

FISCAL ESTIMATE
DOA-2048 (R10/92)

- ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

Subject
Limitations on State GPR appropriations

Fiscal Effect

State: No State Fiscal Effect

Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation.

- Increase Existing Appropriation Increase Existing Revenues
 Decrease Existing Appropriation Decrease Existing Revenues
 Create New Appropriation

- Increase Costs - May be possible to absorb Within Agency's Budget Yes No
 Decrease Costs

Local: No local government costs

- | | |
|--|---|
| <p>1. <input type="checkbox"/> Increase Costs</p> <p style="padding-left: 40px;"><input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory</p> | <p>3. <input type="checkbox"/> Increase Revenues</p> <p style="padding-left: 40px;"><input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory</p> |
| <p>2. <input type="checkbox"/> Decrease Costs</p> <p style="padding-left: 40px;"><input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory</p> | <p>4. <input type="checkbox"/> Decrease Revenues</p> <p style="padding-left: 40px;"><input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory</p> |

5. Types of Local Governmental Units affected:
- Towns Villages Cities
 Counties Others _____
 School Districts VTAE Districts

Fund Sources Affected

- GPR FED PRO PRS SEG SEG-S

Affected Ch. 20 Appropriations

s. various

Assumptions Used in Arriving at Fiscal Estimate:

Changes from LRB 1066-2 include: s. 13.40 (2)(a) & (b), the term "per capita" is changed to "aggregate;" s. 13.40 (3)(d), holding immune any appropriation for a period prior to the 2001-2002 fiscal year providing for state aids to any local governments, is dropped from LRB 1066-2; s. 13.40 (3)(e) changes the legislative approval of an appropriation that would be held immune from the GPR cap from "three-fifths" to "two-thirds."

Under the bill, the Legislative Fiscal Bureau and DOA would calculate the amount of GPR the state may appropriate in an upcoming biennium, and report the amount allowable to the co-chairs of the Joint Committee on Finance. DOA would calculate the amount based on a formula the bill sets forth. The formula increases GPR in year one of the new biennium by taking GPR (any GPR appropriated for public debt, payment to federal government, and appropriations with two-thirds approval of the legislature are immune, and not part of overall calculation) spent during year two in the prior biennium, then multiplying that number by the average of people's aggregate income growth in the State over the prior 4 years as reported by the Department of Commerce, minus 1%. (e.g. if personal income growth is 5%, then GPR in year one of the new biennium cannot increase by more than 4%)

In DOA, the State Budget Office (SBO) would be responsible for the calculation. The SBO would be able to do the calculation within base staff and resources.

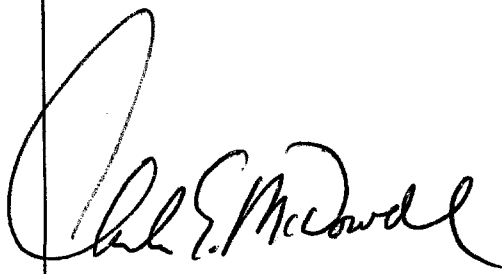
This bill may have consequences on the State's GPR appropriations. By indexing overall state GPR spending to per capita income growth, the amount of GPR available for operations, programs, grants, and local assistance/revenue sharing is likely to be affected, but is unknown without further study.

Long-range Fiscal Implications

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Date:

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