

**FINAL
FISCAL NOTE**

Drafting Number: LLS 11-0796
Prime Sponsor(s): Sen. Lambert
 Rep. Becker

Date: July 21, 2011
Bill Status: Signed into Law
Fiscal Analyst: Kate Watkins (303-866-6289)

TITLE: CONCERNING A REDUCTION IN THE AMOUNT OF THE GENERAL FUND RESERVE REQUIRED FOR THE 2010-11 STATE FISCAL YEAR.

Fiscal Impact Summary	FY 2010-2011	FY 2011-2012
State Revenue		
State Transfers or Diversions Diversion from the General Fund Reserve to the General Fund Transfer from the General Fund to the State Education Fund	(\$118.0 Million) <i>See State Transfers section</i>	
State Expenditures General Fund	\$118.0 Million	
FTE Position Change		
Effective Date: The bill was signed into law by the Governor and took effect on March 9, 2011.		
Appropriation Summary for FY 2011-2012: None required.		
Local Government Impact: None.		

Summary of Legislation

Budget Balancing Bill. This bill is recommended by the Joint Budget Committee as part of its budget package. This bill reduces the General Fund reserve from 4 percent of General Fund appropriations to 2.3 percent for FY 2010-11. Any "surplus" General Fund revenue in excess of the 2.3 percent reserve is required to be transferred to the State Education Fund. The General Fund reserve will increase back to 4 percent for FY 2011-12.

State Transfers or Diversions

Reducing the required reserve to 2.3 percent transfers \$118.0 million from the reserve to the General Fund and makes it available for spending. The amount of the General Fund reserve is determined by the level of General Fund appropriations. The \$118.0 million figure for a 2.3 percent reserve is based on appropriations shown in the December 2010 Legislative Council forecast, which is based on current law. However, actual FY 2010-11 appropriations and the amount of the General Fund reserve will change as a result of budget decisions made by the General Assembly, including any supplemental package bills that may affect the General Fund.

Any revenue in excess of the 2.3 percent reserve is required to be transferred to the State Education Fund.

State Expenditures

This bill does not directly affect state expenditures, but it increases the amount of money in the General Fund available for appropriations in FY 2010-11. Reducing the General Fund reserve from 4 percent of appropriations to 2.3 percent will provide an additional \$118.0 million for spending for FY 2010-11. However, the reserve is required to be refilled back to the 4 percent level in FY 2011-12, which will reduce the amount of General Fund money available for other purposes in FY 2011-12.

Departments Contacted

Joint Budget Committee

Legislative Council Staff