

Fiscal Note Request HB0624, House Second Reading
(continued)

TECHNICAL NOTES:

1. Section 2 directs two transfers to be made to the budget stabilization account. The timing of these transfers needs to be clarified. It is not clear whether these transfers are to be made as part of the close-out of the previous fiscal year or as part of the new fiscal year. The basis that can be used for calculating the amounts to transfer also depends on the timing. For example, in July 2006, it would not be possible to record the transfers on the books for fiscal 2005, because total revenue recorded in SABHRS for the year would not be known until after fiscal year closeout late in July. The unaudited total revenue for fiscal 2005 would be known after SABHRS closes in late July, but the transfer would have to be recorded in fiscal 2006. If the audited financial statement for fiscal 2005 is to be used as the basis of the transfer, the transfer cannot take place until some time in the fall. This fiscal note assumes that the transfers are made in the new fiscal year based on the audited financial statement for the previous fiscal year.
2. Subsection 2(1) directs the transfer of “1% of actual revenue collections” to the budget stabilization account. The bill does not indicate what fund or funds the transfer is to be made from or what funds are to be considered in calculating the amount to be transferred. This fiscal note assumes that the intent is to transfer 1% of general fund revenue collections to the budget stabilization account. However, this section could be read as referring to collections for all funds rather than just the general fund.
3. Subsection 2(1) directs a transfer of funds “beginning July 1, 2005” but does not say how often such a transfer is to be made. This fiscal note assumes that this transfer is to be made annually. The state fiscal year ends on June 30, but revenue for fiscal year tax liability continues to be recorded during July, and audited revenue collections for a fiscal year are not known until later in the year. This section would be clearer if it began “Each fiscal year beginning on or after July 1, 2005...”
4. The last sentence of subsection 2(2) is unclear. “The phrase 10% of the previous 2 fiscal years’ average general fund revenue” is ambiguous. Also, this sentence directs that an amount not designated to the budget stabilization account must remain in the general fund but does not direct that the amount designated be changed. This fiscal note assumes that the intent is to cap the balance in the budget stabilization account at 10% of general fund revenue in the previous biennium.
5. The bill indicates the revenue in excess of the amount in the most recent estimating resolution would be transferred to the stabilization fund. The most recent revenue resolution for a biennium is usually the one completed in the session preparing the budget for the next biennium i.e. April of 2003 for the 2003 biennium. At this time the amount in the resolution for the first fiscal year of the biennium is the actual revenue collected. Therefore the only difference would be any excess revenue in the second year.