



ARIZONA STATE SENATE
Fiftieth Legislature, Second Regular Session

FACT SHEET FOR H.B. 2467

state budget reports; financial condition

Purpose

Requires the State Treasurer (Treasurer) and the Governor, and allows the Legislature, to provide statements on expected revenues and expenditures.

Background

Economic Estimates Commission/Appropriations Limit

Article IX, Section 17 of the Arizona Constitution establishes by law the Economic Estimates Commission (EEC). The EEC is comprised of not more than three members and determines the state's estimated total personal income for the upcoming fiscal year. The Constitution further provides that the state Legislature shall not appropriate state revenues in excess of seven percent of the total personal income as determined by the EEC. The limitation may be exceeded upon affirmative vote of two-thirds of each house of the Legislature on each measure that appropriates amounts in excess of the limitation.

Additionally, the Constitution allows for the adjustment of the appropriation limitation if governmental functions are transferred among levels of government. Over the years, the state has assumed governmental functions resulting in a commensurately increased appropriation limit of 7.41 percent of personal income. This percentage has remained constant since 1999.

Executive Budget Recommendation

Pursuant to Arizona Revised Statutes (A.R.S.) § 35-111, the Governor is to annually submit an executive budget proposal to the Legislature. Statute requires the proposal to be submitted no later than five days after the regular session of the Legislature convenes. The proposal is to contain a complete plan of proposed expenditures, revenue estimates and recommendations as to related legislation. A.R.S. § 35-115 outlines the contents of executive budget proposal.

There is no anticipated impact to the state General Fund (GF) as a result of this legislation.

Provisions

Treasurer's Statements of Financial Condition (Statement)

1. Requires the Treasurer, on the first day of each regular legislative session, to submit a Statement, under oath, to the Governor, the Speaker of the House of Representatives (Speaker) and the President of the Senate (President) describing the following:

- a) the financial condition of the state treasury at the close of the preceding fiscal year,
 - b) an estimate of probable of receipts and disbursements from the state treasury for the current fiscal year, and
 - c) an itemized estimate of anticipated revenue from all sources based on relevant laws.
2. Requires the Treasurer to submit a supplemental Statement within 10 days of the end of each fiscal quarter.
 3. Directs the Arizona Departments of Administration and Revenue to provide all necessary information to complete the Statement to the Treasurer at no cost.
 4. Requires the Treasurer to submit a Statement to the Governor, Speaker and President, upon passage of the General Appropriations Act, on whether the amount appropriated is consistent with available monies.
 5. Directs the Treasurer to post the Statement prepared for the General Appropriations Act on the Treasurer's official website.

Executive Budget Recommendation

6. Requires the Executive budget recommendation to include a separate statement, on the first page, indicating whether the total amount of state revenues included in the report for expenditure in the next fiscal year, will or will not exceed the amount of appropriated state revenues for the current fiscal year, adjusted for population, inflation and enrollment and caseload growth attributed to the following agencies:
 - a) Arizona Health Care Cost Containment System;
 - b) Department of Corrections;
 - c) Department of Economic Security;
 - d) Department of Education; and the
 - e) Department of Health Services.
7. Clarifies that the Governor's statement on total state revenues expended is to include expenditures by the Legislature, the Judiciary, the Arizona Board of Regents and the Department of Transportation.
8. States that the Governor's statement shall assert the difference between the proposed expenditure levels and the constitutional appropriations limit.
9. Requires the Governor to prominently post the statement on the office's website upon issuance and through June 30.

Legislative Statement

10. Allows the Legislature to annually adopt a concurrent resolution, before transmitting the General Appropriations Act to the Governor, indicating whether the total amount of appropriated state revenues for the next fiscal year will or will not exceed the amount of

appropriated state revenues for the current fiscal year, adjusted for population, inflation and enrollment and caseload growth attributed to the following agencies:

- a) Arizona Health Care Cost Containment System;
- b) Department of Corrections;
- c) Department of Economic Security;
- d) Department of Education; and the
- e) Department of Health Services.

11. States that the Legislature's statement shall assert the difference between the proposed expenditure levels and the constitutional appropriations limit.

12. Requires the Legislature, if they choose to adopt a concurrent resolution, to post the resolution on its website through December 31 of the calendar year in which it was adopted.

EEC

13. Requires the EEC to determine and publish the following percentage changes from the preceding fiscal year, annually on December 15:

- a) Arizona's population using the most recent decennial census data or the most recent annual census update; and
- b) the cost of living using the most recent implicit price deflator for the Gross National Product reported by the United States Department of Commerce.

14. Directs the EEC to report any revisions to their calculations on March 31 of each year.

Miscellaneous

15. Classifies multi-year and non-lapsing appropriations as expenditures in the first year of the appropriation only.

16. Makes technical and conforming changes.

17. Becomes effective on the general effective date.

House Action

APPROP	2/8/12	DPA	7-4-0-2
3 rd Read	2/3/12		39-18-2-0

Prepared by Senate Research

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