

HOUSE BILL No. 1360

DIGEST OF INTRODUCED BILL

Citations Affected: IC 2-2.1-4.

Synopsis: State expenditure limitations. Limits increases in state expenditures to the lesser of the increase in inflation and population or six percent. Allows voters or two-thirds of the members of the general assembly to authorize additional spending.

Effective: July 1, 1998.

Turner

January 13, 1998, read first time and referred to Committee on Ways and Means.

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Introduced

Second Regular Session 110th General Assembly (1998)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 1997 General Assembly.

HOUSE BILL No. 1360

A BILL FOR AN ACT to amend the Indiana Code concerning state and local administration.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 2-2.1-4 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 1998]:
4 **Chapter 4. State Expenditure Limits**
5 **Sec. 1. As used in this chapter, "fiscal year spending" means**
6 **all state governmental expenditures and reserve increases in a state**
7 **fiscal year, except the following:**
8 **(1) Refunds made in the current or next state fiscal year.**
9 **(2) Gifts.**
10 **(3) Federal funds.**
11 **(4) Collections for another government.**
12 **(5) Pension contributions by employees and pension fund**
13 **earnings.**
14 **(6) Reserve transfers or expenditures.**
15 **(7) Damage awards.**
16 **(8) Property sales.**
17 **Sec. 2. As used in this chapter, "inflation" means the**



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1 percentage change in the United States Bureau of Labor Statistics
2 Consumer Price Index for Indiana, all items, all urban consumers,
3 or its successor index.

4 **Sec. 3. As used in this chapter, "maximum annual percentage**
5 **change in fiscal year spending" means the lesser of:**

6 (1) the sum of:

7 (A) inflation; plus

8 (B) the percentage change in Indiana population;
9 in the calendar year preceding the calendar year in which a
10 state fiscal year begins; or

11 (2) six percent (6%);

12 as adjusted for expenditure changes approved by voters after July
13 1, 1998, under section 7 of this chapter.

14 **Sec. 4. As used in this chapter, "population" refers to the**
15 **population of Indiana, as determined by annual federal census**
16 **estimates and as adjusted each decade to match the federal**
17 **decennial census.**

18 **Sec. 5. As used in this chapter, "state fiscal year" means the**
19 **twelve (12) month period beginning on July 1 in a calendar year.**

20 **Sec. 6. The state may increase fiscal year spending in a state**
21 **fiscal year more than the maximum annual percentage change in**
22 **fiscal year spending applicable to that state fiscal year only to the**
23 **extent that the additional spending is approved under section 7 or**
24 **8 of this chapter.**

25 **Sec. 7. If revenue from sources not excluded from fiscal year**
26 **spending exceeds the spending limit imposed under this chapter for**
27 **that state fiscal year, the excess shall be refunded in the next state**
28 **fiscal year except as to an amount that a majority of the voters**
29 **voting in a general election agree to apply toward an increase in**
30 **allowable spending under this chapter.**

31 **Sec. 8. The general assembly by joint resolution adopted by**
32 **two-thirds (2/3) of the members of the senate and two-thirds (2/3)**
33 **of the members of the house of representatives before the**
34 **beginning of a state fiscal year may authorize fiscal year spending**
35 **that exceeds the spending limits imposed by this chapter for that**
36 **state fiscal year. Each joint resolution adopted under this section**
37 **may apply to not more than one (1) state fiscal year.**

38 **Sec. 9. This chapter may be enforced in a private individual or**
39 **class action suit. Successful plaintiffs are allowed costs and**
40 **reasonable attorney's fees. The state may recover costs and**
41 **reasonable attorney's fees only if a suit against it is ruled frivolous.**
42 **Revenue collected, kept, or spent in violation of this chapter for the**

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1 four (4) state fiscal years preceding the date that the suit is filed
2 shall be refunded with ten percent (10%) annual simple interest
3 commencing for each state fiscal year on the date the state exceeds
4 the spending limitation imposed for that state fiscal year under this
5 chapter.

6 Sec. 10. Subject to judicial review, the state may use any
7 reasonable method for refunds under section 7 or 9 of this chapter,
8 including temporary tax credits or rate reductions. Refunds need
9 not be proportional when prior payments are impractical to
10 identify or return.

11 SECTION 2. [EFFECTIVE JULY 1, 1998] IC 2-2.1-4, as added
12 by this act, applies only to appropriations for state fiscal years that
13 begin after June 30, 1998.

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