

REVENUE: Revenue statement issued

FISCAL: Fiscal statement issued

Action: Without Recommendation as to Passage, but with Amendments and Be Printed Engrossed and Be Referred to the Committee on Ways and Means by prior reference

Vote: 5 - 2 - 1

Yeas: Clem, Matthews, Smith J., Holvey, Whisnant

Nays: Conger, Sheehan

Exc.: Cameron

Prepared By: Jan Nordlund, Administrator

Meeting Dates: 2/22, 3/10, 4/19

WHAT THE MEASURE DOES: Prohibits the Governor and the Department of Administrative Services (DAS) from reducing the amount allotted to the Department of Revenue from the General Fund after DAS declares that there is a projected budget deficit. Declares an emergency, effective on passage.

ISSUES DISCUSSED:

- Past authority of Governor to make directed cuts
- Authority of legislature in setting budget in current system
- Position of the Governor's Office
- Referral to Ways and Means

EFFECT OF COMMITTEE AMENDMENT: Declares an emergency, effective on passage.

BACKGROUND: When there is a projected budget deficit, allotments from the General Fund to agencies must be reduced across the board by equal percentage unless statutes or the adopted or approved budgets indicate other funding priorities exist. Under current statute, the only exception to the ability of DAS to reduce agency allotments when there is a projected budget deficit is for the payment of debt services. House Bill 2322-A adds the Department of Revenue as another exception. A reduction in the allotment to the Department may result in revenue-producing positions being eliminated, and thus a reduction in state revenue greater than the savings achieved through the allotment reduction.