

By: Representative Baker (74th)

To: Appropriations

HOUSE BILL NO. 739

1 AN ACT TO BE KNOWN AS THE BUDGET REFORM ACT OF 2006; 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 STATE 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 27-104-13, 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 2006."

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 State Revenue
32 Estimating Committee, which shall be composed of nine (9) members
33 as follows:

- 34 (a) The State Treasurer;
35 (b) The State Economist;
36 (c) The State Fiscal Officer;
37 (d) The Director of the Legislative Budget Office;

38 (e) Two (2) members appointed by the Governor;
39 (f) One (1) member appointed by the Lieutenant
40 Governor;
41 (g) One (1) member appointed by the Speaker of the
42 House of Representatives; and
43 (h) One (1) member appointed by the State Treasurer.
44 (2) The State Treasurer shall serve as chairman of the
45 committee. Each appointed member of the committee shall serve for
46 the term of office of the appointing officer. Any vacancies on
47 the committee during a term shall be filled by the original
48 appointing officer.
49 (3) The committee shall develop and adopt annually during
50 each fiscal year, using all available revenue forecast data
51 available at the time, the following revenue estimates:
52 (a) During the month of October, not later than October
53 15, the committee shall adopt an estimate of the amount of general
54 fund revenues that will be available for appropriation or use
55 during the next fiscal year, which shall be used by the Joint
56 Legislative Budget Committee and the Governor in preparing their
57 proposed state budgets for the next fiscal year; and
58 (b) Ten (10) days before the scheduled date of sine die
59 adjournment of the Legislature, the committee shall adopt an
60 estimate of the amount of general fund revenues that will be
61 available for appropriation or use during the next fiscal year,
62 which shall be used by the Legislature in making appropriations
63 from the State General Fund for the next fiscal year. This
64 estimate shall be known as the "sine die general fund revenue
65 estimate."

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

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

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

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

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

104 operated by each agency. The total proposed expenditures in the
105 balanced budget shall not exceed the amount of estimated revenues
106 that will be available for appropriation or use during the next
107 fiscal year, including any balances that will be on hand at the
108 close of the then current fiscal year * * *. The total proposed
109 expenditures from the State General Fund in the balanced budget
110 shall not exceed ninety-eight percent (98%) of the amount of the
111 general fund revenue estimate for the next fiscal year, plus any
112 unencumbered balances in general funds that will be available and
113 on hand at the close of the then current fiscal year. * * * The
114 general fund revenue estimate shall be the estimate * * * adopted
115 by the State Revenue Estimating Committee under Section
116 27-103-223(3)(a). Unencumbered balances in general funds that
117 will be available and on hand at the close of the fiscal year
118 shall not include projected amounts required to be deposited into
119 the Working Cash-Stabilization Reserve Fund * * * under Section
120 27-103-203.

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

135 The Governor may employ a budget officer for the purpose of
136 receiving information from the State Fiscal Officer and preparing

137 his recommendations on the budget. If the Governor determines
138 that information received from the State Fiscal Officer is not
139 sufficient to enable him to prepare his budget recommendations, he
140 may request an appropriation from the Legislature to provide
141 additional staff within the Governor's Office for that purpose.
142 At the first regular session after his election for Governor, the
143 Governor shall submit any budget recommendations plus the required
144 revenue source recommendations no later than January 31 of that
145 year.

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

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

159 **SECTION 6.** Section 27-104-13, Mississippi Code of 1972, is
160 amended as follows:

161 27-104-13. (1) The State Fiscal Officer may disapprove or
162 reduce and revise the estimates of general funds and state-source
163 special funds for any general fund or special fund agency and for
164 the "administration and other expenses" budget of the Mississippi
165 Department of Transportation, in an amount not to exceed five
166 percent (5%), if at any time he finds that funds will not be
167 available within the period for which the budget is drawn, or if
168 at any time he finds that the requested expenditures, or any part

169 thereof, are not authorized by law, and that action shall be
170 reported to the Legislative Budget Office.

171 The State Fiscal Officer may, upon his determination of need
172 based upon a finding that funds will not be available within the
173 period for which the budget is drawn, transfer funds as provided
174 in Section 27-103-203, from the Working Cash-Stabilization Reserve
175 Fund to the General Fund to supplement the general fund revenue.

176 If the estimates of general funds and state-source special
177 funds of all general fund and special fund agencies and of the
178 "administration and other expenses" budget of the Mississippi
179 Department of Transportation have been reduced by five percent
180 (5%), additional reductions may be made, but shall consist of a
181 uniform percentage reduction of general funds and state-source
182 special funds to all general fund and special fund agencies and to
183 the "administration and other expenses" budget of the Mississippi
184 Department of Transportation.

185 Any state-source special funds reduced under the provisions
186 of this subsection (1) shall be transferred to the State General
187 Fund upon requisitions for warrants signed by the respective
188 agency head, and the transfer shall be made within a reasonable
189 period to be determined by the State Fiscal Officer.

190 (2) The State Tax Commission and University Research Center,
191 utilizing all available revenue forecast data, shall annually
192 develop a general fund revenue estimate to be adopted by the
193 Legislative Budget Office as of the date of sine die adjournment.

194 If, at the end of October, or at the end of any month
195 thereafter of any fiscal year, the revenues received for the
196 fiscal year fall below ninety-eight percent (98%) of the sine die
197 general fund revenue estimate adopted by the State Revenue
198 Estimating Committee under Section 27-103-223(3)(b), the State
199 Fiscal Officer shall reduce allocations of general funds and
200 state-source special funds to general fund and special fund
201 agencies and to the "administration and other expenses" budget of

202 the Mississippi Department of Transportation, in an amount
203 necessary to keep expenditures within the sum of actual general
204 fund receipts, including any transfers to the General Fund from
205 the Working Cash-Stabilization Reserve Fund for the fiscal year.

206 The State Fiscal Officer may, upon his determination of need
207 based on the revenue shortfall, transfer funds as provided in
208 Section 27-103-203 from the Working Cash-Stabilization Reserve
209 Fund to the General Fund to supplement the general fund revenue.
210 State-source special funds in an amount equal to any reduction
211 made under the provisions of this subsection (2) shall be
212 transferred to the State General Fund upon requisitions for
213 warrants signed by the respective agency head, and the transfer
214 shall be made within a reasonable period to be determined by the
215 State Fiscal Officer.

216 No agency's allocation shall be reduced in an amount to
217 exceed five percent (5%); however, if the allocations of general
218 funds and state-source special funds to all general fund and
219 special fund agencies and to the "administration and other
220 expenses" budget of the Mississippi Department of Transportation
221 have been reduced by five percent (5%), any additional reductions
222 required to be made under this subsection (2) shall consist of a
223 uniform percentage reduction of general funds and state-source
224 special funds to all general fund and special fund agencies and to
225 the "administration and other expenses" budget of the Mississippi
226 Department of Transportation. Any receipt from loans authorized
227 by Sections 31-17-101 through 31-17-123 shall not be included as
228 revenue receipts.

229 The State Fiscal Officer shall immediately send notice of any
230 action taken under authority of this subsection (2) to the
231 Legislative Budget Office.

232 * * *

233 (3) For the purpose of this section, the term "state-source
234 special funds" means any special funds in any agency derived from

235 any source, but shall not include the following special funds:
236 special funds derived from federal sources, from local or regional
237 political subdivisions, from agricultural commodity assessments,
238 or from donations; special funds held in a fiduciary capacity for
239 the benefit of specific persons or classes of persons;
240 self-generated special funds of the state institutions of higher
241 learning or the state community or junior colleges; special funds
242 of Mississippi Industries for the Blind, the State Port at
243 Gulfport, Yellow Creek Inland Port, Pat Harrison Waterway
244 District, Pearl River Basin Development District, Pearl River
245 Valley Water Management District, Tombigbee River Valley Water
246 Management District, Yellow Creek Watershed Authority, or Coast
247 Coliseum Commission; special funds of the Department of Wildlife,
248 Fisheries and Parks derived from the issuance of hunting or
249 fishing licenses; and special funds generated by agencies whose
250 primary function includes the establishment of standards and the
251 issuance of licenses for the practice of a profession within the
252 State of Mississippi.

253 **SECTION 7.** The following shall be codified as Section
254 27-103-225, Mississippi Code of 1972:

255 27-103-225. In making appropriations to defray the ordinary
256 expenses of the executive, legislative and judicial departments of
257 the government for each fiscal year, the Legislature shall use a
258 total of ten (10) appropriation bills that incorporate the
259 following subjects:

260 (a) Public safety, which shall include law enforcement,
261 military, corrections and veterans affairs;

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

264 (c) Economic development;

265 (d) Health and human services, which shall include the
266 Department of Health, the Department of Mental Health, the

267 Department of Rehabilitation Services and the Department of Human
268 Services;

269 (e) Social welfare, which shall include Medicaid;

270 (f) Transportation;

271 (g) Government operations, which shall include
272 executive, administrative and fiscal affairs, including debt
273 service;

274 (h) Judiciary;

275 (i) Agriculture and natural resources; and

276 (j) Business and commerce.

277 **SECTION 8.** The following shall be codified as Section
278 27-103-227, Mississippi Code of 1972:

279 27-103-227. (1) Whenever a member of the House of
280 Representatives or the Senate introduces a bill, the purpose or
281 effect of which would be to expend or to authorize or cause the
282 expenditure of any state funds or otherwise decrease the revenue
283 of the state, either directly or indirectly, the bill shall
284 include a provision or provisions that will provide sufficient
285 funding for the anticipated change in state expenditures or
286 revenue as a result of the bill, either through the imposition or
287 increase of a tax or taxes or a fee or fees, or any combination of
288 taxes and fees, or by some other method that designates the
289 specific source or sources of the funding and specifically
290 provides that funding.

291 (2) Whenever a member of the House of Representatives or the
292 Senate offers an amendment to a general bill in committee or on
293 the floor of the House or Senate, the purpose or effect of which
294 would be to expend or to authorize or cause the expenditure of any
295 state funds or otherwise decrease the revenue of the state, either
296 directly or indirectly, the amendment shall include a provision or
297 provisions that will provide sufficient funding for the
298 anticipated change in state expenditures or revenue as a result of
299 the amendment, either through the imposition or increase of a tax

300 or taxes or a fee or fees, or any combination of taxes and fees,
301 or by some other method that designates the specific source or
302 sources of the funding and specifically provides that funding.
303 For the purpose of this subsection, code sections or chapter law
304 sections that were not in the bill as introduced may be included
305 in any such amendment and amended for the purpose of providing
306 sufficient funding for the anticipated change in state
307 expenditures or revenue as a result of the amendment, and the
308 amendment shall not be subject to a point of order for the reason
309 that it includes those sections providing that funding. When a
310 code section or chapter law section is included in an amendment
311 for this purpose, the only provisions of that section that may be
312 amended are those that are necessary to be changed to provide
313 funding for the amendment. As used in this subsection, the term
314 "general bill" means any bill except an appropriation bill or a
315 local and private bill.

316 (3) Whenever a member of the House of Representatives or the
317 Senate offers an amendment to an appropriation bill in committee
318 or on the floor of the House or Senate that would increase any sum
319 appropriated or authorized to be expended by the bill, increase
320 any sum designated for a particular object or purpose of
321 expenditure in the bill, appropriate or authorize the expenditure
322 of a new sum or sums for any purpose, or otherwise increase the
323 total sum appropriated or authorized to be expended by the bill,
324 the amendment shall include a provision or provisions that will
325 reduce a sum or sums appropriated or authorized to be expended,
326 reduce a sum or sums designated for any particular object or
327 purpose of expenditure, delete a sum or sums appropriated or
328 authorized to be expended for any purpose, or otherwise reduce the
329 total sum appropriated or authorized to be expended, in the same
330 bill or in any other appropriation bill or bills that still are
331 under consideration or in both the same bill and another bill or
332 bills, by amounts so that the amendment will provide a total

333 reduction in sums that is not less than the total increase in sums
334 provided in the amendment. The other appropriation bill or bills
335 from which reductions are to be made under the amendment need not
336 be designated by bill number in the amendment if they are
337 described sufficiently enough to be identified. If such an
338 amendment is adopted to an appropriation bill and the amendment
339 provides that any part of the reduction is to be made from a bill
340 or bills other than the one to which the amendment was adopted,
341 then when the House or Senate considers that other bill or bills,
342 it shall vote to reduce the total sum appropriated by that bill or
343 bills by the total sum required to be reduced by the amendment in
344 the manner directed by the amendment.

345 **SECTION 9.** This act shall take effect and be in force from
346 and after July 1, 2006.