

By: Representative Baker (74th)

To: Appropriations

HOUSE BILL NO. 1114

1 AN ACT TO BE KNOWN AS THE BUDGET REFORM ACT OF 2005; TO
2 CREATE NEW SECTION 27-103-221, MISSISSIPPI CODE OF 1972, TO
3 SPECIFY THE SHORT TITLE OF THE ACT; TO CREATE NEW SECTION
4 27-103-223, MISSISSIPPI CODE OF 1972, TO CREATE THE REVENUE
5 ESTIMATING COMMITTEE AND PROVIDE FOR ITS MEMBERSHIP; TO PROVIDE
6 THAT THE COMMITTEE SHALL DEVELOP AND ADOPT TWO GENERAL FUND
7 REVENUE ESTIMATES ANNUALLY THAT SHALL BE USED BY THE JOINT
8 LEGISLATIVE BUDGET COMMITTEE AND THE GOVERNOR IN PREPARING THEIR
9 PROPOSED STATE BUDGETS FOR THE NEXT FISCAL YEAR AND USED BY THE
10 LEGISLATURE IN MAKING APPROPRIATIONS FROM THE STATE GENERAL FUND
11 FOR THE NEXT FISCAL YEAR; TO AMEND SECTIONS 27-103-125,
12 27-103-139, 27-103-211 AND 31-17-123, MISSISSIPPI CODE OF 1972, TO
13 CONFORM TO THE PRECEDING SECTION; TO CREATE NEW SECTION
14 27-103-225, MISSISSIPPI CODE OF 1972, TO REQUIRE THE LEGISLATURE,
15 IN MAKING APPROPRIATIONS TO DEFRAY THE ORDINARY EXPENSES OF THE
16 GOVERNMENT FOR EACH FISCAL YEAR, TO USE A TOTAL OF TEN
17 APPROPRIATION BILLS; TO CREATE NEW SECTION 27-103-227, MISSISSIPPI
18 CODE OF 1972, TO PROVIDE THAT WHEN A MEMBER OF THE HOUSE OR SENATE
19 INTRODUCES A BILL OR OFFERS AN AMENDMENT TO A BILL THAT WOULD
20 EXPEND OR CAUSE THE EXPENDITURE OF STATE FUNDS, THE BILL OR
21 AMENDMENT SHALL INCLUDE A PROVISION THAT WILL PROVIDE SUFFICIENT
22 FUNDING FOR THE ANTICIPATED CHANGE IN STATE EXPENDITURES AS A
23 RESULT OF THE BILL OR AMENDMENT; AND FOR RELATED PURPOSES.

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

25 **SECTION 1.** The following shall be codified as Section
26 27-103-221, Mississippi Code of 1972:

27 27-103-221. This act shall be known and may be cited as the
28 "Budget Reform Act of 2005."

29 **SECTION 2.** The following shall be codified as Section
30 27-103-223, Mississippi Code of 1972:

31 27-103-223. (1) There is created the Revenue Estimating
32 Committee, which shall be composed of nine (9) members as follows:

- 33 (a) The State Treasurer;
- 34 (b) The State Economist;
- 35 (c) The State Fiscal Officer;
- 36 (d) The Director of the Legislative Budget Office;
- 37 (e) Two (2) members appointed by the Governor;

38 (f) One (1) member appointed by the Lieutenant
39 Governor;

40 (g) One (1) member appointed by the Speaker of the
41 House of Representatives; and

42 (h) One (1) member appointed by the State Treasurer.

43 (2) The State Treasurer shall serve as chairman of the
44 committee. Each appointed member of the committee shall serve for
45 the term of office of the appointing officer. Any vacancies on
46 the committee during a term shall be filled by the original
47 appointing officer.

48 (3) The committee shall develop and adopt annually during
49 each fiscal year, using all available revenue forecast data
50 available at the time, the following revenue estimates:

51 (a) During the month of October, not later than October
52 15, the committee shall adopt an estimate of the amount of general
53 fund revenues that will be available for appropriation or use
54 during the next fiscal year, which shall be used by the Joint
55 Legislative Budget Committee and the Governor in preparing their
56 proposed state budgets for the next fiscal year; and

57 (b) Ten (10) days before the scheduled date of sine die
58 adjournment of the Legislature, the committee shall adopt an
59 estimate of the amount of general fund revenues that will be
60 available for appropriation or use during the next fiscal year,
61 which shall be used by the Legislature in making appropriations
62 from the State General Fund for the next fiscal year. This
63 estimate shall be known as the "sine die general fund revenue
64 estimate."

65 **SECTION 3.** Section 27-103-125, Mississippi Code of 1972, is
66 amended as follows:

67 27-103-125. The proposed budget of each state agency shall
68 show the amounts required for operating expenses separately from
69 the amounts required for permanent improvements. The overall
70 budget shall show, separately by each source, the estimated amount

71 of general fund revenue and of special fund revenues of general
72 fund agencies. The total proposed expenditures in Part 1 of the
73 overall budget shall not exceed the amount of estimated revenues
74 that will be available in the general and special funds for
75 appropriation or use during the next fiscal year, including any
76 balances that will be on hand in the general and special funds at
77 the close of the then current fiscal year. The total proposed
78 expenditures from the State General Fund in Part 1 of the overall
79 budget shall not exceed ninety-eight percent (98%) of the amount
80 of the general fund revenue estimate for the next fiscal year,
81 plus any unencumbered balances in general funds that will be
82 available and on hand at the close of the then current fiscal
83 year. * * * The general fund revenue estimate shall be the
84 estimate * * * adopted by the Revenue Estimating Committee under
85 Section 27-103-223(3)(a). Unencumbered balances in general funds
86 that will be available and on hand at the close of the current
87 fiscal year shall not include projected amounts required to be
88 deposited into the Working Cash-Stabilization Reserve Fund under
89 Section 27-103-203. The Legislative Budget Office may recommend
90 additional taxes or sources of revenue if in its judgment those
91 additional funds are necessary to adequately support the functions
92 of the state government.

93 **SECTION 4.** Section 27-103-139, Mississippi Code of 1972, is
94 amended as follows:

95 27-103-139. On or before November 15 preceding each regular
96 session of the Legislature, except the first regular session of a
97 new term of office, the Governor shall submit to the members of
98 the Legislature, the Legislative Budget Office or the
99 members-elect, as the case may be, and to the executive head of
100 each state agency a balanced budget for the next fiscal year. The
101 budget submitted shall be prepared in a format that will include
102 performance measurement data associated with the various programs
103 operated by each agency. The total proposed expenditures in the

104 balanced budget shall not exceed the amount of estimated revenues
105 that will be available for appropriation or use during the next
106 fiscal year, including any balances that will be on hand at the
107 close of the then current fiscal year * * *. The total proposed
108 expenditures from the State General Fund in the balanced budget
109 shall not exceed ninety-eight percent (98%) of the amount of the
110 general fund revenue estimate for the next fiscal year, plus any
111 unencumbered balances in general funds that will be available and
112 on hand at the close of the then current fiscal year. * * * The
113 general fund revenue estimate shall be the estimate * * * adopted
114 by the Revenue Estimating Committee under Section 7-103-223(3)(a).
115 Unencumbered balances in general funds that will be available and
116 on hand at the close of the fiscal year shall not include
117 projected amounts required to be deposited into the Working
118 Cash-Stabilization Reserve Fund * * * under Section 27-103-203.

119 The revenues used in preparing the balanced budget shall be
120 only those revenues that will be available under the general laws
121 of the state as they exist when the balanced budget is prepared,
122 and shall not include any proposed revenues that would become
123 available only after the enactment of new legislation. If the
124 Governor has any recommendations for additional proposed
125 expenditures or proposed revenues that are not included in his
126 balanced budget, he shall submit those recommendations in a
127 supplement that is separate from his balanced budget, and whenever
128 the Governor recommends any such additional proposed expenditures,
129 he also shall recommend proposed revenues that are sufficient to
130 fund the additional proposed expenditures, providing specific
131 details regarding the sources and the total amount of those
132 proposed revenues.

133 The Governor may employ a budget officer for the purpose of
134 receiving information from the State Fiscal Officer and preparing
135 his recommendations on the budget. If the Governor determines
136 that information received from the State Fiscal Officer is not

137 sufficient to enable him to prepare his budget recommendations, he
138 may request an appropriation from the Legislature to provide
139 additional staff within the Governor's Office for that purpose.
140 At the first regular session after his election for Governor, the
141 Governor shall submit any budget recommendations plus the required
142 revenue source recommendations no later than January 31 of that
143 year.

144 **SECTION 5.** Section 27-103-211, Mississippi Code of 1972, is
145 amended as follows:

146 27-103-211. The total sum appropriated by the Legislature
147 from the State General Fund for any fiscal year shall not exceed
148 ninety-eight percent (98%) of the sine die general fund revenue
149 estimate for that fiscal year adopted by the Revenue Estimating
150 Committee under Section 27-103-223(3)(b), plus any unencumbered
151 balances in general funds that will be available and on hand at
152 the close of the then current fiscal year. The unencumbered
153 balances in general funds that will be available and on hand at
154 the close of the fiscal year shall not include projected amounts
155 required to be deposited into the Working Cash-Stabilization
156 Reserve Fund under Section 27-103-203. * * *

157 **SECTION 6.** Section 31-17-123, Mississippi Code of 1972, is
158 amended as follows:

159 31-17-123. (1) The intent of the Legislature is to
160 authorize borrowing funds under the provisions of Sections
161 31-17-101 through 31-17-123 to offset any temporary cash flow
162 deficiencies and should not be construed to authorize the
163 borrowing of any funds in an amount that cannot be repaid during
164 the fiscal year in which the funds are borrowed. * * *

165 (2) If, at the end of October, or at the end of any month
166 thereafter of any fiscal year, the revenues received for the
167 fiscal year * * * fall below ninety-eight percent (98%) of the
168 sine die general fund revenue estimate adopted by the Revenue
169 Estimating Committee under Section 27-103-223(3)(b), the State

170 Fiscal Officer shall reduce allocations of general funds and
171 state-source special funds to general fund and special fund
172 agencies and to the "administration and other expenses" budget of
173 the Mississippi Department of Transportation in an amount
174 necessary to keep expenditures within the sum of actual general
175 fund receipts, including any transfers to the General Fund from
176 the Working Cash-Stabilization Reserve Fund for the fiscal year.
177 The State Fiscal Officer may, upon his determination of need based
178 on the revenue shortfall, transfer funds as provided in Section
179 27-103-203 from the Working Cash-Stabilization Reserve Fund to the
180 General Fund to supplement the general fund revenue. State-source
181 special funds in an amount equal to any reduction made under the
182 provisions of this section shall be transferred to the State
183 General Fund upon requisitions for warrants signed by the
184 respective agency head, and the transfer shall be made within a
185 reasonable period to be determined by the State Fiscal Officer.
186 No agency's allocation shall be reduced in an amount to exceed
187 five percent (5%); however, if the allocations of general funds
188 and state-source special funds to all general fund and special
189 fund agencies and to the "administration and other expenses"
190 budget of the Mississippi Department of Transportation have been
191 reduced by five percent (5%), any additional reductions required
192 to be made under this section shall consist of a uniform
193 percentage reduction of general funds and state-source special
194 funds to all general fund and special fund agencies and to the
195 "administration and other expenses" budget of the Mississippi
196 Department of Transportation. Any receipt from loans authorized
197 by Sections 31-17-101 through 31-17-123 shall not be included as
198 revenue receipts. The State Fiscal Officer shall immediately send
199 notice of any action taken under authority of this section to the
200 Legislative Budget Office.

201 (3) For the purpose of this section, "state-source special
202 funds" shall be construed to mean any special funds in any agency

203 derived from any source, but shall not include the following
204 special funds: special funds derived from federal sources, from
205 local or regional political subdivisions, or from donations;
206 special funds held in a fiduciary capacity for the benefit of
207 specific persons or classes of persons; self-generated special
208 funds of the state institutions of higher learning or the state
209 junior colleges; special funds of Mississippi Industries for the
210 Blind, the State Port at Gulfport, Yellow Creek Inland Port, Pat
211 Harrison Waterway District, Pearl River Basin Development
212 District, Pearl River Valley Water Management District, Tombigbee
213 River Valley Water Management District, Yellow Creek Watershed
214 Authority, or Coast Coliseum Commission; special funds of the
215 Department of Wildlife, Fisheries and Parks derived from the
216 issuance of hunting or fishing licenses; and special funds
217 generated by agencies whose primary function includes the
218 establishment of standards and the issuance of licenses for the
219 practice of a profession within the State of Mississippi.

220 **SECTION 7.** The following shall be codified as Section
221 27-103-225, Mississippi Code of 1972:

222 27-103-225. In making appropriations to defray the ordinary
223 expenses of the executive, legislative and judicial departments of
224 the government for each fiscal year, the Legislature shall use a
225 total of ten (10) appropriation bills that incorporate the
226 following subjects:

227 (a) Public Safety, which shall include law enforcement,
228 military, corrections and veterans affairs;

229 (b) Education, which shall include grades K-12, state
230 institutions of higher learning and junior and community colleges;

231 (c) Economic Development;

232 (d) Health and human services, which shall include the
233 Department of Health, the Department of Mental Health, the
234 Department of Rehabilitation Services and the Department of Human
235 Services;

- 236 (e) Social welfare, which shall include Medicaid;
237 (f) Transportation;
238 (g) Government operations, which shall include
239 executive, administrative and fiscal affairs, including debt
240 service;
241 (h) Judiciary;
242 (i) Agriculture and natural resources; and
243 (j) Business and commerce.

244 **SECTION 8.** The following shall be codified as Section
245 27-103-227, Mississippi Code of 1972:

246 27-103-227. (1) Whenever a member of the House of
247 Representatives or the Senate introduces a bill, the purpose or
248 effect of which would be to expend or to authorize or cause the
249 expenditure of any state funds or otherwise decrease the revenue
250 of the state, either directly or indirectly, the bill shall
251 include a provision or provisions that will provide sufficient
252 funding for the anticipated change in state expenditures or
253 revenue as a result of the bill, either through the imposition or
254 increase of a tax or taxes or a fee or fees, or any combination of
255 taxes and fees, or by some other method that designates the
256 specific source or sources of the funding and specifically
257 provides that funding.

258 (2) Whenever a member of the House of Representatives or the
259 Senate offers an amendment to a general bill in committee or on
260 the floor of the House or Senate, the purpose or effect of which
261 would be to expend or to authorize or cause the expenditure of any
262 state funds or otherwise decrease the revenue of the state, either
263 directly or indirectly, the amendment shall include a provision or
264 provisions that will provide sufficient funding for the
265 anticipated change in state expenditures or revenue as a result of
266 the amendment, either through the imposition or increase of a tax
267 or taxes or a fee or fees, or any combination of taxes and fees,
268 or by some other method that designates the specific source or

269 sources of the funding and specifically provides that funding.
270 For the purpose of this subsection, code sections or chapter law
271 sections that were not in the bill as introduced may be included
272 in any such amendment and amended for the purpose of providing
273 sufficient funding for the anticipated change in state
274 expenditures or revenue as a result of the amendment, and the
275 amendment shall not be subject to a point of order for the reason
276 that it includes those sections providing that funding. When a
277 code section or chapter law section is included in an amendment
278 for this purpose, the only provisions of that section that may be
279 amended are those that are necessary to be changed to provide
280 funding for the amendment. As used in this subsection, the term
281 "general bill" means any bill except an appropriation bill or a
282 local and private bill.

283 (3) Whenever a member of the House of Representatives or the
284 Senate offers an amendment to an appropriation bill in committee
285 or on the floor of the House or Senate that would increase any sum
286 appropriated or authorized to be expended by the bill, increase
287 any sum designated for a particular object or purpose of
288 expenditure in the bill, appropriate or authorize the expenditure
289 of a new sum or sums for any purpose, or otherwise increase the
290 total sum appropriated or authorized to be expended by the bill,
291 the amendment shall include a provision or provisions that will
292 reduce a sum or sums appropriated or authorized to be expended,
293 reduce a sum or sums designated for any particular object or
294 purpose of expenditure, delete a sum or sums appropriated or
295 authorized to be expended for any purpose, or otherwise reduce the
296 total sum appropriated or authorized to be expended, in the same
297 bill or in any other appropriation bill or bills that still are
298 under consideration or in both the same bill and another bill or
299 bills, by amounts so that the amendment will provide a total
300 reduction in sums that is not less than the total increase in sums
301 provided in the amendment. The other appropriation bill or bills

302 from which reductions are to be made under the amendment need not
303 be designated by bill number in the amendment if they are
304 described sufficiently enough to be identified. If such an
305 amendment is adopted to an appropriation bill and the amendment
306 provides that any part of the reduction is to be made from a bill
307 or bills other than the one to which the amendment was adopted,
308 then when the House or Senate considers that other bill or bills,
309 it shall vote to reduce the total sum appropriated by that bill or
310 bills by the total sum required to be reduced by the amendment in
311 the manner directed by the amendment.

312 **SECTION 9.** This act shall take effect and be in force from
313 and after July 1, 2005.