

By: Senator(s) Nunnelee

To: Appropriations

## SENATE BILL NO. 2251

1 AN ACT ENTITLED THE "BUDGET REFORM ACT OF 2007"; TO AMEND  
2 SECTIONS 27-103-139, 27-103-137, 27-103-125 AND 27-103-211,  
3 MISSISSIPPI CODE OF 1972, TO REVISE THE MEMBERSHIP OF THE REVENUE  
4 ESTIMATING COMMITTEE, TO DIRECT THE JOINT LEGISLATIVE BUDGET  
5 COMMITTEE AND THE GOVERNOR TO BASE BUDGET RECOMMENDATIONS ON THE  
6 REVENUE ESTIMATE, TO REQUIRE THE LEGISLATURE TO ADOPT A FINAL  
7 BUDGET BASED ON THE REVENUE ESTIMATE BY THE 45TH DAY OF A 125-DAY  
8 REGULAR SESSION AND BY THE 10TH DAY OF A 90-DAY SESSION; TO CODIFY  
9 SECTION 27-103-140, MISSISSIPPI CODE OF 1972, TO PROVIDE 9  
10 SPECIFIC CATEGORIES FOR APPROPRIATION BILLS FOR ALL STATE  
11 AGENCIES; TO REQUIRE THAT AFTER THE LEGISLATURE HAS ADOPTED ITS  
12 ANNUAL BUDGET, ANY BILL THAT IS CONSIDERED ON THE FLOOR OF EITHER  
13 HOUSE WHICH AUTHORIZES AN EXPENSE NOT IN THE BUDGET SHALL INCLUDE  
14 AN EQUAL REDUCTION IN THE BUDGET PREVIOUSLY ADOPTED, AND ANY  
15 SUBSEQUENT BILL CONSIDERED ON THE FLOOR OF EITHER HOUSE WHICH  
16 DECREASES THE REVENUE EXPENDED IN THE ADOPTED BUDGET SHALL INCLUDE  
17 AN EQUAL INCREASE IN ANOTHER REVENUE SOURCE; TO AMEND SECTIONS  
18 27-104-25 AND 27-104-17, MISSISSIPPI CODE OF 1972, IN CONFORMITY  
19 THERETO; AND FOR RELATED PURPOSES.

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

21 **SECTION 1.** This act shall be known and may be cited as the  
22 "Budget Reform Act of 2007."

23 **SECTION 2.** Section 27-103-139, Mississippi Code of 1972, is  
24 amended as follows:

25 27-103-139. (1) There is hereby established a revenue  
26 estimating committee to prepare an annual revenue estimate for the  
27 budget of the State of Mississippi. The revenue estimating  
28 committee shall be comprised of the following nine (9) members:  
29 (a) the State Treasurer; (b) the Commissioner of Revenue; (c) the  
30 State Economist; (d) the Director of the Legislative Budget  
31 Office; (e) the State Fiscal Officer; (f) two (2) appointments of  
32 the Governor to serve a term concurrent with that of the Governor;  
33 (g) one (1) appointment of the Lieutenant Governor to serve a term  
34 concurrent with that of the Lieutenant Governor; and (h) one (1)  
35 appointment of the Speaker of the House of Representatives to

36 serve a term concurrent with that of the Speaker. The revenue  
37 estimating committee shall meet on the call of the State  
38 Treasurer, who shall serve as chairman, and shall adopt its annual  
39 revenue estimate on or about November 1 for the upcoming fiscal  
40 year preceding each Regular Session of the Legislature.

41 (2) On or before November 15 preceding each regular session  
42 of the Legislature, except the first regular session of a new term  
43 of office, the Governor shall submit to the members of the  
44 Legislature, the Legislative Budget Office or the members-elect,  
45 as the case may be, and to the executive head of each state agency  
46 a balanced budget for the succeeding fiscal year. The budget  
47 submitted shall be prepared in a format that will include  
48 performance measurement data associated with the various programs  
49 operated by each agency. The total proposed expenditures in the  
50 balanced budget shall not exceed the amount of estimated revenues  
51 that will be available for appropriation or use during the  
52 succeeding fiscal year, including any balances that will be on  
53 hand at the close of the then current fiscal year, as determined  
54 by the revenue estimate \* \* \* adopted by the revenue estimating  
55 committee established in subsection (1). The total proposed  
56 expenditures from the State General Fund in the balanced budget  
57 shall not exceed ninety-eight percent (98%) of the amount of  
58 general fund revenue estimate for the succeeding fiscal year, plus  
59 any unencumbered balances in general funds that will be available  
60 and on hand at the close of the then current fiscal year.  
61 However, for fiscal year 2006 only, the total proposed  
62 expenditures from the State General Fund in the balanced budget  
63 shall not exceed one hundred percent (100%) of the amount of the  
64 general fund revenue estimate for the succeeding fiscal year, plus  
65 any unencumbered balances in general funds that will be available  
66 and on hand at the close of the then current fiscal year. \* \* \*  
67 Unencumbered balances in general funds that will be available and  
68 on hand at the close of the fiscal year shall not include

69 projected amounts required to be deposited into the Working  
70 Cash-Stabilization Reserve Fund and the Education Enhancement Fund  
71 under Section 27-103-203.

72 (3) The revenues used in preparing the balanced budget shall  
73 be only those revenues that will be available under the general  
74 laws of the state as they exist when the balanced budget is  
75 prepared, and shall not include any proposed revenues that would  
76 become available only after the enactment of new legislation. If  
77 the Governor has any recommendations for additional proposed  
78 expenditures or proposed revenues that are not included in his  
79 balanced budget, he shall submit those recommendations in a  
80 supplement that is separate from his balanced budget, and whenever  
81 the Governor recommends any such additional proposed expenditures,  
82 he also shall recommend proposed revenues that are sufficient to  
83 fund the additional proposed expenditures, providing specific  
84 details regarding the sources and the total amount of those  
85 proposed revenues.

86 (4) The Governor may employ a budget officer for the purpose  
87 of receiving information from the State Fiscal Officer and  
88 preparing his recommendations on the budget. If the Governor  
89 determines that information received from the State Fiscal Officer  
90 is not sufficient to enable him to prepare his budget  
91 recommendations, he may request an appropriation from the  
92 Legislature to provide additional staff within the Governor's  
93 Office for that purpose. At the first regular session after his  
94 election for Governor, the Governor shall submit any budget  
95 recommendations plus the required revenue source recommendations  
96 no later than January 31 of that year.

97 **SECTION 3.** Section 27-103-137, Mississippi Code of 1972, is  
98 amended as follows:

99 27-103-137. (1) The Joint Legislative Budget Committee  
100 shall hold such hearings as may be necessary to determine the  
101 actual budget requirements of the agencies. The State Fiscal

102 Management Board and the Governor's Budget Officer shall be  
103 notified of such hearings and the board and any staff members of  
104 the board and of the Governor's office may attend such hearings in  
105 order to give the Governor adequate information on which to base  
106 any budget recommendations he may desire to submit to the  
107 Legislature. The total proposed expenditures in the balanced  
108 budget adopted by the Joint Legislative Budget Committee shall not  
109 exceed the amount of estimated revenues that will be available for  
110 appropriation or use during the succeeding fiscal year, including  
111 any balances that will be on hand at the close of the then current  
112 fiscal year, as determined by the revenue estimate adopted by the  
113 revenue estimating committee under Section 27-103-139(1). The  
114 Legislative Budget Office shall have made a sufficient number of  
115 copies of its proposed budget in order that the data contained  
116 therein will be available to the members of the Legislature for  
117 consideration, and to provide a copy for each state agency  
118 included in the budget proposal, and shall forward a copy to each  
119 member or member-elect of the Legislature and to each state agency  
120 on or about December 15 of each year.

121 (2) A budget based on the revenue estimate adopted by the  
122 revenue estimating committee shall be adopted by the Legislature  
123 annually by the end of the forty-fifth (45th) day of the Regular  
124 Session in a one-hundred-twenty-five-day session and by the end of  
125 the tenth (10th) day of the Regular Session in a ninety-day  
126 session.

127 (3) After the annual budget has been adopted by the  
128 Legislature, any bill that is considered on the floor of either  
129 house which authorizes expenditures in addition to the amount in  
130 the adopted budget shall include an amendment containing an  
131 equivalent decrease to the adopted budget. After the annual  
132 budget has been adopted by the Legislature, any bill that is  
133 considered on the floor of either house which authorizes a  
134 decrease in revenues used to fund the adopted budget shall include

135 an amendment containing an equivalent increase in revenue to the  
136 amount of the adopted revenue estimate.

137 **SECTION 4.** The following provision shall be codified as  
138 Section 27-103-140, Mississippi Code of 1972:

139 27-103-140. Beginning with the 2008 Regular Session, the  
140 Legislature shall enact the following nine (9) appropriation bills  
141 to defray the expenses of all State General Fund agencies and  
142 State Special Fund agencies as defined in Section 27-103-103: (a)  
143 Government Operations; (b) Agriculture and Natural Resources; (c)  
144 Health and Human Services; (d) Education; (e) Judiciary; (f)  
145 Public Safety; (g) Business and Commerce; (h) Economic Development  
146 and Tourism; and (i) Transportation.

147 **SECTION 5.** Section 27-103-125, Mississippi Code of 1972, is  
148 amended as follows:

149 27-103-125. The proposed budget of each state agency shall  
150 show the amounts required for operating expenses separately from  
151 the amounts required for permanent improvements. The overall  
152 budget shall show, separately by each source, the estimated amount  
153 of general fund revenue and of special fund revenues of general  
154 fund agencies. The total proposed expenditures in Part 1 of the  
155 overall budget shall not exceed the amount of estimated revenues  
156 that will be available in the general and special funds for  
157 appropriation or use during the succeeding fiscal year, including  
158 any balances that will be on hand in the general and special funds  
159 at the close of the then current fiscal year. The total proposed  
160 expenditures from the State General Fund in Part 1 of the overall  
161 budget shall not exceed ninety-eight percent (98%) of the amount  
162 of general fund revenue estimate for the succeeding fiscal year,  
163 plus any unencumbered balances in general funds that will be  
164 available and on hand at the close of the then current fiscal  
165 year. However, for fiscal year 2006 only, the total proposed  
166 expenditures from the State General Fund in Part 1 of the overall  
167 budget shall not exceed one hundred percent (100%) of the amount

168 of the general fund revenue estimate for the succeeding fiscal  
169 year, plus any unencumbered balances in general funds that will be  
170 available and on hand at the close of the then current fiscal  
171 year. The general fund revenue estimate shall be the  
172 estimate \* \* \* adopted by the revenue estimating committee under  
173 Section 27-103-139. Unencumbered balances in general funds that  
174 will be available and on hand at the close of the current fiscal  
175 year shall not include projected amounts required to be deposited  
176 into the Working Cash-Stabilization Reserve Fund under Section  
177 27-103-203. The Joint Legislative Budget Committee may recommend  
178 additional taxes or sources of revenue if in its judgment those  
179 additional funds are necessary to adequately support the functions  
180 of the state government.

181       **SECTION 6.** Section 27-103-211, Mississippi Code of 1972, is  
182 amended as follows:

183       27-103-211. The total sum appropriated by the Legislature  
184 from the State General Fund for any fiscal year shall not exceed  
185 ninety-eight percent (98%) of the general fund revenue estimate  
186 for that fiscal year developed and adopted by the revenue  
187 estimating committee under Section 27-103-139, plus any  
188 unencumbered balances in general funds that will be available and  
189 on hand at the close of the then current fiscal year. The  
190 unencumbered balances in general funds that will be available and  
191 on hand at the close of the fiscal year shall not include  
192 projected amounts required to be deposited into the Working  
193 Cash-Stabilization Reserve Fund under Section 27-103-203.  
194 However, for fiscal year 2006 only, the total sum appropriated by  
195 the Legislature from the State General Fund shall not exceed one  
196 hundred percent (100%) of the amount of the general fund revenue  
197 estimate for that fiscal year, plus any unencumbered balances in  
198 general funds that will be available and on hand at the close of  
199 the then current fiscal year.

200           **SECTION 7.** Section 27-104-25, Mississippi Code of 1972, is  
201 amended as follows:

202           27-104-25. (1) The executive head and business manager of  
203 each state agency shall be responsible for all obligations or  
204 indebtedness incurred in the name of the agency, or by any  
205 employee for them when incurred by such employee acting within the  
206 scope of his employment.

207           (2) No obligations or indebtedness shall be incurred by any  
208 such person during any allotment period in excess of the amount of  
209 the estimate approved by the Department of Finance and  
210 Administration or in the agency appropriation \* \* \*.

211           If a claim arising from orders for goods or services from the  
212 prior fiscal year is presented within one (1) year and (a) the  
213 payment of a claim does not cause an agency to exceed the amount  
214 of its prior year budget estimate as approved by the Department of  
215 Finance and Administration or its appropriation bill, and (b)  
216 sufficient funds remain in the current fiscal year's allotment to  
217 pay the claim, the State Treasurer, upon approval of the claim by  
218 the Department of Finance and Administration, shall draw a warrant  
219 in payment of the claim.

220           (3) Contractual obligations, such as salary contracts, shall  
221 be considered as incurred within the fiscal period in which they  
222 are to be paid, and are to be encumbered against funds to be  
223 available in that fiscal period, and shall include appropriate  
224 cancellation clauses in the event the anticipated revenues from  
225 which they are to be paid do not become available.

226           (4) Agencies having special funds, as defined in Section  
227 27-103-103, shall not incur obligations or indebtedness against  
228 such special funds in an amount in excess of revenues actually  
229 anticipated and budgeted.

230           (5) If obligations or indebtedness shall be incurred  
231 contrary to the provisions hereof, then neither the State of  
232 Mississippi nor the agency shall have any liability therefor, and

233 the person, firm or corporation to whom the obligation or  
234 indebtedness is due may recover the amount of the obligation or  
235 indebtedness and twenty-five percent (25%) of the amount as  
236 liquidated damages from the responsible officers, either  
237 personally or upon their official bonds, either severally of  
238 jointly.

239       **SECTION 8.** Section 27-104-17, Mississippi Code of 1972, is  
240 amended as follows:

241       27-104-17. (1) An allotment period shall be one-half (1/2)  
242 of twelve (12) months, and expenditure one-half (1/2) of the  
243 appropriated amount, unless otherwise specified in the  
244 appropriation bill or justified by the agency to the Department of  
245 Finance and Administration, and the first allotment period shall  
246 commence on July 1. Estimates shall be filed with the Department  
247 of Finance and Administration not later than the first day of the  
248 month preceding the beginning period.

249       Provided further, that the Department of Finance and  
250 Administration may, in its discretion, restrict an agency to  
251 monthly allotment period when it becomes evident that an agency's  
252 rate of expenditure to date indicates this restriction will be  
253 necessary to prevent depletion of its appropriation prior to the  
254 close of the fiscal year or when the condition of the State  
255 General Fund requires monthly monitoring and control of the rate  
256 of General Fund expenditures.

257       (2) Except as otherwise provided in subsection (3), and  
258 unless otherwise specified in the agency appropriation \* \* \*, in  
259 the event any emergency or unforeseen circumstances shall arise,  
260 the agency head may authorize increases in major objects of  
261 expenditure within each specific budget within each appropriation  
262 bill in total amounts not to exceed ten percent (10%) of the  
263 appropriated amount of each object, provided that other major  
264 objects of expenditure are decreased by a corresponding dollar  
265 amount. No transfers shall be authorized which increase or



266 decrease the major object of expenditure "Salaries, Wages and  
267 Fringe Benefits," or which increase the major object of  
268 expenditure "Capital Outlay - Equipment." The agency head shall  
269 submit written justification for the transfer to the Legislative  
270 Budget Office, the Department of Finance and Administration, and  
271 the State Auditor, on or before the fifteenth of the month prior  
272 to the effective date of the transfer. The transfer shall be  
273 effective the first working day of the month following timely  
274 submissions required herein. In cases of extreme hardship,  
275 certified in writing by the agency head and submitted with timely  
276 submissions required herein, the Executive Director of the  
277 Department of Finance and Administration, in his discretion, may  
278 authorize an earlier effective date for the transfer.

279 (3) From and after passage and until June 30, 2006, due to  
280 the unforeseen financial circumstances caused by Hurricane  
281 Katrina, the agency heads of the following state agencies, with  
282 the approval of the Department of Finance and Administration, may  
283 authorize increases in major objects of expenditure within each  
284 specific budget within each appropriation bill, provided that  
285 other major objects of expenditure are decreased by a  
286 corresponding dollar amount: State Contractors Board, State  
287 Veterans' Affairs Board, State Board of Engineers and Land  
288 Surveyors, State Board of Animal Health, State Pharmacy Board,  
289 Mississippi Nursing Board, Port of Gulfport, Mississippi  
290 Department of Employment Security, Mississippi Insurance  
291 Department, Mississippi Department of Mental Health, Mississippi  
292 Department of Finance and Administration, Mississippi Department  
293 of Human Services, Mississippi Emergency Management Authority  
294 (MEMA), Mississippi Department of Health, Mississippi Department  
295 of Marine Resources, Mississippi Gaming Commission, State Tax  
296 Commission, Mississippi Department of Rehabilitation Services,  
297 Mississippi Gulf Coast Coliseum, Secretary of State, Mississippi  
298 Department of Archives and History, Mississippi Department of

299 Transportation, and the Office of State Aid Road Construction of  
300 the Mississippi Department of Transportation. The agency head  
301 shall submit written justification for the transfer(s) to the  
302 Department of Finance and Administration, the Legislative Budget  
303 Office and the State Auditor on or before the fifteenth of the  
304 month prior to the effective date of the transfer. The transfer  
305 shall be effective the first working day of the month following  
306 timely submissions and approval required herein. In cases of  
307 extreme hardship, certified in writing by the agency head and  
308 timely submitted as required herein, the Executive Director of the  
309 Department of Finance and Administration, in his discretion, may  
310 authorize an earlier effective date for the transfer.

311       **SECTION 9.** This act shall take effect and be in force from  
312 and after July 1, 2007.