

# SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

BILL: SB 46-C  
 SPONSOR: Senator Pruitt  
 SUBJECT: Budget Stabilization Fund  
 DATE: November 26, 2001      REVISED: \_\_\_\_\_

|    | ANALYST | STAFF DIRECTOR | REFERENCE | ACTION    |
|----|---------|----------------|-----------|-----------|
| 1. | Keating | Johansen       | FT        | Favorable |
| 2. | _____   | _____          | _____     | _____     |
| 3. | _____   | _____          | _____     | _____     |
| 4. | _____   | _____          | _____     | _____     |
| 5. | _____   | _____          | _____     | _____     |
| 6. | _____   | _____          | _____     | _____     |

**I. Summary:**

The bill allows the Comptroller limited access to the Budget Stabilization Fund at the close of the fiscal year in order to prevent a deficit in the General Revenue Fund.

This bill substantially amends, creates, or repeals the following sections of the Florida Statutes: 216.222 and 215.18.

**II. Present Situation:**

Article III, section 19(g) of the State Constitution creates the Budget Stabilization Fund. It provides that:

...The budget stabilization fund shall be maintained at an amount equal to at least 5% of the last completed fiscal year's net revenue collections for the general revenue fund. The budget stabilization fund's principal balance shall not exceed an amount equal to 10% of the last completed fiscal year's net revenue collections for the general revenue fund. . . . General law shall provide for the restoration of this fund. The budget stabilization fund shall be comprised of funds not otherwise obligated or committed for any purpose.

Pursuant to s. 215.18, F.S., the Comptroller is permitted to borrow from trust fund cash balances during the fiscal year in order to make timely payments from the General Revenue Fund if General Revenue receipts slip below expenditures. Trust funds must be repaid in full by the end of the fiscal year.

In 2000-2001, the Comptroller borrowed \$500 million from trust funds to guarantee that the balance in the General Revenue Fund never fell below \$0. By June 2001, the Comptroller was able to repay the \$500 million to trust funds and still have a balance forward in the General Revenue Fund of \$1.2 billion.

So far in fiscal year 2001-02, the Comptroller has borrowed \$400 million from trust funds.

The Comptroller has expressed concern that in uncertain economic times, he is uncomfortable borrowing from trust funds in excess of the amounts that he can access in the Working Capital and Budget Stabilization Funds. Without a "secured" loan, he is uncomfortable with his ability to guarantee repayment to trust funds by the end of the fiscal year.

Currently the Budget Stabilization Fund has \$940.9 million and the Working Capital Fund has \$297.2 million.

Section 215.18, F.S., allows the Governor to order a temporary transfer of moneys between funds when a fund has a deficiency rendering it insufficient to meet its just requirements. The moneys must be paid by the end of the fiscal year.

Section 215.32, F.S., provides, in part, that the Budget Stabilization and Working Capital Funds may be used as revolving funds for transfers with all interest earned accruing to the General Revenue Fund. If the Budget Stabilization Fund is accessed for a General Revenue deficit or for an emergency, it must be restored on a schedule that provides for making five equal annual transfers from the General Revenue Fund, beginning in the fiscal year following that in which the expenditure was made. The Legislature may establish by law a different restoration schedule at any time during the restoration period.

Section 216.222, F.S., provides the criteria for withdrawing money from the Budget Stabilization Fund. Money may be withdrawn only to offset a deficit in the General Revenue Fund or to provide funding for an emergency as defined in s. 252.34, F.S., which provides:

“Emergency” means any occurrence, or threat thereof, whether natural, technological, or manmade, in war or in peace, which results or may result in substantial injury or harm to the population or substantial damage to or loss of property.

Section 216.221, F.S., provides that the Legislature may provide direction in the General Appropriations Act regarding use of the Budget Stabilization Fund and Working Capital Fund to offset General Revenue Fund deficits. It provides seventeen guidelines for reductions in approved operating budgets in the event of a projected General Revenue Fund deficit.

It also provides that the Comptroller has the duty to ensure that revenues being collected will be sufficient to meet the appropriations and that no deficit occurs in any fund of the state. If, in the opinion of the Comptroller, after consultation with the Revenue Estimating Conference, a deficit will occur, the Comptroller must report his

opinion to the Governor in writing. In the event the Governor does not certify a deficit within 10 days after the Comptroller's report, the Comptroller must report his findings and opinion to the Legislative Budget Commission and the Chief Justice of the Supreme Court

### III. Effect of Proposed Changes:

Section 1. Amends s. 216.222(1), F.S., adding a new paragraph (b) which provides that, if, after consultation with the Revenue Estimating Conference, the Comptroller believes that a deficit will occur in the General Revenue Fund and if:

- o Fewer than 30 days but more than 4 days are left in the fiscal year, the Legislature is not in session, and neither the Legislature nor the Legislative Budget Commission is scheduled to meet before the end of the fiscal year, or
- o Fewer than 5 days are left in the fiscal year and the Governor and the Chief Justice, the Legislature, or the Legislative Budget Commission have not implemented measures to resolve the deficit,

the Comptroller shall certify the deficit to the Governor, the Chief Justice, the President of the Senate, and the Speaker of the House of Representatives, and may thereafter withdraw funds from the Budget Stabilization Fund to offset the projected deficit in the General Revenue Fund. The Comptroller shall consult with the Governor and the chair and vice chair of the Legislative Budget Commission before any funds may be withdrawn from the Budget Stabilization Fund. At the beginning of the next fiscal year, the Comptroller shall promptly determine the General Revenue Fund balance to be carried forward. The Comptroller shall immediately repay the Budget Stabilization Fund for the withdrawn amount, up to the amount of the balance. If the General Revenue Fund balance carried forward is not sufficient to fully repay the Budget Stabilization Fund, the bill requires repayment to be made in 5 equal annual payments, pursuant to s. 215.32(2)(c)3..

Section 2. Amends s. 215.18, F.S., providing an exception for funds withdrawn from the Budget Stabilization Fund pursuant to s. 216.222(1)(b), from the requirement that funds borrowed must be paid by the end of the fiscal year.

Section 3. Provides that the bill will become effective upon becoming a law.

### IV. Constitutional Issues:

#### A. Municipality/County Mandates Restrictions:

None.

#### B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

**V. Economic Impact and Fiscal Note:**

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

None.

C. Government Sector Impact:

The impact of this bill, withdrawal of moneys from the Budget Stabilization Fund, would occur only in the unlikely situation that a budget shortfall occurred late in the fiscal year, and the Governor, Comptroller and Legislature, exercising their various constitutional and statutory duties, had not otherwise resolved the deficit.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

**VIII. Amendments:**

None.