

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 20** SLS 201ES 18

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: June 10, 2020	3:00 PM	Author: WHITE, B
Dept./Agy.: Treasury		Analyst: Greg Albrecht
Subject: Transfer Surplus To Budget Stabilization Fund		

FUNDS/FUNDING OR SEE FISC NOTE SD RV Page 1 of 1
Provides for the creation, transfer, dedication, deposit, and use of certain funds in the state treasury. (gov sig)

Creates a new special fund in the treasury, the Fiscal Year 2019 Surplus Fund. Directs the treasurer to transfer \$116,987,844 of nonrecurring general fund revenue recognized as Fiscal Year 2018-2019 surplus by the Revenue Estimating Conference. Earnings and unencumbered balances are retained by the Fund.

Monies in the Fund shall be appropriated and used solely as provided for the Budget Stabilization Fund {Art VII, §10.3 of the State Constitution}.

Effective upon governor's signature.

EXPENDITURES	2020-21	2021-22	2022-23	2023-24	2024-25	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	SEE BELOW	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total		\$0	\$0	\$0	\$0	\$0

REVENUES	2020-21	2021-22	2022-23	2023-24	2024-25	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	SEE BELOW	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total		\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

The bill moves FY19 surplus funds between dedications, in this case enhancing the resources available to the Budget Stabilization Fund at the expense of the other dedicated uses for which the funds could be utilized.

The Budget Stabilization Fund can be utilized to support general appropriations if the official revenue forecast for the current fiscal year is reduced, or if the official forecast for the ensuing fiscal year is reduced below the forecast for the current fiscal year. Utilization of BSF resources across the current year and the ensuing year is limited to 1/3 of the fund balance at the start of the current fiscal year.

REVENUE EXPLANATION

On January 31, 2020, the Revenue Estimating Conference recognized \$534,509,518 of surplus from FY19, and designated these funds as non-recurring.

At least twenty-five percent of this total (\$133,627,380 million) is constitutionally allocated to the Budget Stabilization Fund. At least ten percent (\$53,450,952) is constitutionally allocated to the unfunded accrued liabilities of the state employees' and teachers' retirement systems.

The balance (\$347,431,186) is available for other constitutionally enumerated debt payoff and capital outlay uses, or for additional allocations to the Budget Stabilization Fund or the unfunded accrued retirement liabilities.

This bill directs the transfer of \$116,987,844 to the new special fund created in this bill (Fiscal Year 2019 Surplus Fund) to be used solely as provided by the constitutional provisions for the Budget Stabilization Fund.

The bill moves FY19 surplus funds between dedications, in this case enhancing the resources available to the Budget Stabilization Fund at the expense of the other dedicated uses for which the funds could be utilized.

Senate
Dual Referral Rules
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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