

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 6496**

**BILL NUMBER:** HB 1495

**NOTE PREPARED:** Jan 6, 2003

**BILL AMENDED:**

**SUBJECT:** Appropriations Continuation.

**FIRST AUTHOR:** Rep. Torr

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:**  GENERAL  
 DEDICATED  
 FEDERAL

**IMPACT:** State & Local

**Summary of Legislation:** This bill provides that if the General Assembly fails to adopt before April 30 of an odd-numbered year an appropriation act for the following two state fiscal years, the amounts appropriated for government operations for the current state fiscal year, excluding appropriations for capital expenditures, are appropriated for the next two state fiscal years. The bill provides that if the amounts appropriated for the current state fiscal year exceed the amount of state revenues forecast for the following two state fiscal years, the amounts appropriated must be reduced proportionately. The bill provides that the reduced appropriations may not exceed 99% of the forecast revenues.

**Effective Date:** July 1, 2003.

**Explanation of State Expenditures:** Under the current statute (IC 4-10-15-1,2), if the General Assembly fails to enact a state budget, there is a provision for the Governor and the Secretary and Treasurer of State to draw warrants from the State Treasury for the necessary and current expenses of the following institutions that the General Assembly is constitutionally obligated to support: all psychiatric hospitals, the Indiana State School for the Deaf, the Indiana State School for the Blind, the Veteran's Home, and the Plainfield Juvenile Correctional Facility (the Boys's School). In addition there are a number of obligations of state agencies that are funded out of continuing appropriations which may be able to continue absent a new budget bill. Another statute (IC 4-9.1-1-7) allows the State Board of Finance to transfer money "between appropriations for any board, department, commission, office, or benevolent or penal institutions of the state." Therefore, it is possible that they may transfer funds from these limited number of agencies and institutions to other agencies to cover the necessary expenses for a short period of time.

This bill provides that, if a budget act is not adopted, the amounts appropriated for government operations

for the current state fiscal year, excluding appropriations for capital expenditures, are appropriated for the next state fiscal year. This bill expands the ability of the state to continue general operations until a new budget bill is adopted. Since the bill excludes appropriations for capital expenditures, there would be no new capital expenditures until a new budget bill is adopted. Future appropriations may not exceed 99% of the forecast revenues. The December 18, 2002 Revenue Forecast for FY 2004 General Fund and Property Tax Relief Fund revenue is \$10,739.7 M and \$11,244.1 M in FY 2005. Future appropriations limited by 99% of the most current revenue forecast would be \$10,632.3 in FY 2004 and \$11,131.7 M. For FY 2003, the following amounts have been appropriated.

| <b>General Fund and Property Tax Replacement<br/>Fund: FY 2003.</b>  |                |
|--|----------------|
| <b>Functional Category</b>   | <b>FY 2003</b> |
| <b>General Government</b>  | 333,599,489    |
| <b>Corrections</b>   | 569,029,425    |
| <b>Other Public Safety</b>   | 112,378,429    |
| <b>Conservation and Environment</b>  | 96,326,202     |
| <b>Economic Development</b>  | 72,189,117     |
| <b>Transportation</b>  | 1,136,429      |
| <b>Mental Health</b>   | 242,197,346    |
| <b>Public Health</b>   | 120,951,582    |
| <b>Medicaid</b>  | 1,248,800,706  |
| <b>Family and Children</b>   | 258,194,092    |
| <b>Social Services and Veterans</b>  | 249,052,562    |
| <b>Higher Education</b>  | 1,440,089,536  |
| <b>Education Administration</b>  | 55,827,999     |
| <b>Tuition Support - Gen. Fund</b>   | 2,009,587,850  |
| <b>Tuition Support - PTR Funds</b>   | 1,523,065,150  |
| <b>Social Security - Teachers</b>  | 2,403,792      |
| <b>Teachers Retirement</b>   | 472,000,000    |
| <b>Other Local Schools</b>   | 284,183,802    |
| <b>Other Education</b>   | 12,562,587     |
| <b>PTR and Homestead Credits</b>   | 1,157,017,761  |
| <b>Distributions - Gen. Fund</b>   | 27,521,749     |
| <b>Subtotal - Operating</b>  | 10,288,115,605 |
|  |                |
| <b>Higher Education Construction</b>   | 36,366,183     |
| <b>Other Construction</b>  | 167,348,467    |
| <b>Subtotal - Capital Projects</b>   | 203,714,650    |
|  |                |
| <b>Grand Total</b>   | 10,491,830,255 |
| <p>* Appropriations "for the biennium" are apportioned 50% for each fiscal year.<br/> ** The appropriations in this table represent only those appropriations provided in HEA 1001-2001.</p> |                |

Appropriations from dedicated and federal funds for the biennium are presented in the following table.

| <b>Dedicated and Federal Appropriations: FY 2003.</b> |                      |
|---|----------------------|
| <b>Functional Category</b>                            | <b>FY 2003</b>       |
| <b>BIF &amp; Lottery/Gaming Surplus</b>               | 155,104,334          |
| <b>BIF Transfer to PTR Fund</b>                       | 175,000,000          |
| <b>Other Dedicated - Operating</b>                    | 1,171,531,041        |
| <b>Other Dedicated - Construction</b>                 | 27,396,712           |
| <b>Tobacco Settlement</b>                             | 146,455,462          |
| <b>Federal Funds</b>                                  | 667,982,515          |
| <b>Retroactive Appropriations *</b>                   |                      |
| <b>Total Dedicated</b>                                | <b>2,343,470,064</b> |
| * Retroactive appropriations are for FY 2001.         |                      |

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:** See *Explanation of State Expenditures*.

**State Agencies Affected:** All.

**Local Agencies Affected:** All

**Information Sources:**

**Fiscal Analyst:** Diane Powers, 317-232-9853.