

**PUBLIC CHAPTER NO. 589**

**SENATE BILL NO. 2333**

**By Kyle, Henry, McNally, Burchett**

**Substituted for: House Bill No. 2347**

**By Odom, Fitzhugh**

AN ACT Pursuant to Article II, Section 24 of the Tennessee Constitution providing for the dollar amount and rate by which the growth of appropriations from State Tax Revenues will exceed the estimated growth in the state's economy and to amend Tennessee Code Annotated, Title 9, Chapter 4, Part 52.

WHEREAS, Article II, Section 24 of the Constitution of the State of Tennessee limits the annual rate of growth of appropriations from state tax revenues to the rate of growth in the state's economy unless specific legislation is enacted that permits the limit to be exceeded; and

WHEREAS, for the fiscal year ending June 30, 2007, based upon the proposed budget, the General Appropriations Act and the method of calculating the limitation that has been in use for several years, the constitutional spending limitation will be exceeded; and

WHEREAS, the General Assembly recognizes that for the fiscal years ending June 30, 2007 and June 30, 2008, it is proposed that an amount of state tax revenues greater than the amount by which the limitation will be exceeded will be allocated to the reserve for revenue fluctuations (the "Rainy Day Fund") and, as such, may not be appropriately treated as appropriations for purposes of calculation of the limitation; and

WHEREAS, the state funding board has indicated that it will convene a working group to thoroughly analyze the way in which the constitutional spending limitation is calculated and make recommendations to the second regular session of the 105th General Assembly on needed revisions to the process if necessary; now, therefore,

**BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:**

SECTION 1. Tennessee Code Annotated, Section 9-4-5203(e), is amended by adding the following language as a new, appropriately designated subdivision:

( ) The index of appropriations from state tax revenues for the 2007-2008 fiscal year may exceed the index of estimated growth in the state's economy by fifty-seven million three hundred thousand dollars (\$57,300,000) or forty-six hundredths of one percent (0.46%).

SECTION 2. This act shall take effect upon becoming law, the public welfare requiring it.

**PASSED: June 11, 2007**



RON RAMSEY  
SPEAKER OF THE SENATE



JIMMY NAIFEH, SPEAKER  
HOUSE OF REPRESENTATIVES

APPROVED this 28th day of June 2007



PHIL BREDESEN, GOVERNOR