

ASSEMBLY BILL NO. 362—ASSEMBLYWOMAN ALLEN

MARCH 15, 2007

Referred to Committee on Ways and Means

SUMMARY—Revises the formula for calculating the limit for each biennium on certain total proposed expenditures from the State General Fund. (BDR 31-1001)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: No.

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EXPLANATION – Matter in **bolded italics** is new; matter between brackets ~~omitted material~~ is material to be omitted.

AN ACT relating to state financial administration; revising the formula for calculating the limit for each biennium on total proposed expenditures from the State General Fund for purposes other than construction; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Existing law requires the Chief of the Budget Division of the Department of Administration to prepare a proposed budget for the Executive Department of the State Government for each biennium. (NRS 353.185) In preparing the budget for a biennium, the Chief is prohibited from exceeding a prescribed limit on proposed expenditures from the State General Fund for purposes other than construction. Existing law sets forth the formula for calculating the limit, which includes adjustments for changes in population and inflation or deflation. Under existing law, the base amount for calculating total expenditures for each biennium is the total expenditure for purposes other than construction from the State General Fund appropriated and authorized by the Legislature for the biennium beginning on July 1, 1975. The adjustment for population is determined by the change in population for the current biennium from the population on July 1, 1974, that was issued by the United States Department of Commerce, with increases or decreases in population certified by the Governor each biennium. The adjustment for inflation or deflation is based on the Consumer Price Index published by the United States Department of Labor for July preceding each biennium. (NRS 353.213)

This bill requires the calculation of the limit on proposed expenditures from the State General Fund for purposes other than construction to be based on the total of the amounts authorized for expenditure and appropriated from the State General Fund by the Legislature for such purposes for the biennium immediately preceding the biennium for which the budget is being proposed. This bill also provides that the adjustment for population be determined by the percentage of change in the population certified as of July 1 of the year immediately preceding the biennium for



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which the budget is proposed and the population certified 2 years immediately preceding that certification, as determined by the Department of Taxation and certified by the Governor. This bill further provides that the adjustment for inflation or deflation be determined by the change in the rate of inflation or deflation for the period between July 1 of the year immediately preceding the biennium for which the budget is proposed and July 1 that was 2 years immediately preceding that year, based on the Consumer Price Index.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. NRS 353.213 is hereby amended to read as follows:

353.213 1. In preparing the proposed budget for the Executive Department of the State Government for each biennium, the Chief shall not exceed the limit upon total proposed expenditures for purposes other than construction from the State General Fund calculated pursuant to this section. The base for each biennium is the total ~~expenditure, for the purposes limited, from the State General Fund appropriated and authorized by the Legislature for the biennium beginning on July 1, 1975.~~ *of the amounts authorized for expenditure and appropriated from the State General Fund by the Legislature for purposes other than construction for the biennium immediately preceding the biennium for which the budget is being proposed.*

2. The limit for each biennium is calculated as follows:

(a) The amount of expenditure constituting the base is multiplied by the percentage of change in *the* population ~~for the current biennium from the population on July 1, 1974.~~ *of the State certified as of July 1 of the year immediately preceding the biennium for which the budget is being proposed and the population certified 2 years immediately preceding that certification,* and this product is added to or subtracted from the amount of expenditure constituting the base.

(b) The amount calculated pursuant to paragraph (a) is multiplied by the percentage of *change in the rate of* inflation or deflation, *as applicable, for the period between July 1 of the year immediately preceding the biennium for which the budget is being proposed and July 1 that was 2 years immediately preceding that year,* and this product is added to or subtracted from the amount calculated pursuant to paragraph (a).

(c) Subject to the limitations of this paragraph:

(1) If the amount resulting from the calculations pursuant to paragraphs (a) and (b) represents a net increase over the base biennium, the Chief may increase the proposed expenditure accordingly.



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(2) If the amount represents a net decrease, the Chief shall decrease the proposed expenditure accordingly.

(3) If the amount is the same as in the base biennium, that amount is the limit of permissible proposed expenditure.

➤ The proposed budget for each fiscal year of the biennium must provide for a reserve of not less than 5 percent nor more than 10 percent of the total of all proposed appropriations from the State General Fund for the operation of all departments, institutions and agencies of the State Government and authorized expenditures from the State General Fund for the regulation of gaming for that fiscal year.

3. The ~~[revised estimate of]~~ population for the State ~~[issued by the United States Department of Commerce as of July 1, 1974, must be used, and]~~ *certified by* the Governor ~~[shall certify]~~ *pursuant to NRS 360.285 must be used to calculate* the percentage of increase or decrease in population ~~[for each succeeding biennium.]~~ *pursuant to paragraph (a) of subsection 2.* The Consumer Price Index published by the United States Department of Labor ~~[for July preceding each biennium]~~ must be used in determining the percentage of *change in the rate of* inflation or deflation ~~[]~~ , *as applicable, pursuant to paragraph (b) of subsection 2.*

4. The Chief may exceed the limit to the extent necessary to meet situations in which there is a threat to life or property.

Sec. 2. This act becomes effective on July 1, 2007.

