2001 Assembly Bill 1	**Assembly Substitute Amendment 1 and Assembly Amendments 2 and 3 to Substitute Amendment 1**
Memo published: March 26, 2001	***Contact*: Ronald Sklansky, Senior Staff Attorney (266-1946)**

Assembly Substitute Amendment 1, beginning with the 2001-03 fiscal biennium, limits the increase in general purpose revenue appropriations for each biennium. The limit is tied to the percentage growth in the state's aggregate personal income in each calendar year that precedes each fiscal year of the biennium. The Department of Revenue is responsible for estimating the annual percentage change in the state's aggregate personal income.

The limitation on general purpose revenue appropriations does not apply to appropriations for the following items:

1. Principle repayment and interest payments on public debt or operating notes.

2. Moral obligation pledges.

3. Payments to the United States to avoid arbitrage penalties.

4. Expenditures contained in a bill enacted with the approval of at least 2/3rds of the members of each house of the Legislature.

5. State legal expenses.

6. Tax relief programs including the homestead tax credit, development zone credits and earned income tax credits.

7. The budget stabilization fund.

The Legislative Fiscal Bureau must determine the amount appropriated from general purpose revenue for any fiscal biennium for the purpose of determining the permissible limit of general purpose revenue appropriations in a succeeding biennium.

Assembly Substitute Amendment 1 was adopted, and the bill was recommended for passage, as amended, by the Assembly Committee on Tax and Spending Limitations on March 15, 2001 on a vote of Ayes, 5; and Noes, 2.

Assembly Amendments 2 and 3 to Assembly Substitute Amendment 1 make minor changes to the dates upon which various calculations are to be made by the Department of Revenue and the Legislative Fiscal Bureau. They were adopted by the Assembly on voice votes on March 22, 2001.

RS:ksm:rv;wu