



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 535** HLS 13RS 1034

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: April 7, 2013	1:30 PM	Author: SCHRODER
Dept./Agy.:		Analyst: Travis McIlwain
Subject: Working Cash Stabilization Fund		

FUNDS/FUNDING OR -\$174,400,000 GF RV See Note Page 1 of 1
(Constitutional Amendment) Limits appropriations from the state general fund and creates the Working Cash Stabilization Fund

Proposed constitutional amendment provides that beginning with FY 16, total appropriations from the state general fund for any fiscal year shall not exceed 98% of the estimate of state general fund revenues available for appropriation contained in the most recently adopted revenue forecast. The bill creates the Working Cash Stabilization Fund and further provides that the state treasury shall annually deposit in and credit to the fund an amount equal to 2% of the estimate of state general fund revenues available for appropriation. If the official forecast for the current fiscal year is reduced, or the forecast for the next year is less than the forecast for the preceding year, an amount equal to the difference, not to exceed 1/2 of the fund, may be incorporated into the official forecast and made available for appropriation after 2/3 vote of the legislature. the bill also provides that monies in excess of 7.5% of state general fund appropriations for any fiscal year may be appropriated or expended but only for the following purposes: state debt and nonrecurring expenditures. Provides for amendment to be submitted to the voters at the November 4, 2014 election.

EXPENDITURES	2013-14	2014-15	2015-16	2016-17	2017-18	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	SEE BELOW	SEE BELOW	SEE BELOW	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0				\$0

REVENUES	2013-14	2014-15	2015-16	2016-17	2017-18	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	(\$174,400,000)	(\$182,600,000)	(\$189,900,000)	(\$546,900,000)
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$174,400,000	\$182,600,000	\$189,900,000	\$546,900,000
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

This bill provides for a mechanism by which funds from the Working Cash Stabilization Fund may be utilized in the event the state general fund revenue forecast were to be reduced during a fiscal year. The bill limits such a use to 1/2 the balance of the fund, which based upon the latest adopted revenue forecast for FY 16 equates to approximately \$87 million that could be utilized during FY 16 to assist with a mid-year budget deficit (\$8,717 B x 2% = \$174.4 M/2 = \$87 M).

In addition, this bill provides for monies in excess of 7.5% of the state general appropriations for any fiscal year may be appropriated or expended but only for retiring state debt and non-recurring expenditures. Based upon the adopted forecast in place, the Working Cash Stabilization Fund will likely not exceed the 7.5% threshold until FY 19.

The proposed bill provides for a constitutional amendment to be submitted to voters at the November 4, 2014 election. The November 4, 2014 election is a statewide election, when all precincts in the state are scheduled to be opened. As a regular practice, the Secretary of State budgets for up to 10 constitutional amendments for the fall statewide elections.

REVENUE EXPLANATION

This bill dedicates 2% of state general fund revenues annually into the newly created Working Cash Stabilization Fund beginning in FY 16. Based upon the current adopted revenue forecast, the state general fund is projected to collect \$8.718 billion of which approximately \$174.4 million would be deposited into the Working Cash Stabilization Fund leaving approximately \$8.543 billion available for FY 16 appropriation. The revenue table above represents what the Working Cash Stabilization Fund dedication would be, based upon the current adopted revenue forecast in place (FY18 extrapolated from latest REC forecast). See Table below

	FY 16	FY 17	FY 18
SGF REC	\$8,717 B	\$9,128 B	\$9,493 B
2% Dedication	(\$174.4 M)	(\$182.6 M)	(\$189.9 M)
Remaining SGF	\$8,543 B	\$8,945 B	\$9,303 B

Senate	Dual Referral Rules	House
<input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}		<input type="checkbox"/> 6.8(F) >= \$500,000 Annual Fiscal Cost {S}
<input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}		<input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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