SB159

136236-1

By Senators Ross, Singleton, Irons and Beasley

RFD: Finance and Taxation Education

First Read: 07-FEB-12
SYNOPSIS: This bill would repeal Act 2011-3, HB57, 2011 Regular Session, the Education Trust Fund Rolling Reserve Act, providing for the maximum amount that may be appropriated annually from the Education Trust Fund; and to provide for the establishment and operation of a budget stabilization fund and a capital fund for the Education Trust Fund and repealing Section 40-1-32.1, Code of Alabama 1975.

This bill would reenact Section 40-1-32.1, Code of Alabama 1975, providing for the Education Trust Fund Proration Account.

A BILL TO BE ENTITLED
AN ACT

To repeal Act 2011-3, HB57, 2011 Regular Session, the Education Trust Fund Rolling Reserve Act, providing for the maximum amount that may be appropriated annually from the
Education Trust Fund; and to reenact Section 40-1-32.1, Code of Alabama 1975, providing for the Education Trust Fund Proration Account.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. Act 2011-3, HB57, 2011 Regular Session, the Education Trust Fund Rolling Reserve Act, is repealed.

Section 2. Section 40-1-32.1, Code of Alabama 1975, is reenacted to read as follows:


(a) Short title. This section shall be known as the Education Trust Fund Proration Prevention Act of 1988.

(b) Establishment of Proration Prevention Account. There is hereby created and shall be a distinct and separate fund established within the State Treasury to be known as the Education Trust Fund Proration Prevention Account to which monies shall be deposited as provided herein for the purpose of preventing proration of funds which have been appropriated by the Legislature from the Education Trust Fund. Monies which accrue in the Education Trust Fund Proration Prevention Account shall not be subject to appropriation except as provided in this section.

(c) Appropriations. The following monies are hereby appropriated to the Education Trust Fund Proration Prevention Account: Beginning on October 1, 2008, and on October 1 of each fiscal year thereafter, there is hereby appropriated into the Education Trust Fund Proration Prevention Account,
established in subsection (b), 75 percent of the ending balance in the Education Trust Fund from the preceding fiscal year that was unanticipated and unappropriated by the Legislature as a beginning balance in the current fiscal year. The Legislature shall set forth the amount of the beginning balance anticipated and appropriated in the Education Trust Fund appropriation act each year beginning in the Education Trust Fund appropriation act for the fiscal year beginning October 1, 1999. The Finance Director shall transfer 75 percent of the unanticipated and unappropriated beginning balance by October 15 of each year.

(d) Withdrawals. Money in the Education Trust Fund Proration Prevention Account may be withdrawn only:

(1) To prevent proration in the Education Trust Fund. The Governor of the State of Alabama must certify to the Comptroller and notify the Legislature that proration would occur in the Education Trust Fund before funds could be withdrawn. Upon the certification by the Governor, withdrawals may be executed under the direction of the Governor; however, withdrawals must be limited to the amount of the anticipated proration and funds allotted only to the extent necessary to avoid proration of appropriations in the Education Trust Fund.

(2) By an act of the Legislature with a recorded vote of at least two-thirds of the membership of each legislative chamber.

(e) Repayment. Monies withdrawn under the provisions of subsection (d) shall be repaid as provided by the
Legislature at its discretion. Repayment of funds may be suspended during those fiscal years in which the Education Trust Fund is actually prorated. Repayment of monies withdrawn from the account shall not be required during a fiscal year in which the repayment will cause proration.

(f) Interest. Any monetary interest which accrues in the Proration Prevention Account shall be retained in the account from year to year and shall be subject only to the provisions of this section.

(g) Reversion to trust fund. Any amount of money in the Proration Prevention Account which is in excess of 10 percent of the preceding year's Education Trust Fund appropriations act shall revert back to the Education Trust Fund for the support and maintenance of public education.

Section 3. This act shall become effective on the first day of the third month following its passage and approval by the Governor, or its otherwise becoming law.