



January 25, 2000

SENATE BILL No. 21

DIGEST OF SB 21 (Updated January 20, 2000 2:20 PM - DI 44)

Citations Affected: IC 4-10.

Synopsis: State spending limit. Limits increases in state expenditures to an amount based on the increase in inflation. Allows the general assembly to authorize additional spending through adoption of a concurrent resolution. Establishes the excess tax fund to receive certain state revenues that exceed the spending limit and provides that the fund is to be used to provide property tax relief programs enacted by the general assembly.

Effective: Upon passage.

**Adams K, Kenley, Weatherwax,
Clark, Waterman, Long, Skillman,
Wheeler, Lawson C, Landske,
Meeks R, Ford, Riegsecker, Bray,
Meeks C, Jackman, Nugent, Paul,
Miller, Lubbers, Wyss, Alting, Gard,
Merritt, Server**

November 16, 1999, read first time and referred to Committee on Rules and Legislative Procedure.
January 10, 2000, amended; reassigned to Committee on Finance.
January 24, 2000, amended, reported favorably — Do Pass.

SB 21—LS 6051/DI 13+



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January 25, 2000

Second Regular Session 111th General Assembly (2000)

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 1999 General Assembly.

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SENATE BILL No. 21

A BILL FOR AN ACT to amend the Indiana Code concerning state funds.

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

1 SECTION 1. IC 4-10-20 IS ADDED TO THE INDIANA CODE AS
2 A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON
3 PASSAGE]:

4 **Chapter 20. State Fiscal Year Spending Limit**

5 **Sec. 1. (a) This chapter does not apply to the extent that**
6 **payments for pensions, including accrued unfunded liability, and**
7 **final court judgments on which the state is obligated to pay exceed**
8 **the spending limits imposed by this chapter.**

9 **(b) This chapter does not apply to the extent that money**
10 **expended from a reserve fund exceeds the spending limits imposed**
11 **by this chapter if the initial transfer of the money into the reserve**
12 **fund was included in the fiscal year spending of a previous state**
13 **fiscal year.**

14 **Sec. 2. As used in this chapter, "CPI" refers to the United States**
15 **Bureau of Labor Statistics Consumer Price Index for All Urban**

SB 21—LS 6051/DI 13+



1 Consumers for the U.S. City Average for All Items, or its successor
2 index.

3 Sec. 3. As used in this chapter, "fiscal year spending" means all
4 state governmental expenditures and reserve increases in a state
5 fiscal year, except expenditures from the following:

- 6 (1) Money deposited into the excess tax fund established under
7 section 10 of this chapter.
8 (2) Money received as gifts.
9 (3) Federal funds.
10 (4) Money collected for another government.
11 (5) Pension contributions by employees and pension fund
12 earnings.
13 (6) Money received from damage awards.
14 (7) Money received from property sales.
15 (8) Money received from settlement awards.
16 (9) State dedicated funds.

17 Sec. 4. As used in this chapter, "inflation" means, with respect
18 to any fiscal year, the lesser of:

- 19 (1) the percentage change between:
20 (A) the quotient of:
21 (i) the sum of the CPI for the twelve (12) months ending
22 in April of the calendar year before the adoption of the
23 state biennial budget; divided by
24 (ii) twelve (12); and
25 (B) the quotient of:
26 (i) the sum of the CPI for the twelve (12) months ending
27 in April of the calendar year before the calendar year
28 described in clause (A); divided by
29 (ii) twelve (12); or
30 (2) six percent (6%).

31 Sec. 5. As used in this chapter, "maximum annual percentage
32 change in fiscal year spending" means:

- 33 (1) inflation with respect to the fiscal year in question, as
34 calculated under section 4 of this chapter; plus
35 (2) one percent (1%).

36 Sec. 6. As used in this chapter, "state fiscal year" means the
37 twelve (12) month period beginning July 1 in a calendar year.

38 Sec. 7. Before July 1 of calendar year 2000 and each
39 even-numbered year thereafter, the department of state revenue
40 shall:

- 41 (1) certify the inflation amount calculated under section 4 of
42 this chapter to the governor and the legislative council; and

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1 (2) release the information certified under subdivision (1) to
2 the general public.

3 **Sec. 8. (a) This subsection applies to a state fiscal year beginning**
4 **in an odd-numbered year. The state may not increase fiscal year**
5 **spending more than the maximum annual percentage change in**
6 **fiscal year spending applicable to that state fiscal year.**

7 (b) This subsection applies to a state fiscal year beginning in an
8 even-numbered year. State fiscal year spending may not exceed the
9 amount determined under the following STEPS:

10 **STEP ONE: Determine the amount of state fiscal year**
11 **spending permitted under subsection (b).**

12 **STEP TWO: Multiply the STEP ONE amount by the**
13 **maximum annual percentage change in fiscal year spending**
14 **applicable to the previous state fiscal year.**

15 **STEP THREE: Add the amount resulting from STEP TWO**
16 **to the STEP ONE amount.**

17 (c) If the general assembly considers it necessary to spend
18 beyond the spending limit imposed by this chapter, the general
19 assembly may do so by adopting a concurrent resolution approved
20 by a majority of both houses of the general assembly. The
21 resolution must state:

22 (1) that the general assembly desires to budget and spend
23 more funds than permitted by IC 4-10-20; and

24 (2) the reasons necessitating the excess spending.

25 Upon passage of such a resolution, a cause of action may not be
26 initiated under section 11 of this chapter if the excess spending
27 results from passage of the resolution and the reasons for the
28 excess spending stated in the resolution.

29 **Sec. 9. If revenue from sources not excluded from fiscal year**
30 **spending exceeds the spending limit imposed under this chapter for**
31 **that state fiscal year, the excess must be deposited into the excess**
32 **tax fund established under section 10 of this chapter to be used for**
33 **property tax relief programs enacted by the general assembly.**

34 **Sec. 10. (a) The excess tax fund is established for the purpose of**
35 **providing property tax relief under programs enacted by the**
36 **general assembly. The fund shall be administered by the treasurer**
37 **of state.**

38 (b) The expenses of administering the fund shall be paid from
39 money in the fund.

40 (c) The treasurer of state shall invest money in the fund not
41 currently needed to meet the obligations of the fund in the same
42 manner as other public money may be invested. Interest that



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1 accrues from these investments shall be deposited in the fund.
2 (d) Money in the fund at the end of a state fiscal year does not
3 revert to the state general fund.
4 Sec. 11. This chapter may be enforced in a private individual or
5 class action suit. Successful plaintiffs are allowed costs and
6 reasonable attorney's fees. The state may recover costs and
7 reasonable attorney's fees under this chapter only if a suit against
8 it is ruled frivolous. Revenue collected, kept, or spent illegally for
9 the four (4) state fiscal years preceding the date that the suit is filed
10 shall be deposited in the excess tax fund commencing for each state
11 fiscal year on the date the state exceeds the spending limitation
12 imposed for that state fiscal year under this chapter.
13 SECTION 2. An emergency is declared for this act.

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SENATE MOTION

Mr. President: I move that Senator Garton be removed as author of Senate Bill 21 and that Senator Adams K be substituted therefor.

GARTON

SENATE MOTION

Mr. President: I move that Senator Kenley be added as coauthor of Senate Bill 21.

ADAMS K

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COMMITTEE REPORT

Mr. President: The Senate Committee on Rules and Legislative Procedure, to which was referred Senate Bill No. 21, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be amended as follows:

Delete the title and insert the following:

A BILL FOR AN ACT to amend the Indiana Code concerning state funds.

Delete everything after the enacting clause and insert the following:

(SEE TEXT OF BILL)

(Reference is to SB 21 as introduced.)

and when so amended that said bill be reassigned to the Senate Committee on Finance.

GARTON, Chairperson

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SENATE MOTION

Mr. President: I move that Senator Kenley be removed as coauthor of Senate Bill 21.

KENLEY

SENATE MOTION

Mr. President: I move that Senator Kenley be added as second author of Senate Bill 21.

ADAMS K

SENATE MOTION

Mr. President: I move that Senators Weatherwax and Clark be added as coauthors of Senate Bill 21.

ADAMS K

SENATE MOTION

Mr. President: I move that Senator Waterman be added as coauthor of Senate Bill 21.

ADAMS K

SENATE MOTION

Mr. President: I move that Senator Long be added as coauthor of Senate Bill 21.

ADAMS K

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SENATE MOTION

Mr. President: I move that Senator Skillman be added as coauthor of Senate Bill 21.

ADAMS K

SENATE MOTION

Mr. President: I move that Senators Wheeler and Lawson C be added as coauthors of Senate Bill 21.

ADAMS K

SENATE MOTION

Mr. President: I move that Senator Landske be added as coauthor of Senate Bill 21.

ADAMS K

SENATE MOTION

Mr. President: I move that Senator Meeks R be added as coauthor of Senate Bill 21.

ADAMS K

SENATE MOTION

Mr. President: I move that Senator Ford be added as coauthor of Senate Bill 21.

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SENATE MOTION

Mr. President: I move that Senator Riegsecker be added as coauthor of Senate Bill 21.

ADAMS K

SENATE MOTION

Mr. President: I move that Senator Bray be added as coauthor of Senate Bill 21.

ADAMS K

SENATE MOTION

Mr. President: I move that Senator Meeks C be added as coauthor of Senate Bill 21.

ADAMS K

SENATE MOTION

Mr. President: I move that Senator Jackman be added as coauthor of Senate Bill 21.

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SENATE MOTION

Mr. President: I move that Senators Nugent and Paul be added as coauthors of Senate Bill 21.

ADAMS K

SENATE MOTION

Mr. President: I move that Senator Miller be added as coauthor of Senate Bill 21.

ADAMS K

SENATE MOTION

Mr. President: I move that Senator Lubbers be added as coauthor of Senate Bill 21.

ADAMS K

SENATE MOTION

Mr. President: I move that Senators Wyss, Alting, Gard and Merritt be added as coauthors of Senate Bill 21.

ADAMS K

SENATE MOTION

Mr. President: I move that Senator Server be added as coauthor of Senate Bill 21.

ADAMS K

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COMMITTEE REPORT

Mr. President: The Senate Committee on Finance, to which was referred Senate Bill No. 21, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Replace the effective date in SECTION 1 with "[EFFECTIVE UPON PASSAGE]".

Page 1, line 2, delete "SECTION" and insert "CHAPTER".

Page 1, line 3, delete "Sec. 1.", begin a new paragraph and insert:
"Chapter 20. State Fiscal Year Spending Limit

Sec. 1. (a)".

Page 1, between lines 6 and 7, begin a new paragraph and insert:

"(b) This chapter does not apply to the extent that money expended from a reserve fund exceeds the spending limits imposed by this chapter if the initial transfer of the money into the reserve fund was included in the fiscal year spending of a previous state fiscal year."

Page 1, line 8, delete "Indiana, all".

Page 1, line 9, delete "items, all urban customers," and insert "**All Urban Consumers for the U.S. City Average for All Items,**".

Page 1, line 12, after "except" insert "**expenditures from**".

Page 1, line 13, delete "Refunds made in the current or next state fiscal year." and insert "**Money deposited into the excess tax fund established under section 10 of this chapter."**

Page 1, line 14, delete "Gifts." and insert "**Money received as gifts."**

Page 2, line 1, delete "Collections" and insert "**Money collected**".

Page 2, delete line 4.

Page 2, line 5, delete "(7) Damage" and insert:

"(6) Money received from damage".

Page 2, line 6, delete "(8) Property" and insert:

"(7) Money received from property".

Page 2, between lines 6 and 7, begin a new line block indented and insert:

"(8) Money received from settlement awards.

(9) State dedicated funds."

Page 2, line 10, delete "CPI as last reported in the calendar year that" and insert "**quotient of:**

(i) the sum of the CPI for the twelve (12) months ending in April of the calendar year before the adoption of the state biennial budget; divided by

(ii) twelve (12);"

SB 21—LS 6051/DI 13+



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Page 2, delete line 11.

Page 2, line 13, delete "CPI as last reported in the calendar year that ended" and insert "**quotient of:**

- (i) the sum of the CPI for the twelve (12) months ending in April of the calendar year before the calendar year described in clause (A); divided by**
- (ii) twelve (12); or".**

Page 2, delete line 14.

Page 2, delete lines 23 through 28, begin a new paragraph and insert:

"Sec. 7. Before July 1 of calendar year 2000 and each even-numbered year thereafter, the department of state revenue shall:

- (1) certify the inflation amount calculated under section 4 of this chapter to the governor and the legislative council; and**
- (2) release the information certified under subdivision (1) to the general public.**

Sec. 8. (a) This subsection applies to a state fiscal year beginning in an odd-numbered year. The state may not increase fiscal year spending more than the maximum annual percentage change in fiscal year spending applicable to that state fiscal year.

(b) This subsection applies to a state fiscal year beginning in an even-numbered year. State fiscal year spending may not exceed the amount determined under the following STEPS:

STEP ONE: Determine the amount of state fiscal year spending permitted under subsection (b).

STEP TWO: Multiply the STEP ONE amount by the maximum annual percentage change in fiscal year spending applicable to the previous state fiscal year.

STEP THREE: Add the amount resulting from STEP TWO to the STEP ONE amount.

(c) If the general assembly considers it necessary to spend beyond the spending limit imposed by this chapter, the general assembly may do so by adopting a concurrent resolution approved by a majority of both houses of the general assembly. The resolution must state:

- (1) that the general assembly desires to budget and spend more funds than permitted by IC 4-10-20; and**
- (2) the reasons necessitating the excess spending.**

Upon passage of such a resolution, a cause of action may not be initiated under section 11 of this chapter if the excess spending results from passage of the resolution and the reasons for the

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excess spending stated in the resolution."

Page 2, line 29, delete "8" and insert "9".

Page 2, line 31, delete "shall be refunded in the next state".

Page 2, line 32, delete "fiscal year." and insert "**must be deposited into the excess tax fund established under section 10 of this chapter to be used for property tax relief programs enacted by the general assembly.**".

Page 2, delete lines 33 through 39, begin a new paragraph and insert:

"Sec. 10. (a) The excess tax fund is established for the purpose of providing property tax relief under programs enacted by the general assembly. The fund shall be administered by the treasurer of state.

(b) The expenses of administering the fund shall be paid from money in the fund.

(c) The treasurer of state shall invest money in the fund not currently needed to meet the obligations of the fund in the same manner as other public money may be invested. Interest that accrues from these investments shall be deposited in the fund.

(d) Money in the fund at the end of a state fiscal year does not revert to the state general fund."

Page 2, line 40, delete "10" and insert "11".

Page 3, line 4, delete "refunded" and insert "**deposited in the excess tax fund**".

Page 3, line 6, delete "Subject to judicial review, the state".

Page 3, delete lines 7 through 10, begin a new paragraph and insert: "**SECTION 2. An emergency is declared for this act.**".

and when so amended that said bill do pass.

(Reference is to SB 21 as reprinted January 13, 2000.)

BORST, Chairperson

Committee Vote: Yeas 9, Nays 4.

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