal Officer may, upon his determination of need
284 based on the revenue shortfall, transfer funds as provided in
285 Section 27-103-203, from the Working Cash-Stabilization Reserve
286 Fund to the General Fund to supplement the general fund revenue.
287 State-source special funds in an amount equal to any reduction
288 made under the provisions of this section shall be transferred to
289 the State General Fund upon requisitions for warrants signed by
290 the respective agency head, and that transfer shall be made within
291 a reasonable period to be determined by the State Fiscal Officer.

292 No agency's allocation shall be reduced in an amount to
293 exceed five percent (5%); however, if the allocations of general
294 funds and state-source special funds to all general fund and
295 special fund agencies and to the "administration and other
296 expenses" budget of the State Highway Department have been reduced
297 by five percent (5%), any additional reductions required to be
298 made under this section shall consist of a uniform percentage
299 reduction of general funds and state-source special funds to all



300 general fund and special fund agencies, and to the "administration
301 and other expenses" budget of the State Highway Department. Any
302 receipt from loans authorized by Sections 31-17-101 through
303 31-17-123 shall not be included as revenue receipts. The State
304 Fiscal Officer shall immediately send notice of any action taken
305 under authority of this section to the Legislative Budget Office.

306 For the purpose of this section, "state-source special funds"
307 shall be construed to mean any special funds in any agency derived
308 from any source, but shall not include the following special
309 funds: special funds derived from federal sources, from local or
310 regional political subdivisions, or from donations; special funds
311 held in a fiduciary capacity for the benefit of specific persons
312 or classes of persons; self-generated special funds of the state
313 institutions of higher learning or the state junior colleges;
314 special funds of Mississippi Industries for the Blind, the State
315 Port at Gulfport, Yellow Creek Inland Port, Pat Harrison Waterway
316 District, Pearl River Basin Development District, Pearl River
317 Valley Water Management District, Tombigbee River Valley Water
318 Management District, Yellow Creek Watershed Authority, or Coast
319 Coliseum Commission; special funds of the Department of Wildlife,
320 Fisheries and Parks derived from the issuance of hunting or
321 fishing licenses; and special funds generated by agencies whose
322 primary function includes the establishment of standards and the
323 issuance of licenses for the practice of a profession within the
324 State of Mississippi.

325 **SECTION 6.** This act shall take effect and be in force from
326 and after July 1, 2003.

