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3 SUBSTITUTE FOR SB126  
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8 SYNOPSIS: Under existing law, revenues calculated for  
9 an upcoming budget include unrealized growth that  
10 may or may not occur. This unrealized growth is  
11 available for appropriation by the Legislature.

12 This bill limits the amount that may be  
13 appropriated annually from the State General Fund  
14 to that received during the fiscal year immediately  
15 preceding the beginning of the regular session of  
16 the Legislature with some exceptions; provides for  
17 the disposition of revenues in excess of  
18 appropriations; creates and funds the State General  
19 Fund Budget Reserve Fund and the State General Fund  
20 Capital Fund; provides for the appropriation and  
21 use of the amounts deposited into the funds; and  
22 provides for the distribution of State General Fund  
23 revenues exceeding appropriations annually.  
24

25 A BILL  
26 TO BE ENTITLED  
27 AN ACT

1  
2           To provide for the maximum amount that may be  
3 appropriated annually from the State General Fund; to provide  
4 for the disposition of revenues in excess of appropriations;  
5 to create and fund the State General Fund Budget Reserve Fund  
6 and the State General Fund Capital Fund; to provide for the  
7 appropriation of amounts deposited into the funds; to provide  
8 for the disposition of unspent and reverted State General Fund  
9 appropriations to the funds; and to provide for the  
10 distribution of State General Fund revenues exceeding  
11 appropriations annually.

12 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

13           Section 1. This act shall be known and may be cited  
14 as the General Fund Budget Reform Act.

15           Section 2. For purposes of this act, the following  
16 terms shall have the following meanings:

17           (1) CAPITAL IMPROVEMENTS. Capital outlay projects  
18 that include the planning, designing, inspection, purchasing,  
19 construction, reconstruction, improvement, repair or  
20 renovation of permanent buildings, structures and sites  
21 therefor for the executive, legislative or judicial branches  
22 of state government, and the procurement of technical  
23 equipment, including computer and telecommunications  
24 equipment, required for the operation of any governmental  
25 entity.

26           (2) ESTIMATED GROWTH. The estimated increase in  
27 recurring revenues for the fiscal year, as compared to the

1 actual total of recurring revenues credited to the State  
2 General Fund in the most recently completed fiscal year.

3 (3) NONRECURRING REVENUE. Revenue of any kind or  
4 type that is deposited into the State General Fund and that is  
5 not recurring revenue. Any balance remaining in the State  
6 General Fund at the end of any fiscal year, and transfers from  
7 the State General Fund Rainy Day Account, and the State  
8 General Fund Reserve Fund shall be nonrecurring revenue.

9 (4) RECURRING REVENUES. Any permanent and continuing  
10 source of revenue of any kind or type that has been enacted,  
11 established, or provided for in fiscal years prior to the  
12 fiscal year for which it is to be included in the calculation  
13 of the fiscal year appropriation limitation for the State  
14 General Fund.

15 (5) STATE GENERAL FUND APPROPRIATION. Any  
16 appropriation made directly from the State General Fund. The  
17 term shall not include appropriations made to any entity from  
18 federal funds or from any state revenue source or fund in the  
19 State Treasury other than the State General Fund. This  
20 definition also does not include appropriations to any entity  
21 that derives all of its appropriated funds from sources other  
22 than the State General Fund.

23 (6) STATE GENERAL FUND APPROPRIATION LIMITATION. The  
24 maximum amount of appropriations that may be made from the  
25 State General Fund for any fiscal year pursuant to this  
26 chapter.

1           Section 3. Beginning with appropriations made for  
2 the fiscal year ending September 30, 2023, appropriations from  
3 the State General Fund shall not exceed the State General Fund  
4 appropriation limitation. The Director of Finance and the  
5 Deputy Director of the Legislative Services Agency - Fiscal  
6 Division shall each certify their computation of the State  
7 General Fund appropriation limitation imposed by this act no  
8 later than the third day of each regular session.

9           Section 4. The State General Fund appropriation  
10 limitation shall be equal to the sum of all the following:

11           (1) The total of recurring revenues deposited into  
12 the State General Fund in the last completed fiscal year  
13 preceding the date on which the State General Fund  
14 appropriation limitation is certified as provided in this act.

15           (2) The total of nonrecurring revenue shall be added  
16 as a part of the fiscal year appropriation limitation for the  
17 fiscal year in which the nonrecurring revenue is deposited  
18 into the State General Fund.

19           (3) The following amounts in the following fiscal  
20 years in order to phase in the transition to the State General  
21 Fund appropriation limitation:

22           a. For appropriations made for the fiscal year  
23 ending September 30, 2023, eighty percent of the estimated  
24 growth. In addition, the estimated beginning balance for  
25 fiscal year ending September 30, 2023, excluding any amount  
26 that is available for (1) reappropriation or (2) transfer to  
27 the State General Fund Budget Reserve Fund as provided in

1 Sections 5 and 8 of this act, shall be added as a part of the  
2 State General Fund appropriation limitation.

3 b. For appropriations made for the fiscal year  
4 ending September 30, 2024, sixty percent of the estimated  
5 growth.

6 c. For appropriations made for the fiscal year  
7 ending September 30, 2025, forty percent of the estimated  
8 growth.

9 d. For appropriations made for the fiscal year  
10 ending September 30, 2026, twenty percent of the estimated  
11 growth.

12 (4) Amounts reappropriated as provided in Section 5  
13 of this act.

14 (5) Increases in estimated appropriations, based  
15 upon the availability of funds, the recommendation of the  
16 Director of Finance, and the approval of the Governor. For  
17 purposes of this section, "increases in estimated  
18 appropriations" means any increase in any of the following  
19 required expenditures that occurs following the enactment of  
20 the general appropriations act and prior to the end of the  
21 fiscal year for which the appropriation is made:

22 a. Arrest of Absconding Felons, as provided in  
23 Sections 15-9-1 and 15-9-3, Code of Alabama 1975.

24 b. Automatic Appeal Expense, as provided in Sections  
25 12-22-150 and 12-22-241, Code of Alabama 1975.

26 c. Court Costs, as provided in Act No. 558, 1957,  
27 Page 777.

1           d. Distribution of Public Documents, as provided in  
2 Sections 36-14-1, 36-14-11, 17-5-11, and 41-21-8, Code of  
3 Alabama 1975.

4           e. Election Expenses, as provided in Section  
5 17-16-7, Code of Alabama 1975.

6           f. Fair Trial Tax Transfer for indigent defense  
7 expenses, as provided in Chapter 12 of Title 15 of the Code of  
8 Alabama 1975.

9           g. Feeding of Prisoners in county jails, as provided  
10 in Sections 14-6-42 and 14-6-43, Code of Alabama 1975.

11           h. Finance, Department of - CMIA, as provided in  
12 Section 41-4-38, Code of Alabama 1975.

13           i. Finance, Department of - FEMA, as required to pay  
14 the state match for FEMA grants related to a Presidentially  
15 declared man made, technological, biological, or natural  
16 disaster.

17           j. Governor's Conference, National.

18           k. Governor's Proclamation Expenses, as provided in  
19 Sections 17-12-18 and 17 14 53, Code of Alabama 1975.

20           l. Governor's Widow Retirement, as provided in  
21 Section 36-13-12, Code of Alabama 1975.

22           m. Law Enforcement Fund.

23           n. Law Enforcement Legal Defense, as provided in  
24 Section 36-21-1, Code of Alabama 1975.

25           o. Military Department - Emergency Active Duty Pay,  
26 as provided in Section 31-2-133, Code of Alabama 1975.

1 p. Printing of Codes and Supplements - Secretary of  
2 State, as provided in Sections 41-21-1 through 41-21-8, Code  
3 of Alabama 1975.

4 q. Printing of Legislative Acts and Journals.

5 r. Registration of Voters - Photo Voter  
6 Identification, as provided in Section 17 9 30, Code of  
7 Alabama 1975.

8 s. Registration of Voters - Voter Registrars, as  
9 provided in Sections 17-3-5 and 17-3-57, Code of Alabama 1975.

10 t. Removal of Prisoners, as provided in Sections  
11 15-10-70 through 15-10-73, 15-9-62, 15-9-65, and 15-9-81, Code  
12 of Alabama 1975.

13 Section 5. (a) There is hereby created the State  
14 General Fund Budget Reserve Fund and the State General Fund  
15 Capital Fund within the State Treasury. Any monetary interest  
16 which accrues to the State General Fund Budget Reserve Fund  
17 and the State General Fund Capital Fund shall be retained in  
18 the respective fund from year to year and shall be subject  
19 only to the provisions of this act.

20 (b) (1) On or before June 1, 2024 and on or before  
21 June 1 of each fiscal year thereafter, eighty percent (80%) of  
22 unexpended and reverted State General Fund appropriations for  
23 the immediately preceding fiscal year shall be reappropriated  
24 to the respective offices for the current fiscal year, in an  
25 amount not to exceed twenty five percent (25%) of the total  
26 annual budget of each respective office, unless otherwise  
27 approved by a joint resolution of the Legislature, subject to

1 the receipt of an approved capital improvement plan from the  
2 respective office. Any unexpended and reverted State General  
3 Fund monies remaining under this subdivision (1) shall be  
4 transferred to the State General Fund Capital Fund. The  
5 Alabama Medicaid Agency shall be excluded from the  
6 requirements in this Section and shall continue to be  
7 administered in accordance with Section 22-6-3.

8 (2) The remaining twenty percent (20%) of the  
9 unexpended and reverted State General Fund appropriations  
10 shall be transferred to the State General Fund Budget Reserve  
11 Fund until the balance in the fund equals ten percent (10%) of  
12 the appropriations from the State General Fund from the  
13 previous fiscal year.

14 (3) In any fiscal year when the balance in the State  
15 General Fund Budget Reserve Fund equals ten percent (10%) of  
16 the appropriations from the State General Fund from the  
17 previous fiscal year, one hundred percent (100%) of unexpended  
18 and reverted State General Fund appropriations for the  
19 immediately preceding fiscal year shall be reappropriated to  
20 the respective offices for the current fiscal year.

21 Section 6. Amounts in the State General Fund Budget  
22 Reserve Fund shall be available for appropriation by and  
23 through an independent supplemental appropriation bill to  
24 provide funding necessary to address natural disasters or  
25 other emergencies for which federal aid is not available; for  
26 unexpected one time expenses; and for routine expenses during  
27 extenuating circumstances. Amounts appropriated from the State



1 General Fund Budget Reserve Fund pursuant to this act shall be  
2 budgeted and allotted in accordance with Sections 41-4-80  
3 through 41-4-96 and Sections 41-19-1 through 41-19-12.

4 Section 7. Amounts in the State General Fund Capital  
5 Fund shall be appropriated by and through an independent  
6 supplemental appropriation bill to provide funding for  
7 critical one time capital improvements. Amounts in the State  
8 General Fund Capital Fund shall be budgeted and allotted in  
9 accordance with Sections 41-4-80 through 41-4-96 and Sections  
10 41-19-1 through 41-19-12. Preference shall be given to capital  
11 improvement projects that create efficiencies and cost savings  
12 for state government.

13 Section 8. (a) At the conclusion of the fiscal year  
14 ending September 30, 2019, if revenues to the State General  
15 Fund exceed State General Fund appropriations for the same  
16 fiscal year by more than one hundred eighty-five million  
17 dollars (\$185,000,000), then twenty percent (20%) of the  
18 excess revenues above one hundred eighty-five million dollars  
19 (\$185,000,000) shall be transferred to the State General Fund  
20 Budget Reserve Fund on or before June 1 of the succeeding  
21 fiscal year.

22 (b) At the conclusion of the fiscal year ending  
23 September 30, 2020, if revenues to the State General Fund  
24 exceed State General Fund appropriations for the same fiscal  
25 year by more than one hundred twenty million dollars  
26 (\$120,000,000), then forty percent (40%) of the excess  
27 revenues above one hundred twenty million dollars

1 (\$120,000,000) shall be transferred to the State General Fund  
2 Budget Reserve Fund on or before June 1 of the succeeding  
3 fiscal year.

4 (c) At the conclusion of the fiscal year ending  
5 September 30, 2021, if revenues to the State General Fund  
6 exceed State General Fund appropriations for the same fiscal  
7 year by more than eighty-five million dollars (\$85,000,000),  
8 then fifty percent (60%) of the excess revenues above  
9 eighty-five million dollars (\$85,000,000) shall be transferred  
10 to the State General Fund Budget Reserve Fund on or before  
11 June 1 of the succeeding fiscal year. If the State General  
12 Fund Budget Reserve Fund balance equals ten percent (10%) of  
13 the appropriations from the State General Fund from the  
14 previous fiscal year, any remaining excess revenues shall be  
15 transferred to the State General Fund Capital Fund.

16 (d) At the conclusion of the fiscal year ending  
17 September 30, 2022, if revenues to the State General Fund  
18 exceed State General Fund appropriations for the same fiscal  
19 year by more than forty million dollars (\$40,000,000), then  
20 eighty percent (80%) of the excess revenues above forty  
21 million dollars (\$40,000,000) shall be transferred to the  
22 State General Fund Budget Reserve Fund on or before June 1 of  
23 the succeeding fiscal year. If the State General Fund Budget  
24 Reserve Fund balance equals ten percent (10%) of the  
25 appropriations from the State General Fund from the previous  
26 fiscal year, any remaining excess revenues shall be  
27 transferred to the State General Fund Capital Fund.

1 (e) Beginning with the fiscal year ending September  
2 30, 2023, in any fiscal year that revenues to the State  
3 General Fund exceed the State General Fund appropriation  
4 limitation, the excess revenues shall be transferred to the  
5 State General Fund Budget Reserve Fund on or before June 1 of  
6 the succeeding fiscal year. If the State General Fund Budget  
7 Reserve Fund balance equals ten percent (10%) of the  
8 appropriations from the State General Fund from the previous  
9 fiscal year, any remaining excess revenues shall be  
10 transferred to the State General Fund Capital Fund.

11 Section 9. Beginning with the fiscal year ending  
12 September 30, 2023, in any fiscal year that revenues to the  
13 State General Fund are not sufficient to pay all of the  
14 amounts appropriated from the State General Fund for the year  
15 in full, funds may be withdrawn from the State General Fund  
16 Budget Reserve Fund only in an amount equal to fifty percent  
17 (50%) of the deficit in the State General Fund revenues for  
18 the year. Withdrawals from the Budget Reserve Fund shall be  
19 limited to an amount necessary to reach the average of the  
20 estimated State General Fund appropriation limitation  
21 certified pursuant to Section 3 of this act. In any year in  
22 which a withdrawal is made to offset a deficit, the Governor  
23 shall certify to the state comptroller and notify the  
24 Legislature that proration would occur in appropriations from  
25 the State General Fund in accordance with the constitution.  
26 Any remaining revenue deficit shall be satisfied by

1        restricting allotments, increasing revenue, or a combination  
2        thereof.

3                    Section 10. This act shall become effective  
4        immediately following its passage and approval by the  
5        Governor, or its otherwise becoming law.