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# HOUSE BILL No. 1994

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 2-2.1-4; IC 4-10-21.

**Synopsis:** State expenditure limitations. Limits the percentage increase in state expenditures to the percentage increase in inflation and population. Allows voters or two-thirds of the members of the general assembly to authorize additional spending. Repeals business cycle spending controls replaced by the spending cap established by this act.

**Effective:** July 1, 2003.

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### Turner

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January 23, 2003, read first time and referred to Committee on Ways and Means.

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First Regular Session 113th General Assembly (2003)

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 2002 Regular or Special Session of the General Assembly.

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# HOUSE BILL No. 1994



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 AS  
 2 A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY  
 3 1, 2003]:  
 4 **Chapter 4. State Expenditure Limits**  
 5 **Sec. 1. As used in this chapter, "fiscal year spending" means all**  
 6 **state government 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 percentage**



1 change in the United States Bureau of Labor Statistics Consumer  
2 Price Index for Indiana, all items, all urban consumers, or its  
3 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 June  
13 30, 2003, 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 July 1 of a calendar year.

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

26 Sec. 7. If revenue from sources not excluded from fiscal year  
27 spending exceeds the spending limit imposed under this chapter for  
28 that state fiscal year, the excess shall be refunded in the next state  
29 fiscal year except as to an amount that a majority of the voters  
30 voting in a general election agrees to apply toward an increase in  
31 allowable spending under this chapter. Except as limited by the  
32 public question presented to the voters, an increase approved  
33 under this section shall be treated as a permanent increase in  
34 allowable spending.

35 Sec. 8. The general assembly by joint resolution adopted by  
36 two-thirds (2/3) of the members of the senate and two-thirds (2/3)  
37 of the members of the house of representatives before the  
38 beginning of a state fiscal year may authorize fiscal year spending  
39 that exceeds the spending limits imposed by this chapter for that  
40 state fiscal year. Each joint resolution adopted under this section  
41 may apply to only one (1) state fiscal year. An increase approved  
42 under this section applies only to the state fiscal year specified in

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1 the joint resolution. The spending limitation for subsequent state  
2 fiscal years shall be computed as if the joint resolution had not  
3 been approved.

4 **Sec. 9. This chapter may be enforced in a private individual or**  
5 **class action suit. Successful plaintiffs shall be allowed costs and**  
6 **reasonable attorney's fees. The state may recover costs and**  
7 **reasonable attorney's fees only if a suit against it is ruled frivolous.**  
8 **Revenue collected, kept, or spent in violation of this chapter for the**  
9 **four (4) state fiscal years preceding the date that the suit is filed**  
10 **shall be refunded with ten percent (10%) annual simple interest**  
11 **commencing for each state fiscal year on the date the state exceeds**  
12 **the spending limitation imposed for that state fiscal year under this**  
13 **chapter.**

14 **Sec. 10. Subject to judicial review, the state may use any**  
15 **reasonable method for refunds under section 7 or 9 of this chapter,**  
16 **including temporary tax credits or rate reductions. Refunds are**  
17 **not required to be proportional if it is impractical to identify or**  
18 **return prior payments.**

19 SECTION 2. IC 4-10-21 IS REPEALED [EFFECTIVE JULY 1,  
20 2003].

21 SECTION 3. [EFFECTIVE JULY 1, 2003] IC 2-2.1-4, as added by  
22 this act, applies only to expenditures for state fiscal years that  
23 begin after June 30, 2003.

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