

**BILL SUMMARY**  
2<sup>nd</sup> Session of the 52<sup>nd</sup> Legislature

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| <b>Bill No.:</b> | <b>HJR 1058</b>                                    |
| <b>Version:</b>  | <b>FULLPCS1</b>                                    |
| <b>Author:</b>   | <b>Rep. Wesselhoft</b>                             |
| <b>Date:</b>     | <b>February 17, 2010</b>                           |
| <b>Impact:</b>   | <b>Modifies Size and<br/>Apportionment of Fund</b> |

**Bill Summary**

Research Analyst: Arnella Karges

The committee substitute for HJR1058 proposes a constitutional amendment to be sent to the vote of the people, amending Article 10, relating to revenue and taxation, increasing the amount of money to be deposited in the Constitutional Reserve Fund (aka Rainy Day Fund) to be fifteen percent of the amount estimated for the annual state budget, beginning for FY-12. Currently the cap is at ten percent. The amendment provides for modified disbursement from the Rainy Day Fund to provide 33.34% for natural disaster emergencies and requiring the State Treasurer to invest this portion as state retirement funds are invested. The remaining amounts are re-apportioned for the current state budget purposes.

**Fiscal Summary**

Fiscal Analyst: Mark Tygret

PCS1 for HJR 1058 increases the maximum balance which may be deposited into the Constitutional Reserve “Rainy Day” Fund (Fund) from ten percent (10.0%) of the General Revenue Fund (GRF) certification from the preceding fiscal year to fifteen percent (15.0%).

The measure also modifies the apportionment of the fund:

| <b>Current</b>                              | <b>%</b> | <b>HJR 1058 Proposed</b>                    | <b>%</b> |
|---|----------|---|----------|
| Use for year to year certification decrease | 37.5     | Use for year to year certification decrease | 24.9975  |
| Use for revenue failure during fiscal year  | 37.5     | Use for revenue failure during fiscal year  | 24.9975  |
| Use upon declaration of emergency           | 25.0     | Use upon declaration of emergency           | 16.6650  |
|   |          | Disaster/emergency reimbursements           | 33.3400  |
|   | 100.0    |   | 100.0000 |

**Fiscal Analysis**

The provisions of the measure will modify the accrual of revenue in excess of the certified estimate into the Fund and will also change the uses and fractional amounts available under certain circumstances. Amounts deposited into the Fund will depend on whether actual GRF revenue exceeds the certified estimate for each fiscal year and the attainment to the maximum balance will result from deposits made into and appropriations made from the fund. The modification in the apportionment of funds will change the balances available for the stated

purposes of the Fund relative to the current constitutional structure, however the amounts available for appropriation will continue to be dependent on the Fund balance at the time conditions satisfy the stated uses of the Fund.

### **Long Term Fiscal Considerations**

The availability of a portion of the Fund in response to natural disaster and emergency events may reduce claims backlogs and allow for timely reimbursement to authorized entities. The increase in the permitted maximum balance in the Fund could result in a larger amount of funds available for appropriation in times of fiscal distress or as a result of a natural disaster in the state.

Fiscal Analysis Reviewed by:

*Mark Tygret*

House Fiscal Director