

Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.

1 State of Arkansas
2 84th General Assembly
3 Regular Session, 2003
4

A Bill

HOUSE BILL 1491

5 By: Joint Budget Committee
6
7

For An Act To Be Entitled

9 AN ACT TO AMEND TITLE 19 CHAPTER 5 OF THE
10 ARKANSAS CODE RELATING TO THE STATE CENTRAL
11 SERVICES FUND IN ORDER TO INSURE ADEQUATE
12 FINANCING OF THE CENTRAL ADMINISTRATIVE FUNCTIONS
13 OF THE STATE GOVERNMENT; AND FOR OTHER PURPOSES.
14

Subtitle

15 AMEND THE STATE CENTRAL SERVICES FUND IN
16 ORDER TO INSURE ADEQUATE FINANCING OF
17 THE CENTRAL ADMINISTRATIVE FUNCTIONS OF
18 THE STATE GOVERNMENT
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22 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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24 Section 1. Arkansas Code 19-5-202 relating to the distribution of
25 general revenue collections is amended to read as follows:

26 19-5-202. General Revenue Fund Account.

27 (a) There is established on the books of the Treasurer of State, the
28 Auditor of State, and the Chief Fiscal Officer of the State a fund account to
29 be known as the General Revenue Fund Account of the State Apportionment Fund
30 to which all gross general revenues are to be credited upon receipt of them
31 by the Treasurer of State, there to be distributed as provided in this
32 section. The Treasurer of State, with the approval of the Auditor of State
33 and the Chief Fiscal Officer of the State, shall prescribe the procedures and
34 forms required to be used by all governmental units depositing funds into the
35 State Treasury.

36 (b) At the close of business at 12:00 noon on the last working day of



1 each month, the Treasurer of State shall make the following distribution of
 2 the gross general revenue in the General Revenue Fund Account of the State
 3 Apportionment Fund on properly signed forms prescribed by him, with the
 4 approval of the Auditor of State and the Chief Fiscal Officer of the State:

5 (1) From such gross general revenues received during each month,
 6 the Treasurer of State shall deduct the amounts represented by claims, taxes
 7 erroneously paid, uncollected checks, and advance transfers made to the
 8 Individual Income Tax Withholding Fund, Corporate Income Tax Withholding
 9 Fund, and Home Owners Tax Relief Fund from each applicable revenue received
 10 during that month and other advance transfers and shall keep a record for
 11 accounting purposes. Advance transfers made during the month to funds or
 12 fund accounts from which there is no applicable revenue source shall be made
 13 from gross general revenues received during such month. The remaining
 14 revenue in the General Revenue Fund Account shall be designated as net
 15 general revenue;

16 (2) (A) In the event the Budget Stabilization Trust Fund has
 17 insufficient balances to make loans to the Individual Income Tax Withholding
 18 Fund, Corporate Income Tax Withholding Fund, and Home Owners Tax Relief Fund,
 19 or to any of those funds or fund accounts enumerated in §§ 19-5-402 and 19-5-
 20 404, to cover refunds or operating requirements during the month, the Chief
 21 Fiscal Officer of the State may make advance transfers from the General
 22 Revenue Fund Account to those funds to cover the refunds or operating
 23 requirements and notify the Treasurer of State thereof. However, the advance
 24 transfers to the funds or fund accounts enumerated in §§ 19-5-402 and 19-5-
 25 404 shall not exceed the anticipated general revenue distribution to the
 26 applicable fund or fund account for that month. For calculation purposes
 27 only, the Treasurer of State shall add an amount to net general revenue equal
 28 to the advance transfers authorized in this section processed for the current
 29 month.

30 (B) From the net general revenue, after adding the advance
 31 transfer, if any, the Treasurer of State shall make the following
 32 distribution and shall notify the Auditor of State and the Chief Fiscal
 33 Officer of the State:

34 (i) First, the Treasurer of State shall deduct ~~three~~
 35 ~~percent (3%), of which one third (1/3) of the amount deducted~~ one percent
 36 (1%) which shall be transferred to the Constitutional Officers Fund, as

1 created in § 19-5-205(c), and ~~two thirds (2/3) of the amount deducted~~ an
2 appropriate percentage, not to exceed three percent (3%), as determined from
3 time to time by the Chief Fiscal Officer of the State as being the amount
4 required to support the estimated commitments and expenditures of the State
5 Central Services Fund for the current fiscal year shall be transferred to the
6 State Central Services Fund, as created in § 19-5-205(e);

7 (ii) Next, the Treasurer of State shall deduct an
8 amount sufficient to pay for cash rebates which have been paid or approved
9 for payment during the current month upon applications filed therefor as
10 authorized in §§ 26-51-601 - 26-51-608 and deduct an amount sufficient to pay
11 for refunds made during that month to taxpayers from overpayment of the
12 income tax as certified by the Chief Fiscal Officer of the State and transfer
13 that amount to the Individual Income Tax Withholding Fund, Corporate Income
14 Tax Withholding Fund, and Home Owners Tax Relief Fund, as applicable;

15 (iii) The remaining revenue, known as general
16 revenues available for distribution, in the General Revenue Fund Account of
17 the State Apportionment Fund shall be distributed as provided by this chapter
18 to the various funds and fund accounts as created and established in § 19-5-
19 301 et seq., and to any other fund or fund account as may be authorized by
20 law. The Treasurer of State, after distributing the general revenues
21 available for distribution due each fund or fund account, shall deduct the
22 amount of any advance transfers made during the month from the distribution
23 to each applicable fund or fund account.

24 (c) In determining the percentage to be deducted from net general
25 revenues as authorized in this section, the Chief Fiscal Officer of the State
26 shall take into consideration all revenues accruing to the benefit and fund
27 balances of the fund as well as estimated expenditures and commitments for
28 the year from the State Central Services Fund. In estimating the expenditures
29 and commitments for the year, the Chief Fiscal Officer of the State shall
30 consult with the agencies to which appropriations were made from the State
31 Central Services Fund.

32 (d) The Chief Fiscal Officer of the State shall, after determining the
33 percentage deduction as set out in subsection (c), obtain the approval from
34 the Legislative Council.

35 (e) (1) After the approval of the Legislative Council has been received
36 and based on the computations derived from the procedures of this section,

1 each agency shall be notified by the Chief Fiscal Officer of the State as to
 2 the amount of appropriation within the State Central Services Fund which may
 3 be expended and the amount of appropriation which will not be available for
 4 disbursement or obligation for each fiscal year from time to time as may be
 5 required.

6 (2) It shall remain the jurisdiction of each agency to determine
 7 from which appropriations made payable from the fund, reductions in spending
 8 will be made to meet the limit determined by the Chief Fiscal Officer of the
 9 State and each agency shall notify the Chief Fiscal Officer of the State of
 10 their proposed plan of expenditures.

11 (3) The agencies may revise their spending plan from time to time
 12 as long as the total of the expenditures by the agency from the fund does not
 13 exceed the amount determined by the Chief Fiscal Officer of the State and
 14 shall notify the Chief Fiscal Officer of the State of the proposed revisions.

15 (4) Nothing in this subdivision shall be interpreted as requiring
 16 an elected constitutional officer or staff of a constitutional officer to
 17 have any purchasing or budget decision currently authorized by law to be
 18 transferred to the Chief Fiscal Officer of the State except in regard to the
 19 total allowed expenditure for the office permitted from the State Central
 20 Services Fund.

21 (f) The Chief Fiscal Officer of the State shall be responsible for
 22 insuring that the expenditures from the State Central Services Fund do not,
 23 in any year, exceed the resources available to the fund and to that end the
 24 Chief Fiscal Officer of the State shall set up the appropriate safeguards on
 25 the expenditures and obligations from the fund.

26 (g) In order that the General Assembly may be made aware of potential
 27 problems as early as possible, the Department of Finance and Administration
 28 shall report on the financial condition of the State Central Services Fund to
 29 the Legislative Council and to the Legislative Joint Auditing Committee
 30 monthly in such detail as may be required.

31
 32 Section 2. Arkansas Code 19-05-203 is amended to read as follows:

33
 34 19-5-203. Special Revenue Fund Account.

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 36 (a) There is established on the books of the Treasurer of State, the

1 Auditor of State, and the Chief Fiscal Officer of the State a fund account to
 2 be known as the Special Revenue Fund Account of the State Apportionment Fund
 3 to which all gross special revenues are to be credited upon their receipt by
 4 the Treasurer of State, there to be distributed as provided in this section.

5 (b) At the close of books at 12:00 noon on the last working day of
 6 each month, the Treasurer of State shall make the following distribution of
 7 the gross special revenue in the Special Revenue Fund Account of the State
 8 Apportionment Fund on properly signed forms prescribed by him, with the
 9 approval of the Auditor of State and the Chief Fiscal Officer of the State:

10 (1) From such gross special revenues received during each month,
 11 the Treasurer of State shall deduct the amounts represented by claims, taxes
 12 erroneously paid, and uncollected checks from the applicable revenue received
 13 during that month and shall keep a record of such for accounting purposes.
 14 The remaining revenue in the Special Revenue Fund Account shall be designated
 15 as net special revenues;

16 (2) (A) The Treasurer of State shall then deduct ~~three percent~~
 17 ~~(3%)~~ the same percentage as determined to be deducted from net general
 18 revenues in §19-5-202 and be transferred under the same procedures as set out
 19 in §19-5-202 from each net special revenue collected by any of those
 20 agencies enumerated in § 19-5-205(b) and ~~one and one half percent (11/2%)~~
 21 one half of the percentage deductions set out in §19-5-202 and transferred in
 22 the same proportion to the State Central Services Fund and The Constitutional
 23 Officers Fund, from each net special revenue collected by any other
 24 department, board, agency, or commission.

25 ~~(i) Of the amount deducted due to the three percent (3%)~~
 26 ~~deduction, the Treasurer of State shall transfer one third (1/3) of the~~
 27 ~~amount to the Constitutional Officers Fund and two thirds (2/3) of the amount~~
 28 ~~to the State Central Services Fund.~~

29 ~~(ii) Of the amount deducted due to the one and one~~
 30 ~~half percent (11/2%) deduction, the Treasurer of State shall transfer one~~
 31 ~~third (1/3) of the amount to the Constitutional Officers Fund and two thirds~~
 32 ~~(2/3) of the amount to the State Central Services Fund.~~

33 (B) The Treasurer of State shall then transfer the
 34 remaining net special revenues to the proper fund or fund account as
 35 designated by law and shall notify the Auditor of State and Chief Fiscal
 36 Officer of the State of the transfers and distribution on forms approved by

1 the Treasurer of State, Auditor of State, and the Chief Fiscal Officer of the
 2 State.

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5 Section 3. Arkansas Code 19-5-205(e) is amended to read as follows:

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7 (e)(1)(A) There is established on the books of the Treasurer of State,
 8 Auditor of State, and Chief Fiscal Officer of the State, a fund to be known
 9 as the State Central Services Fund, there to be used for the maintenance,
 10 operation, and improvements of those agencies and activities as set out in
 11 subdivision (b)(2) of this section unless specific and separate funds are
 12 otherwise provided therefor.

13 (B) The State Central Services Fund shall consist of:

14 (i) Those special revenues as specified in
 15 subdivisions (9), (11), (19), (21), (37), (75), (76), (77), (78), (79), (82),
 16 (83), (84), (85), (86), (87), (88), (89), (91), (96), (116), (118), (120),
 17 (124), (149), and (188), and ten percent (10%) of those special revenues as
 18 set out in subdivision (20) of § 19-6-301 of the Revenue Classification Law
 19 of Arkansas, § 19-6-101 et seq.;

20 (ii) ~~Two thirds (2/3) of the~~ The amount produced
 21 from the ~~three percent (3%)~~ deduction from the net general revenue deposited
 22 in the State Treasury;

23 (iii) ~~Two thirds (2/3) of the~~ The amount produced
 24 from the ~~three percent (3%)~~ deduction from the net special revenues collected
 25 and deposited in the State Treasury by the agencies set out in subsection (b)
 26 of this section;

27 (iv) ~~Two thirds (2/3) of the~~ The amount produced
 28 from the ~~one and one half percent (1.5%)~~ deduction from the net special
 29 revenues collected and deposited in the State Treasury by any other state
 30 agency, department, board, commission, or institution;

31 (v) All earnings and income collected by any of
 32 those agencies set out in subsection (b) of this section;

33 (vi) Funds received from federal funds on account of
 34 indirect cost reimbursement collected under a statewide indirect cost
 35 allocation plan and paid to any of the agencies set out in subsection (b) of
 36 this section;

1 (vii) Any other funds received from the federal
2 government granted specifically to the agencies as set out in subsection (b)
3 of this section, unless otherwise required by the grantor federal agency;

4 (viii) Interest earned on Social Security trust
5 funds which are remitted to the Arkansas Public Employees' Retirement System
6 and held in banks until transmitted to the federal Social Security
7 Administration;

8 (ix) Reimbursements by transfer from the Ad Valorem
9 Tax Fund on account of expenditures made to the Division of Local Affairs and
10 Audits of the Division of Legislative Audit;

11 (x) Such general revenues as may be provided by the
12 General Assembly;

13 (xi) One and one-half percent (1.5%) of those cash
14 funds of those state agencies as defined in § 19-5-206;

15 (xii) Such fund balances as may exist on June 30,
16 1995, in the Public Defender Fund of the State Treasury, and all such funds
17 as may accrue to and be transferred from the Public Defender Fund by the
18 Treasurer of State on the last day of each month;

19 (xiii) Moneys transferred or deposited from the
20 State Administration of Justice Fund for the benefit of the Public Defender
21 Commission;

22 (xiv) Public defender attorney fees to be used
23 solely to defray costs for the Arkansas Public Defender Commission as set out
24 in § 5-4-303(i)(2)(A); and

25 (xv) Public defender user fees to be used to defray
26 the costs of the public defender system, § 16-87-213.

27 ~~_____ (2) Funds in the State Central Services Fund shall be made~~
28 ~~available to those agencies and activities supported from that fund based on~~
29 ~~the following procedures to be performed by the Chief Fiscal Officer of the~~
30 ~~State;~~

31 ~~_____ (A) For the purposes of subdivision (e)(2) of this~~
32 ~~section;~~

33 ~~_____ (i) "Agency" means each disbursing officer having~~
34 ~~appropriation responsibility within the State Central Services Fund;~~

35 ~~_____ (ii) "Direct revenues" means special revenues or~~
36 ~~other income that is exclusively attributable to services or functions~~

1 performed by the agency and deposited or transferred to the State Central
2 Services Fund;

3 _____ (iii) "Adjusted appropriation" means the amount of
4 an agency's appropriation for the current fiscal year or the amount of an
5 agency's expenditure for the previous fiscal year, payable from the State
6 Central Services Fund, less direct revenues;

7 _____ (iv) "Indirect revenues" means other income
8 available to the State Central Services Fund excluding general revenues
9 available for distribution that are not exclusively attributable to services
10 or functions performed by the agency;

11 _____ (v) "Remaining appropriation" means the amount of
12 the agency's appropriation less the sum of all direct revenues and all
13 indirect revenues assigned to the agency for the fiscal year;

14 _____ (B) Each agency's remaining appropriation for the previous
15 fiscal year shall be calculated by subtracting the direct revenues and
16 indirect revenues assigned to the agency in the previous fiscal year from the
17 lesser of either the agency's expenditure for the previous fiscal year or the
18 agency's appropriation for the current fiscal year. The sum of each agency's
19 remaining appropriation for the previous fiscal year shall be made available
20 to the agencies to the extent possible, under the provisions of § 19-5-402(a)
21 for the first fiscal year of a biennium or § 19-5-404(a) for the second
22 fiscal year of a biennium;

23 _____ (C) The total amount of all agencies' remaining
24 appropriation for the previous fiscal year as computed under the provisions
25 of subdivision (c)(2)(B) of this section shall be subtracted from the amounts
26 provided in § 19-5-402(a) for the first fiscal year of a biennium or § 19-5-
27 404(a) for the second fiscal year of a biennium for the State Central
28 Services Fund. The difference, if any, shall be made available to the
29 agencies under the following procedure:

30 _____ (i) The director of each agency shall estimate the
31 amount of direct revenues to be received by the agency during the current
32 fiscal year and transmit the estimate to the Chief Fiscal Officer of the
33 State. Based upon the estimate, the Chief Fiscal Officer of the State shall
34 determine each agency's adjusted appropriation for the current fiscal year;

35 _____ (ii) The total amount of indirect revenues to be
36 received by all the agencies during the current fiscal year shall be

1 estimated by the Chief Fiscal Officer of the State. A portion of the
2 estimated indirect revenue shall be assigned to each agency. The amount
3 assigned to each agency shall be in proportion to the ratio of the agency's
4 adjusted appropriation for the current fiscal year to the sum of all
5 agencies' adjusted appropriations for the current fiscal year;

6 _____ (iii) Each agency's remaining appropriation from the
7 previous fiscal year shall be subtracted from its current fiscal year
8 remaining appropriation. The resulting amounts for each agency having a
9 result greater than zero (0) shall be totaled. The ratio of each agency's
10 result to the total shall be determined, and this ratio shall be used for the
11 purpose of distributing funds remaining after distribution made pursuant to
12 subdivision (e)(2)(B) of this section as set out in § 19-5-402 for the first
13 fiscal year of a biennium or § 19-5-404 for the second fiscal year of a
14 biennium;

15 _____ (D) Based on the computations derived from subdivision
16 (e)(2) of this section, each agency shall be notified by the Chief Fiscal
17 Officer of the State as to the amount of appropriation which may be expended
18 and the amount of appropriation which will not be available for disbursement
19 or obligation for each fiscal year from time to time as may be required.

20 _____ (f)(1) In the event the Chief Fiscal Officer of the State determines
21 that appropriations enacted by the General Assembly for the benefit of the
22 Secretary of State, which are made payable from the Constitutional Officers
23 Fund and State Central Services Fund, place the fund in an unsound financial
24 condition, then the Chief Fiscal Officer of the State may authorize the
25 transfer of funds from the State General Services Fund Account of the State
26 General Government Fund to the Constitutional Officers Fund and the State
27 Central Services Fund in order to supplement funding for appropriations
28 enacted for the benefit of the Secretary of State.

29 _____ (2) The transfer of funds may be made from time to time and in
30 such amounts as determined to be available within the State General Services
31 Fund Account by the Chief Fiscal Officer of the State. However, such transfer
32 of funds, when added to funding provided from the Constitutional Officers
33 Fund and State Central Services Fund, shall not exceed the total amount of
34 appropriation provided by law for the Secretary of State.

35 _____ (g) In the event that the certified level of funding provided from the
36 procedures as set out in subdivision (e)(2) of this section do not provide to

~~each agency supported from the State Central Services Fund an operating level from the fund equal to the previous year's expenditure or the current fiscal year appropriation, whichever is the lesser, then the following procedure shall be carried out to the extent necessary. First, an amount not to exceed four million dollars (\$4,000,000) in any one (1) fiscal year may be transferred from the Budget Stabilization Trust Fund to the State Central Services Fund in order to provide that operating level. Next, thirty-one percent (31%) up to a maximum of two hundred fifty thousand dollars (\$250,000) each of any increase over the previous year's expenditures to be received by the Bureau of Legislative Research and the Legislative Joint Auditing Committee shall be deducted from those budgets and redistributed in the following manner and order:~~

~~_____ (1) Proportionately to those agencies in the State Central Services Fund which will not receive an operating level equal to their previous year's expenditures or the current year's appropriation, whichever is less, from all other sources;~~

~~_____ (2) An amount sufficient to complete the full financing of the budgets for the Senate, the House of Representatives, the Administrative Office of the Courts, and Lieutenant Governor, and up to twenty-four thousand four hundred seventy dollars (\$24,470) for the State Land Department; and~~

~~(3) Any remainder shall be distributed proportionately to those operating budgets of the elected constitutional officers whose operating budgets from the State Central Services Fund are not fully funded after all of the aforementioned procedures are accomplished.~~

(2) The Chief Fiscal Officer of the State may, if required to help meet the commitments of the State Central Services Fund, transfer the sum of not to exceed four million dollars (\$4,000,000) during any fiscal year from the Budget Stabilization Trust Fund to the State Central Services Fund.

SECTION 4. Section 5 of Act 294 of 1999 is repealed.

~~—CONTINGENCY TRANSFERS. The Department of Finance and Administration—Office of Child Support Enforcement may from time to time, and in such amounts as may be necessary for essential needs, request the Chief Fiscal Officer of the State, after review by the Legislative Council to transfer funds and appropriation from the Professional Fees and Services line item and/or the Contingency line item to any other line item authorized for the~~

1 ~~operations of the Office of Child Support Enforcement. Such funds as may be~~
2 ~~required shall be transferred from the State Central Services Fund to the~~
3 ~~Child Support Enforcement Fund. In no event, however, shall transfers~~
4 ~~provided for herein, exceed the amount of appropriation of the total combined~~
5 ~~line items prior to transfer. The Office of Child Support Enforcement shall~~
6 ~~report semi-annually to the Legislative Council the amount of funds and~~
7 ~~appropriation transferred. Of the funds transferred under these provisions~~
8 ~~from the State Central Services Fund, such unused amounts, as determined by~~
9 ~~the Chief Fiscal Officer of the State that remain at the close of a fiscal~~
10 ~~year in the Child Support Enforcement Fund shall be returned by transfer to~~
11 ~~the State Central Services Fund.~~

12

13 SECTION 5. NOT TO BE INCORPORATED INTO THE ARKANSAS CODE NOR PUBLISHED
14 SEPARATELY AS SPECIAL, LOCAL AND TEMPORARY LAW. (a) The following
15 appropriations or parts thereof shall be payable from the State General
16 Services Fund Account, or its successor, in lieu of the State Central
17 Services Fund:

- 18 (1) Arkansas Code Revision Commission
- 19 (2) Arkansas Ethics Commission
- 20 (3) Judicial Discipline and Disability Commission
- 21 (4) Auditor of State - Administration of the Unclaimed Property
22 Program
- 23 (5) Department of Finance and Administration - Division of Racing
- 24 (6) State's Dues to:
 - 25 (A) The Energy Council
 - 26 (B) Multi State Tax Commission
 - 27 (C) Federation of Tax Administrators
 - 28 (D) National Center for State Courts
 - 29 (E) National Association of Attorney's General
 - 30 (F) Association of Racing Commissioners
 - 31 (G) State Crime Laboratory - Hope Drug Laboratory

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33 (b) The balance of the funds transferred to the State Central Services Fund
34 under the authority of Section 3 of Act 1350 of 2001 or so much thereof as is
35 available on June 30,2003, shall prior to any other transfer authorized by
36 law from the State Central Services Fund be transferred to the State General

1 Services Fund Account, or its successor, there to be used for the same
2 purpose.

3 (c) If there is not a separate appropriation made for any of the items
4 enumerated in this section, the Chief Fiscal Officer of the State shall
5 determine the appropriation from which payments have heretofore been made and
6 implement the necessary transfers and establish the necessary accounts to
7 carry out the intent of this section.

8
9 SECTION 6. EMERGENCY CLAUSE. It is hereby found and determined by the
10 General Assembly that the central administrative functions for state
11 government must be financed at an adequate and stable level; that the current
12 law is outdated and does not result in complying with legislative
13 appropriation decisions regarding those budgets funded through the State
14 Central Services Fund; and that an extension of this regular session might
15 cause this act to be come effective after the first day of the new fiscal
16 year causing confusion and hardships. Therefore, an emergency is hereby
17 declared to exist and this act being necessary for the immediate preservation
18 of the public peace, health and safety shall be in full force and effect on
19 July 1, 2003 with the exception that subsection (b) of Section 5 of this Act
20 shall become effective immediately upon its passage and approval.

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