FORM GEN. 160

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

C.F. No. 10-0600

Date: April 15, 2013

To: The Honorable City Council

From: Miguel A. Santana, City Administrative Officer

Gerry F. Miller, Chief Legislative Analyst

Subject: **BUDGET STABILIZATION FUND POLICY**

SUMMARY

At the height of the Great Recession, the City of Los Angeles experienced a loss of $250 million in General Fund revenue; going from an adopted budget amount in 2008-09 of $4.55 billion to actual receipts of $4.30 billion in 2010-11. Without alternative revenue sources to rely on, the City managed this six percent loss in revenue through expenditure cuts, and ultimately, the reduction of services and reliance on the Reserve Fund.

Today, the City continues to endure major fiscal stress, challenging the City's ability to provide even the most basic municipal services. While the adopted budget for 2012-13 anticipates General Fund revenue once again reaching the $4.55 billion level, and revenue trends appear to support future growth, the cost of providing services also continues to increase. Until the City's revenues match up with its expenditures, the structural deficit the City has struggled to address will continue to hamper the fiscal sustainability of the City. Consequently, investments in services and the public infrastructure will continue to be inadequately funded, further deteriorating the conditions of streets and sidewalks, and threatening the availability of other critical services.

It is apparent that recovering from the financial distress the City has endured cannot occur until the stabilization of the budget is achieved. Additionally, the restoration of City services that residents depend on cannot take place without first protecting the services and service levels the City currently delivers. Toward this end, as part of the 2009-10 budget process, the Mayor and Council established a Budget Stabilization Fund (BSF) to reduce the impact on services when economic conditions turn for the worse as they did between 2008-09 and 2010-11.

Presented in this report is a recommended Financial Policy for the Budget Stabilization Fund (Attachment 1), that defines the following elements essential to its successful administration and maintenance:

1. The purpose of establishing the BSF.
2. The legal basis of the BSF and its relationship to the Reserve Fund.
3. Deposit rules to establish the amount of annual deposits to the BSF.
4. Withdrawal rules to establish the criteria for when withdraws can be made from the BSF, the size of these withdraws, and priority uses of the BSF.

DISCUSSION

Purpose of Establishing the Fund

A stabilization fund is created with money set aside during periods of robust economic growth or when revenue projections are exceeded to help smooth out years when revenue is stagnant or is in decline.

As recent events have shown, the City's General Fund revenue is sensitive to economic conditions as well as actions taken by outside entities including the state and federal governments. Unanticipated revenue shortfalls during a fiscal year are usually addressed through reductions in critical services and operations. Given this uncertainty, as part of the 2009-10 budget process, the Mayor and Council established the BSF with an initial deposit of $500,000. Subsequent to this action, the Mayor and Council instructed the City Administrative Officer to draft a BSF policy for possible inclusion to the City's Financial Policy (09-0600-S159).

Legal Basis of the Reserve Fund and Budget Stabilization Fund

The City Charter established the Reserve Fund which holds unrestricted cash set aside outside the budget for unforeseen expenditures, emergencies or natural disasters. Charter Section 344 requires the Controller to transfer surplus general revenues and other unspent appropriations from the General Fund to the Reserve Fund at the end of the fiscal year. In March 2011, voters passed Charter Amendment P which codified the establishment of the Contingency Reserve Account and Emergency Account within the Reserve Fund. Charter Amendment P also established the BSF in the City Treasury and authorized the requirements for transfers or expenditures from the BSF to be established by ordinance.

Rules for Deposits and Withdrawals

Rules for the appropriations (deposits) and expenditures (withdrawals) from the BSF are critical to ensure that the intent of the fund is achieved: to set aside funds during periods of robust economic growth or when revenue projections are exceeded to help smooth out years when revenue is stagnant or is in decline.

Deposits

In developing deposit rules, our offices reviewed the regulations and methods for deposit of other government entities with respect to their stabilization funds, in particular state governments which have well-documented policies. The methodologies used by states varied greatly as shown in comparison compiled by the National Conference of State Legislatures (Attachment 2). In some states, the rules result in automatic deposits to the stabilization fund based on certain economic conditions being met. In other states, the deposits are discretionary and subject to the budget decisions of the legislature and/or governor.

Based on the review of these methodologies, historical City General Fund revenue receipts, and consistency with the intent of the fund, our offices pursued an option that would result in required annual deposits based on economic conditions being met. Specifically, our offices examined the combined average growth of the following seven general fund tax revenue sources over the last 24 years (3.4 percent) as the index for the deposit/withdrawal rules of the BSF.

1. Property Tax
2. Utility Users' Tax
3. Business Tax
4. Sales Tax
5. Transient Occupancy Tax
6. Documentary Transfer Tax
7. Parking Users' Tax

Applying this index, a deposit to the BSF will occur when the anticipated combined revenue growth of the seven general fund tax revenue sources listed above is greater than 3.4 percent growth. When this condition is met, the amount of the deposit will be the difference between the anticipated growth and the growth at 3.4 percent.

The following simulation illustrates the budget appropriations to the BSF that would have been required as part of the development of the budgets from 2006-07 to 2012-13 had this policy been in place.

Simulation of Potential Transfers to the Budget Stabilization Fund under the Proposed Policy
2005-06 to 2011-12 (Dollars in Millions)

Fiscal Year	Actual Revenue	Revenue at 3.4% growth	Upcoming Fiscal Year	Adopted Budget	Surplus (Shortfall)	To BSF
2005-06	$2,926.8	$3,026.3	2006-07	$3,105.1	$78.8	$78.8
2006-07	3,165.0	3,272.6	2007-08	3,266.2	(6.5)	0.0
2007-08	3,205.8	3,314.8	2008-09	3,297.6	(17.2)	0.0
2008-09	3,236.7	3,346.7	2009-10	3,141.7	(205.1)	0.0
2009-10	3,082.7	3,187.5	2010-11	3,096.2	(91.3)	0.0
2010-11	3,108.7	3,214.4	2011-12	3,155.8	(58.7)	0.0
2011-12	3,142.4	3,249.3	2012-13	3,219.6	(29.6)	0.0

Based on the policy guidelines, an appropriation to the BSF would have only been required as part of the 2006-07 budget. Furthermore, since actual revenue for 2006-07 was trending higher than the budget during the year (ending about $60 million above budget), per the proposed policy, the City Council and Mayor could have chosen to recognize a portion of this unanticipated revenue and made a subsequent mid-year deposit to the BSF. However, unlike the required deposit at the start of the year, any mid-year deposits to the BSF or deposits above the required amount are at the discretion of the City Council and Mayor. The following represents a few of the occasions when additional deposits to the BSF, or deposits above the required amount may be made:

- To deposit one-time receipts from the sale or lease of the City's assets or securitization of future revenue streams.

- To deposit unanticipated revenue recognized during the year that has not already been programed.

- To deposit funds made available from the release of prior year encumbrances.

- To deposit anticipated year-end surpluses.

Similar to these potential upward adjustments, there may be occasions that require a downward adjustment to the required BSF deposit amount. However, downward adjustments may only be made to maintain the Reserve Fund at five percent of the General Fund, in the event a fiscal emergency is declared, if the BSF funding policy is suspended, or if an affirmative action is taken by the City, voters, or another government entity that increases or decreases the tax rates of any of the seven revenue sources used to set the index for the deposit/withdrawal rules of the BSF. In the event of the latter, a recalculation of the index by our offices will be automatically triggered.

The decision to use all seven of the above revenue sources, which comprise over 70 percent of the General Fund, as opposed to any one source alone was based on the need to best reflect economic trends across a variety of economic sectors. For example, using only the Documentary Transfer Tax as the index would potentially limit the deposits into the BSF to boom times of the housing market. This could potentially deprive the City from making contributions to the BSF during housing market lows even if other economic sectors such as tourism are doing better than expected.

Withdrawals

With regard to withdrawals, the amount of the transfer from the BSF in any year would be limited to 25 percent of the available balance in the BSF. This limit could be raised if a fiscal emergency for the City is declared or if the BSF funding policy is suspended by the Council and Mayor as supported by findings that it is in the best interest of the City to suspend the policy.

The following simulation illustrates the budget transfers from the BSF that would have been possible as part of the development of the budgets from 2006-07 to 2012-13 had this policy been in place.

Simulation of Potential Transfers from the Budget Stabilization Fund under the Proposed Policy
2005-06 to 2011-12 (Dollars in Millions)

Fiscal Year	Actual Revenue	Revenue at 3.4% growth	Upcoming Fiscal Year	Adopted Budget	Surplus (Shortfall)	To BSF	Transfer from BSF (Limit 25% of Balance)	BSF Balance
2005-06	$2,926.8	$3,026.3	2006-07	$3,105.1	$78.8	$78.8	$0	$78.8
2006-07	3,165.0	3,272.6	2007-08	3,266.2	(6.5)	0.0	6.5	72.3
2007-08	3,205.8	3,314.8	2008-09	3,297.6	(17.2)	0.0	17.2	55.1
2008-09	3,236.7	3,346.7	2009-10	3,141.7	(205.1)	0.0	13.8	41.3
2009-10	3,082.7	3,187.5	2010-11	3,096.2	(91.3)	0.0	10.3	31.0
2010-11	3,108.7	3,214.4	2011-12	3,155.8	(58.7)	0.0	7.8	23.2
2011-12	3,142.4	3,249.3	2012-13	3,219.6	(29.6)	0.0	5.8	17.4

Due to the fact that the City was operating under a fiscal emergency in fiscal years 2009-10 to 2011-12, the remaining balance in the BSF may have been available in any of the years covered by the fiscal emergency.

Finally, in the event the combined Reserve Fund and BSF exceed 15 percent of the general fund budget, the City may elect to use the surplus for one-time uses that include, but are not limited to capital projects, infrastructure repairs, debt repayment, settlements, and equipment purchases.

RECOMMENDATIONS:

That the Council, subject to the approval of the Mayor:

1. Adopt the Proposed Financial Policy for the Budget Stabilization Fund for the City of Los Angeles, effective upon Mayor and Council action;

2. Request the City Attorney, with the assistance of the City Administrative Officer, to begin drafting the necessary ordinance language to codify the Proposed Financial Policy for the Budget Stabilization Fund, and any other necessary ordinance changes.

FISCAL IMPACT

Adoption of all of the above recommendations will complete the implementation of Charter Amendment P which codified the establishment of the Contingency Reserve Account and Emergency Account within the Reserve Fun, and also established the BSF in the City Treasury. If adopted, the recommendations would potentially increase the City's Reserve Fund and BSF above their current amounts. The amount would be determined by subsequent Council and Mayor actions on the budget as well as the performance of the City's economically sensitive revenues. Adoption of these recommendations would also assist in addressing revenue shortfalls in times of economic distress similar to those projected by the City Administrative Officer in the Four-Year Budget Outlook.

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Attachments

Attachment 1
Financial Policy for the Budget Stabilization Fund

Purpose

The City's general tax revenues are sensitive to economic conditions as well as actions taken by outside entities including the state and federal governments. Unanticipated revenue shortfalls during a fiscal year are usually addressed through reductions in critical services and operations. Given this revenue uncertainty, as part of the 2009-10 budget process, the Mayor and City Council established a Budget Stabilization Fund (BSF). Subsequent to this action, in March 2011, City of Los Angeles voters amended the City Charter to include the Budget Stabilization Fund as a charter-required fund.

A stabilization fund, is created with money set aside during periods of robust economic growth or when revenue projections are exceeded to help smooth out years when revenue is stagnant or is in decline. Furthermore, it provides the following protections and benefits to the City's financial health and stability:

- Sets aside revenue during years of strong revenue growth and would prevent using above average revenue growth to finance ongoing expenses such as increased employee salaries and benefits, as well as new services and programs.
- Enforces spending discipline by setting aside money collected from revenues received during good economic conditions for use during years with lower growth or declining revenue;
- Protects against reducing services during a recession;
- Addresses temporary cash flow shortages, revenue shortfalls or unpredictable one-time expenditures;
- Mitigates long-term imbalances by curbing the use of unusual surpluses for ongoing expenditures;
- May reduce City's borrowing costs due to stronger bond ratings; and,
- Stabilizes finances during significant downturns.

Legal Basis of the Reserve Fund and Budget Stabilization Fund

<u>City Charter</u>

The City Charter established the Reserve Fund which holds unrestricted cash set aside outside the budget for unforeseen expenditures, emergencies or natural disasters. Charter Section 344 requires the Controller to transfer surplus general revenues and other unspent appropriations from the General Fund to the Reserve Fund at the end of the fiscal year. In March 2011, voters passed Charter Amendment P which codified the establishment of the Contingency Reserve Account and Emergency Account within the Reserve Fund. Charter Amendment P also established the BSF in the City Treasury and authorized the requirements for transfers or expenditures from the BSF to be established by ordinance.

Funding Policy

Minimum Balance

Unlike the Reserve Fund, the BSF does not have a minimum balance threshold amount that it must maintain. The deposit and withdrawal rules established herein will ultimately dictate the available balance in the BSF.

Maximum Balance

The BSF does not have a maximum balance amount level.

In the event the combined balance in the Reserve Fund and the BSF will exceed 15 percent of the adopted General Fund budget, the City Council and Mayor may consider appropriating the "excess" funds to other funding priorities that are considered to be "one-time" expenditures such as:

- One-time expenses such as capital spending to meet the Capital and Infrastructure Policy;
- Prepayment of General Fund debt or other obligations.

Any balance within the BSF will not be counted toward meeting the five percent Reserve Fund policy level.

Deposit Rules

Required Budget Appropriation to the Budget Stabilization Fund

In accordance with the budget development process established by the City Charter, beginning in 2012-13, the adopted budget for the upcoming fiscal year shall include a new budget appropriation to the BSF when the combined growth of the following seven General Fund tax revenue sources is anticipated to exceed 3.4 percent for the upcoming fiscal year:

1. Property Tax
2. Utility Users' Tax
3. Business Tax
4. Sales Tax
5. Transient Occupancy Tax
6. Documentary Transfer Tax
7. Parking Users' Tax

The amount of the new budget appropriation to the BSF shall be the difference between the anticipated combined revenue growth of the seven general fund tax revenue sources listed above and the combined value of these sources with an assumed 3.4 percent growth.

In the event an affirmative action is taken by the City, voters, or another government entity that increases or decreases the tax rates of any of the seven revenue sources used to set the index for the deposit/withdrawal rules of the BSF, a recalculation of the index by the City Administrative Officer and Chief Legislative Analyst will be automatically triggered. Any changes to the index require an amendment to this policy and related ordinances.

Adjustments to the Required Budget Appropriation

The required budget appropriation to the BSF may be adjusted up or down based on the following:

- Upward adjustments may be made at the discretion of the City Council and Mayor (See other deposits to the BSF).

- Downward adjustments may only be made to maintain the Reserve Fund at five percent of the General Fund, in the event a fiscal emergency is declared by the City Council and Mayor, or if the BSF funding policy is suspended by the City Council and Mayor based on findings that it is in the best interest of the City to suspend the policy.

Other Deposits to the Budget Stabilization Fund

Mid-year deposits to the BSF or deposits above the required amount may be authorized by the City Council, subject to the approval of the Mayor at any time during the year from various sources including but not limited to:

- One-time receipts from the sale or lease of the City's assets or securitization of future revenue streams.

- Any unanticipated revenue recognized during the year that has not already been programed.

- Funds made available from the release of prior year encumbrances.

- Year-end surpluses.

Pursuant to the City Charter, prior year funds and surpluses will revert to their original funding sources. Those reverting to the General Fund will first revert to the Reserve Fund to ensure the funding level of the Reserve Fund is at 5 percent of the General Fund and to ensure sufficient funds are available in the Reserve Fund for year-end closing transfers. The balance of funds may be deposited into the BSF.

Withdrawals from the Budget Stabilization Fund and Priority Uses of the Fund

Savings in the BSF will primarily be used to mitigate revenue shortfalls due to economic recessions and address the resulting short-term budgetary shortfall. It should not be used to pay for increased or enhanced services. While the BSF does not provide long-term relief from the implementation of structural reductions or solutions, it will provide a "soft landing" and transition for difficult and painful reductions to discretionary programs. Withdrawals from the BSF must be made as follows:

During the development of the budget for the upcoming fiscal year, a transfer from the BSF to the General Fund may be incorporated as part of the adopted budget when the combined growth of the following seven general fund tax revenue sources is anticipated to fall short of 3.4 percent for the upcoming fiscal year:

1. Property Tax
2. Utility Users' Tax
3. Business Tax
4. Sales Tax
5. Transient Occupancy Tax
6. Documentary Transfer Tax
7. Parking Users' Tax

The amount of the transfer from the BSF in any year shall be limited to 25 percent of the available balance in the BSF unless a fiscal emergency for the City has been declared or if the BSF funding policy is suspended by the City Council and Mayor based on findings that it is in the best interest of the City to suspend the policy.

The primary use of the BSF must be to mitigate revenue shortfalls due to economic recessions or revenue reductions and to address the resulting short-term budgetary shortfall. It shall not be used to provide increased or enhanced services or employee salaries and benefits.

In the event the combined Reserve Fund and BSF exceed 15 percent of the General Fund budget, the City may elect to use the surplus for one-time uses that include, but are not limited to capital projects, infrastructure repairs, debt repayment, settlements, and equipment purchases.

Attachment 2

National Conference of State Legislatures - State Budget Stabilization Funds -Spring 2008 - Revised Daniel G. Thatcher

State Budget Stabilization Funds, *Appendix A*

State	Fund	C or S	Citation	Most Recent Legislative Action	Method for Deposit	Method for Withdrawal	Supermajority Vote to Access Fund	Repayment Provision	Caps	Note
Alabama	Education Proration Prevention Fund (1988)	S	Ala. Code § 40-1-32.1	1999	Automatic appropriation of $21M in the first year (following the fund's depletion) and $8M thereafter up to $75M. Automatic appropriation can be waived via emergency resolution. At the beginning of each fiscal year, 20% of the unappropriated and unanticipated ending balance of the previous fiscal year until the fund reaches at least $75M.	Declaration of proration by governor, or declaration of emergency by legislature with a 2/3 vote of both House and Senate	*See* Method for Withdrawal.	Yes, as provided by the Legislature at its discretion.	Any amount of money in the Proration Prevention Account which is in excess of 10% of the preceding year's Education Trust Fund appropriations act shall revert back to the Education Trust Fund for the support and maintenance of public education.	Any monetary interest which accrues in the Proration Prevention Account shall be retained in said account from year to year.
Alabama	Education Trust Fund (ETF) Rainy Day Account	C	Ala. Const. art. XIV, § 260.01		By constitutional amendment; one time carve-out of oil and gas royalty funds equal to 6% of the ETF FY 2002 appropriation ($248M)	Certification that proration would occur without the funds.		Yes, replenishment within 5 years; no provision for opting out of repayment.		
Alaska	Budget Reserve Fund	S	Alaska Stat. § 37.05.540		By appropriation.	By appropriation or by declaration of emergency by governor.				
Alaska	Constitutional Budget Reserve Fund	C	Alaska Const. art. IX, § 17		All money received by the state as a result of the termination, through settlement or otherwise, of an administrative proceeding or of litigation in State or federal court involving mineral lease bonuses, rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments or bonuses, or involving taxes imposed on mineral income, production, or property, shall be deposited in the budget reserve fund.	If the amount available for appropriation for a fiscal year is less than the amount appropriated for the previous fiscal year; or, for any public purpose with a 3/4 vote.	Yes, 3/4 vote of both House and Senate.	Yes, until the amount appropriated is repaid, the amount of money in the general fund available for appropriation at the end of each succeeding fiscal year is deposited in the budget reserve fund.		
Arizona	Budget Stabilization Fund	S	Ariz. Rev. Stat. Ann. § 35-144; Ariz. Rev. Stat. Ann. § 35-313; Ariz. Rev. Stat. Ann. § 35-314.02		By appropriation. (In a calendar year in which the annual growth rate exceeds the trend growth rate, the excess growth when multiplied by total general fund revenue of the fiscal year ending in the calendar year determines the amount to be appropriated by the legislature to the fund in the FY in which the calendar year ends.)	By appropriation (In a calendar year in which the annual growth rate is both less than 2% and less than the trend growth rate, the difference between the annual growth rate and the trend growth rate when multiplied by the total general fund revenue of the fiscal year ending in the calendar year determines the amount to be transferred by the legislature from the budget stabilization fund to the state general fund at the end of the fiscal year in which the calendar year ends. The transfer calculated pursuant to this subsection shall not exceed the available balance in the fund, nor shall the legislature transfer an amount which exceeds the amount sufficient to balance the general fund budget); 2/3 vote is required to waive formula-determined withdrawal.			Fund capped at 7% of FY's GF revenues.	
California	Budget Stabilization Account	C	Cal. Const. art. XVI, art. 20	Passed by voters in 2004 primary election.	In each FY, the controller shall transfer from the GF to the Budget Stabilization Account a sum equal to 3% of the estimated amount of GF revenues for the current FY. (Transfers may be suspended or reduced by executive order of the governor.)	Monies in the sinking fund subaccount (*see* Notes) are continuously appropriated to the treasurer to be expended for the purpose of retiring deficit recovery bonds. All other withdrawals are as prescribed by statute.			5% of estimated GF revenues or $8B, whichever is greater.	Of the monies transferred to the Budget Stabilization Account each FY, 50% shall be deposited in the Deficit Recovery Bond Retirement Sinking Fund Subaccount (housed within the Budget Stabilization Account), for the purpose of retiring deficit recovery bonds.
California	Special Fund for Economic Uncertainties	S	Cal. Gov't Code § 16418	2006 Amendment: language cleanup.	Year-end surplus or by appropriation.	1) Transfer by controller to cover revenue shortfall or other GF deficiency; or 2) Director of finance can allocate funds for disaster relief (with notification to the Joint Legislative Budget Committee).		The Controller returns all of the monies transferred out of the Special Fund without payment of interest as soon as there are sufficient monies in the General Fund.		
Colorado	Required Reserve	S	Colo. Rev. Stat. § 24-75-201.1	2007 Colo. SB 222	For each FY, unrestricted GY year-end balances are retained as a reserve in an amount equal to 4% of the amount appropriated for expenditure (i.e., GF operating appropriations) from the GF for that FY.	By appropriation or other statutory authorization.			4% of GF operating appropriations.	

State Budget Stabilization Funds, *Appendix A*

State	Fund	C or S	Citation	Most Recent Legislative Action	Method for Deposit	Method for Withdrawal	Supermajority Vote to Access Fund	Repayment Provision	Caps	Note
Connecticut	Budget Reserve Fund	S	Conn. Gen. Stat. § 4-30a; see also Conn. Const. Amend. Art. 3, § 18		Year-end surplus is transferred by the state treasurer to the Budget Reserve Fund.	Automatic appropriation to cover immediately preceding fiscal year's deficit to the extent funds are available. To use surplus monies for purposes beyond budget deficit relief or reduction of bonded indebtedness, authorization must be granted by 3/4 of the members of each house.	*See* Method for Withdrawal.		Fund cannot exceed 10% of net GF appropriations for the fiscal year in progress. In the event a surplus exists after Fund appropriation, remaining surplus is appropriated to State Employees Retirement, subject to a 5% cap of the system's unfunded past service liability. In the event a surplus still remains, surplus is appropriated to reduction of bonded indebtedness as specified in statute.	Interest derived from the Fund is credited to the GF.
Delaware	Budget Reserve Account	C	Del. Const. art. VIII, § 6; Del. Code Ann. tit. 29, § 6533		Automatic deposit from previous year's unencumbered funds.	By appropriation to cover budget deficit or to compensate for revenue reductions; requires 3/5 vote.	*See* Method for Withdrawal.		5% of GF	
District of Columbia	Emergency Cash Reserve Fund	S	D.C. Code § 1-204.50a	Technical changes signed into law 2006.	Deposit required each year to maintain a balance of 2% of expenditures.	Based on a policy developed by the Chief Financial Officer, in consultation with the Mayor, for uses such uses as, but not limited to, unanticipated and nonrecurring extraordinary needs of an emergency nature including a natural disaster or in the event of a State of Emergency as declared by the Mayor.		Must be fully replenished within two years of use (50% per year).	2% of expenditures	
District of Columbia	Contingency Cash Reserve Fund	S	D.C. Code § 1-204.50a	Technical changes signed into law 2006.	Deposit required each year to maintain a balance of 4% of expenditures.	Based on a policy developed by the Chief Financial Officer, in consultation with the Mayor, for uses such uses as, but not limited to, unanticipated and nonrecurring extraordinary needs including to cover a revenue shortfall.		Must be fully replenished within two years of use (50% per year).	4% of expenditures	
Florida	Budget Stabilization Fund	S	Fla. Stat. § 215.18; Fla. Stat. § 215.32; Fla. Stat. § 215.37; Fla. Stat. § 216.221; Fla. Stat. § 216.222	2004 Fl. ALS 239; 2005 Fl. ALS 152; 2006 Fl. ALS 122; 2007 Fl. ALS 6; 2007 Fl. ALS 217	By Sept. 15 of each year, the governor authorizes the chief financial officer to transfer to the Budget Stabilization Fund an amount equal to at least 5% of net revenue collections for the General Revenue Fund during the last completed fiscal year. Monies needed for the Budget Stabilization Fund may be appropriated by the legislature from any funds.	Budget Stabilization Funds may be used to offset a deficit in the General Revenue fund, to provide funding for states of emergency, or to provide temporary transfers as defined by law (*see* Fla. Stat. § 215.18). A transfer from the Budget Stabilization Fund may be approved: 1) by the Governor in response to a declared disaster within a declaration period (*see* § 252.37(2)); 2) by the Governor and Legislative Budget Commission to satisfy budget authority granted for declared disasters when not within the declaration period; 3) by the Comptroller to address an end-of-year revenue short fall (*see* § 216.222); 4) by the Governor and House/Senate Appropriations Chairs to offset a revenue shortfall under 1.5% of monies appropriated from the General Revenue Fund (*see* § 216.221); and, 5) by the Governor and House/Senate Appropriations Chairs for temporary transfers to General Revenue (*see* §§ 216.222(1)(c) and 215.18).		Repayment of budget stabilization funds shall be made in five equal annual transfers from the General Revenue Fund, beginning in the third FY following the year in which the expenditure was made. If the transfer was made to address an end-of-year revenue shortfall, the Comptroller shall first repay the fund with any general revenue carried forward.	Not to exceed 10% of the last completed fiscal year's net General Revenue Fund collections.	The Budget Stabilization Fund may be used as a revolving fund for transfers as provided in Fla. Stat. § 215.18; however, any interest earned must be deposited in the General Revenue Fund.
Georgia	Revenue Shortfall Reserve	S	Ga. Code § 45-12-71; Ga. Code § 45-12-93	2005 Ga. ALS 322	Surplus in state funds existing as of the end of each fiscal year are added and reserved to the Revenue Shortfall Reserve.	By appropriation to cover any deficit by which total expenditures exceed net revenues.			Not to exceed 10% of the previous fiscal year's net revenue.	General Assembly may appropriate up to 1% of the net revenue collections of the preceding fiscal year for funding increased K-12 needs.

State Budget Stabilization Funds, *Appendix A*										
State	Fund	C or S	Citation	Most Recent Legislative Action	Method for Deposit	Method for Withdrawal	Supermajority Vote to Access Fund	Repayment Provision	Caps	Note
Hawaii	Emergency and Budget Reserve Fund	S	Hawaii Rev. Stat. § 328L-3	2002 Haw. Sess. Laws, Act 178, § 3; 2002 Haw. Sess. Laws, Act 16, § 24; 2007 Haw. Sess. Laws, Act 78, § 4	By appropriation, plus 24.5% of tobacco settlement monies received by the state.	With a 2/3 majority approval of both houses, the legislature may make appropriations from the fund for the following reasons: to maintain levels of programs determined to be essential to the public health, safety, welfare, and education; to provide for counter cyclical economic and employment programs in periods of economic downturn; to restore facilities destroyed or damaged or services disrupted by disaster in any county; and to meet other emergencies when declared by the governor or determined to be urgent by the legislature. The governor, through an appropriations bill, may recommend expenditures from the fund.	Appropriations require 2/3 majority approval of both houses.			All interest earned from the fund will be credited to the general fund.
Idaho	Budget Reserve Account	S	Idaho Code § 57-814; Idaho Code § 57-814A		If the state controller certifies that the receipts to the general fund for the fiscal year just ending have exceeded the receipts of the previous fiscal year by more than 4%, then the state controller shall transfer all general fund collections in excess of said 4% increase to the budget stabilization fund, up to a maximum of 1% of the actual general fund collections of the fiscal year just ending. The state controller shall make the transfers in four equal amounts during Sept., Dec., March and June of the next fiscal year.	At the end of the fiscal year, if the state board of examiners determines that insufficient general fund monies are available to meet the level of general fund appropriations authorized by the legislature for that same fiscal year, the board is authorized to transfer certain unencumbered monies from the budget stabilization fund to the general fund. Such transfers will be the final accounting adjustment to close the fiscal year and shall be limited to the amount of the insufficiency or one-half of one percent (0.5%) of the original general fund appropriations made for the fiscal year just ending, whichever is less. Any transfer made pursuant to this section from the budget stabilization fund to the general fund shall be specifically addressed in the governor's executive budget recommendation for the following year which is then subject to review or action by the legislature.			5% of the total general fund receipts for the fiscal year just ending.	Appropriations of monies from the budget stabilization fund in any year shall be limited to 50% after the fund balance has reached 5%. Interest earnings from the investment of monies in the Budget Reserve Account are credited to the permanent building account.
Illinois	Budget Stabilization Fund	S	Ill. Rev. Stat. ch. 30, § 122/5; Ill. Rev. Stat. ch. 30, § 122/10; Ill. Rev. Stat. ch. 30, § 122/15; Ill. Rev. Stat. ch. 30, § 122/20; Ill. Rev. Stat. ch. 30, § 122/25; Ill. Rev. Stat. ch. 30, § 105/6z-51	2003 ILL. ALS 660	If GF revenues increase by more than 4% from the prior fiscal year's revenues and appropriations from the GF do not exceed 99% of GF revenues, 0.5% of GF revenues are transferred to the Budget Stabilization Fund. If GF revenues increase by more than 4% for two consecutive fiscal years and appropriations from the GF do not exceed 98% of GF revenues, 1% of GF revenues are transferred to the Budget Stabilization Fund. Transfers to the Budget Stabilization Fund occur on the 1st day of each month in shares of 1/12 of the total FY's Budget Stabilization Fund appropriation.	The State Comptroller may direct the State Treasurer to transfer monies from the Budget Stabilization Fund to the GF in order to meet cash flow deficits resulting from timing variations between disbursements and the receipt of funds within a fiscal year.		Monies borrowed must be repaid by June 30 of the fiscal year in which they were borrowed.	5% of the total of general fund revenues.	"The Budget Stabilization Fund is ... established for the purpose of reducing the need for future tax increases, maintaining the highest possible bond rating, reducing the need for short term borrowing, providing available resources to meet State obligations whenever casual deficits or failures in revenue occur, and providing the means of addressing budgetary shortfalls. In authorizing transfers from the Budget Stabilization Fund ... priority consideration should be given to meeting obligations for [K-12] education, child care, and other programs that may provide a direct benefit to children."
Indiana	Counter-Cyclical Revenue and Economic Stabilization Fund	S	Ind. Code Ann. § 4-10-18-1, et seq.; see also Ind. Code Ann. § 6-1.1-21.5-3 and Ind. Code Ann. § 6-1.1-21.9-2		Statutory formula triggered when the annual growth rate in adjusted personal income exceeds 2%.	Statutory formula triggered when the annual growth rate in adjusted personal income is less than negative 2%.			Fund capped at 7% of state GF revenue.	
Iowa	Cash Reserve Fund	S	Iowa Code § 8.56; Iowa Code § 8.57		By appropriation when there is a year-end GF surplus.	By appropriation for non-recurring emergency expenditures; requires 3/5 vote if the fund's balance drops to less than 3.75% of the adjusted revenue estimate for the year in which the appropriation is made.	*See* Method for Withdrawal.	Monies in the cash reserve fund may be used for cash flow purposes during a fiscal year provided that any monies so allocated are returned to the cash reserve fund by the end of that fiscal year.	Fund capped at 7.5% of the adjusted GF revenue estimate for the current fiscal year.	

State Budget Stabilization Funds, *Appendix A*

State	Fund	C or S	Citation	Most Recent Legislative Action	Method for Deposit	Method for Withdrawal	Supermajority Vote to Access Fund	Repayment Provision	Caps	Note
Iowa	Economic Emergency Fund	S	Iowa Code § 8.55		By appropriation when there is a year-end GF surplus.	By appropriation for emergency expenditures. Appropriation may not exceed $50M.			Fund capped at 2.5% of the adjusted revenue estimate for the fiscal year.	
Kentucky	Budget Reserve Trust Fund	S	Ky. Rev. Stat. § 48.705		The lesser of: 1) 50% of GF revenue surplus plus 50% of unexpended balance of GF appropriations; or 2) the amount necessary, from the GF revenue surplus plus the unexpended balance of appropriations, to make the balance of the budget reserve trust fund account equal to 5% of GF revenue receipts.	By 1) appropriation; or 2) if actual general fund revenue receipts are not sufficient to meet the GF appropriation levels authorized by the General Assembly in the branch budget bills for the executive, legislative, and judicial branches.			5% of GF revenue receipts.	
Louisiana	Budget Stabilization Fund	C	La. Const. art. VII, § 10.3; see also La. Rev. Stat. Ann. §§ 39:94; 39:95	2003 La. ALS 1307; 2005 La. ALS 34	Automatic deposit of revenues exceeding $750M from taxes on the production of, or exploration for, minerals. With some limitations, the $750M base may be increased every 10 years, beginning in the year 2000, by a law enacted by a 2/3 vote.	By appropriation, not to exceed one-third of the fund and requiring a 2/3 vote when: 1) the official forecast for a fiscal year is less than revenues received by the state in the preceding fiscal year; or 2) if a deficit for the current fiscal year is projected due to a decrease in the official forecast.	*See* Method for Withdrawal.		4% of total state revenue receipts for the previous fiscal year.	
Maine	Budget Stabilization Fund	S	Me. Rev. Stat. Ann. tit. 5, §§ 1531; 1532; 1533; 1534; 1535; 1536	2005, 2007	Transfer from the GF unappropriated surplus.	Subject to annual legislative deliberations.			Fund may not exceed 12% of total GF revenues in the immediately preceding state fiscal year and may not be reduced below 1% of total GF revenue in the immediately preceding state FY.	
Maryland	Revenue Stabilization Account	S	MD Code, State Finance and Procurement, § 7-311	2003	By appropriation. If Account balance is below 3% of estimated GF revenues, the governor shall include in the budget bill an appropriation equal to at least $100M; if balance is at least 3% but less than 7.5% of estimated GF revenues, the governor shall include in the budget bill an appropriation equal to at least the lesser of $50M or the amount necessary for the fund balance to exceed 7.5% of estimated GF revenues for the fiscal year.	Transferred by governor if authorized by an act of the General Assembly or specifically authorized in the state budget bill as enacted; Legislature may reduce amount transferred by amending budget bill.			7.5% of estimated GF revenues.	
Massachusetts	Commonwealth Stabilization Fund	S	Mass. Gen. Laws Ann. Ch. 29, § 2H; Ch 29, § 5C		0.5% of the total revenue from taxes in the preceding FY shall be available to be used as revenue for the current fiscal year and 0.5% of the total revenue from taxes in the preceding FY shall be transferred to the Stabilization Fund. Any remaining amount shall be transferred to the Stabilization Fund.	By appropriation: 1) to make up any difference between actual state revenues and allowable state revenues when actual revenues fall below the allowable amount; or 2) to replace the state and local loss of federal funds; or 3) for any event that threatens the health, safety or welfare of the people or the fiscal stability of the state.			Fund capped at 15% of current fiscal year revenues.	
Michigan	Countercyclical Budget & Economic Stabilization Fund	S	Mich. Comp. Laws §§ 18.1351; 18.1352; 18.1353; 18.1354; 18.1355; 18.1356; 18.1357; 18.1358; 18.1359		Statute requires appropriation of an amount equal to: (annual growth rate in real personal income in excess of 2%) X (total GF revenues for the fiscal year ending in the current calendar year).	If annual growth rate in real personal income is negative, withdrawal equals (deficiency) X (total GF revenues for the fiscal year ending in the current calendar year), but no more than needed to balance budget. Also, if unemployment is between 8% and 11.9%, 2.5% of fund can be used for economic stabilization in calendar quarter; if unemployment is over 12%, 5% of fund can be used for economic stabilization in calendar quarter. Additionally, an emergency appropriation from the fund may be made with 2/3 majority vote of both houses.	*See* Method of Withdrawal.		10% of GF and school aid revenues for FY.	
Minnesota	Budget Reserve and Cash Flow Accounts	S	Minn. Stat. §16A.152		If surplus remains in the GF after close of biennium, commissioner of finance allocates money to the following accounts in following order: (1) the cash flow account until that account reaches $350M; (2) the budget reserve account until that account reaches $653M; (3) the amount necessary to increase the aid payment schedule for school district aid and credit payments; and (4) the amount necessary to restore all or a portion of the net aid reductions under section 127A.441 and to reduce the property tax revenue recognition shift.	By transfer authorized by the commissioner of finance, with approval of the governor and in consultation with the Legislative Advisory Commission, when: (1) a negative budgetary balance is projected and when objective measures (such as reduced growth in total wages) reflect downturns in the state's economy; or (2) probable receipts for the GF will be less than anticipated and the amount available for the rest of the biennium will be insufficient.		The restoration of the budget reserve should be governed by principles based on the full economic cycle rather than the budget cycle. Restoration of the budget reserve should occur when objective measures, such as increased growth in total wages, retail sales, or employment, reflect upturns in the state's economy.	De facto cap of $1,003M ($350M cap on cash flow account; $653M cap on budget reserve account).	

State Budget Stabilization Funds, *Appendix A*										
State	**Fund**	**C or S**	**Citation**	**Most Recent Legislative Action**	**Method for Deposit**	**Method for Withdrawal**	**Supermajority Vote to Access Fund**	**Repayment Provision**	**Caps**	**Note**
Mississippi	Working Cash-Stabilization Reserve Fund	S	Miss. Code Ann. § 27-103-203		Year-end surplus until the fund reaches $40M; thereafter, 50% of the unencumbered GF cash balance until the fund reaches 7.5% of GF appropriations.	Transfer by the executive director of the Department of Finance & Administration: 1) to meet cash-flow needs; or 2) to cover deficits (up to $50M in any one fiscal year); or 3) to provide funds for disaster assistance.		Borrowed funds must be repaid within the same FY.	7.5% of GF appropriations if Working Cash-Stabilization Reserve Fund's balance exceeds $40M.	
Missouri	Budget Reserve Fund	C	Mo. Const. art. IV, § 27(a); Mo. Rev. Stat. § 33.285		The commissioner of administration shall transfer from the GF to the budget reserve fund an amount equal to a "cash operating transfer" plus interest, prior to May 16 of the FY in which the transfer was made. A "cash operating transfer" is a transfer made by the commissioner of administration from the budget reserve fund to the GF to meet the cash requirements of the state.	If the governor reduces the expenditures of the state or any of its agencies below their appropriations, or in the event of a disaster, the governor may request the general assembly to appropriate funds from the budget reserve fund to cover the reduced expenditures or budget needs due to disasters. The maximum amount which may be appropriated at any one time for such budget stabilization purposes shall be 1/2 of the sum of the balance in the fund.	Any transfers requested of the general assembly by the governor require 2/3 vote of both houses of the general assembly.	1/3 of the amount transferred or expended from the budget reserve fund plus interest stand appropriated to the budget reserve fund during each of the next three fiscal years, and such amount, and any additional amounts which may be appropriated for that purpose, shall be transferred from the fund which received such transfer to the budget reserve fund by the fifteenth day of the fiscal year for each of the next three fiscal years or until the full amount, plus interest, has been returned to the budget reserve fund. The maximum amount which may be outstanding at any one time and subject to repayment to the budget reserve fund for budget stabilization purposes shall be one-half of the sum of the balance in the fund and all outstanding amounts appropriated or otherwise owed to the fund.	7.5% of net general revenue for previous FY.	
Nebraska	Cash Reserve Fund	S	Neb. Rev. Stat. § 84-612		Transfer by state treasurer when actual GF net receipts for the preceding three months exceed estimated receipts for the three-month period.	Transfer is made to the GF when the cash balance in the GF is inadequate to meet current obligations.				
Nevada	Fund to Stabilize Operation of State Government	S	Nev. Rev. Stat. § 353.288	2001, 2003, 2005	State comptroller must deposit into the Fund to Stabilize Operation of State Government 40% of the unrestricted balance of the state GF which remains after subtracting an amount equal to 10% of all appropriations made from the GF.	By appropriation only if: 1) the total actual revenue of the state falls short by 5% or more of the total anticipated revenue for the biennium in which the appropriation is made; or 2) the legislature and governor declare a fiscal emergency.			Balance in Fund not to exceed 15% of total appropriations from GF.	
New Hampshire	Revenue Stabilization Reserve Account	S	N.H. Rev. Stat. Ann. § 9:13-e		With some limitations, transfer by comptroller of any surplus at the end of each biennium.	Transfer by comptroller with the approval of fiscal committee and governor when: 1) GF operating deficit occurred for most recently completed fiscal year; and 2) unrestricted GF revenues in the most recently completed fiscal year were less than budget forecast. Fund cannot be used for any other purpose without a 2/3 vote and governor's approval.	*See* Method for Withdrawal.		Fund capped at 10% of actual GF unrestricted revenues for the most recently completed fiscal year.	
New Jersey	Surplus Revenue Fund	S	N.J. Stat. Ann. § 52:9H-14; N.J. Stat. Ann. § 52:9H-15; N.J. Stat. Ann. § 52:9H-16; N.J. Stat. Ann. § 52:9H-17; N.J. Stat. Ann. § 52:9H-18; N.J. Stat. Ann. § 52:9H-19; N.J. Stat. Ann. § 52:9H-20; N.J. Stat. Ann. § 52:9H-21; N.J. Stat. Ann. § 52:9H-22		50% of actual revenue collections in excess of governor's certification of revenues.	By appropriation only: 1) upon certification by the governor that anticipated GF revenues are estimated to be less than those certified upon approval of appropriations act; 2) upon findings by the legislature that to offset anticipated GF revenue declines, an appropriation from the fund is more prudent than a tax increase; 3) when the governor declares an emergency and notifies the Joint Legislative Budget Oversight Committee.			Fund capped at 5% of anticipated revenues.	If in a FY an appropriation is made from the Surplus Revenue Fund for reasons other than a declared emergency, no new taxes or increase in existing taxes can be enacted unless a decline in GF revenue is greater than 2%.

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State	**Fund**	**C or S**	**Citation**	**Most Recent Legislative Action**	**Method for Deposit**	**Method for Withdrawal**	**Supermajority Vote to Access Fund**	**Repayment Provision**	**Caps**	**Note**
New Mexico	Operating Reserve Fund	S	N.M. Stat. Ann. § 6-4-2.1		Transfer from GF.	By specific authorization of the legislature only in the event that GF revenues and balances are insufficient to meet authorized levels of appropriations.				
New York	Tax Stabilization Reserve Fund	S	N.Y. State Fin. Law § 92; (*See also* N.Y. Const. art. 7, § 17)		Any GF cash surpluses existing at year-end, up to a maximum contribution of 0.2% of total GF disbursements.	By transfer at the end of a fiscal year when GF receipts fall below the aggregate amount disbursed from the GF. The fund also can be temporarily loaned to the GF to assist with cash flow.		Once borrowed, fund must be paid back within six years in three equal installments. Repayments to the Tax Stabilization Reserve Fund shall be stipulated in annual budget bills. Monies loaned on a temporary basis must be repaid in cash by the end of the FY in which they were borrowed.	Reserve fund balance cannot exceed 2% of GF disbursements for the FY.	
New York	Rainy Day Reserve Fund	S	N.Y. State Fin. Law § 92-cc	Created 2007.	By appropriation.	In the event of an economic downturn or catastrophic event, and upon notification to leaders of the executive and legislative branches, the director of the budget may authorize and direct the comptroller to transfer from the rainy day reserve fund to the GF the amount needed to meet the requirements of the state financial plan. An economic downturn is defined as five consecutive months of decline in the composite index of business cycle indicators.		Withdrawals made due to economic downturn shall be repaid in cash within a period of three years. Withdrawals made due to catastrophic events shall be subject to repayment provisions to be proposed by the governor and implemented by appropriation or transfer of funds.	Fund cannot exceed 3% of projected GF disbursements for the upcoming FY.	
North Carolina	Savings Reserve Account	S	N.C. Gen. Stat. § 143C-4-2	2006 N.C. ALS 203	Transfer of 1/4 of any unreserved credit balance at the end of the fiscal year.	Funds reserved to the Savings Reserve Account shall be available for expenditure only upon an act of appropriation by the General Assembly "[...] to address unanticipated events and circumstances such as natural disasters, economic downturns, threats to public safety, health, and welfare, and other emergencies."			It is a goal of the General Assembly and the State to accumulate and maintain a balance in the Savings Reserve Account equal to or greater than 8% of the prior year's GF operating budget.	
North Dakota	Budget Stabilization Fund	S	N.D. Cent. Code § 54-27.2-01; N.D. Cent. Code § 54-27.2-02; N.D. Cent. Code § 54-27.2-03		Transfer of GF surplus in excess of $65M at the end of the biennium.	Governor may transfer for revenue shortfall in excess of 2.5% of the estimate made by the most recently adjourned Assembly.			5% of the current biennial GF budget until June 30, 2009, thereafter, the cap moves from 5% to 10%.	
Ohio	Budget Stabilization Fund	S	Ohio Rev. Code Ann. § 131.43		General Assembly to maintain by appropriation an amount of money in the budget stabilization fund that amounts to approximately 5% of the GF revenues for the preceding FY.	Governor submits to the General Assembly proposals for appropriations between the GF and the budget stabilization fund.		Approximately 5% of GF revenues for the preceding FY.		The balance of the Budget Stabilization Fund may be combined with the balance in the GF for purposes of cash management.
Oklahoma	Constitutional Reserve Fund	C	Okla. Const. art. X, § 23		Transfer by the state treasurer of surplus of previous FY's GF revenue estimates.	Up to 3/8 of the balance may be appropriated if: 1) forthcoming fiscal year GF revenue is certified to be less than that of current fiscal year certification; or 2) if a revenue failure has occurred with respect to the GF of the State Treasury. Also, up to 1/4 of the balance may be appropriated if: 1) emergency declaration by governor with concurrence by Legislature with a 2/3 vote; 3) joint emergency declaration by speaker and president pro tempore with concurrence by Legislature with a 3/4 vote.	See Method for Withdrawal.		10% of GF revenue for the preceding FY.	

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State	Fund	C or S	Citation	Most Recent Legislative Action	Method for Deposit	Method for Withdrawal	Supermajority Vote to Access Fund	Repayment Provision	Caps	Note
Oregon	Education Stability Fund	C	Ore. Const. art. XV, § 4 (*see* Ore. Rev. Stat. § 348.716)	2002	18% of net proceeds from the state lottery is deposited in the fund until the fund cap is reached. The legislature may make additional appropriations into the fund.	Appropriation may be made with 3/5 of each house if: 1) the last quarterly economic and revenue forecast for a biennium indicates GF revenue's for the next biennium will be at least 3% less than appropriations from the state's GF for the current biennium; 2) there has been a decline for two or more consecutive quarters in the last 12 months in seasonally adjusted nonfarm payroll employment; or 3) a quarterly economic and revenue forecast projects that revenues in the state's GF in the current biennium will be at least 2% below what the revenues were projected to be in the revenue forecast on which the adopted budget for the current biennium was based; or 4) if the proposed appropriation, allocation or transfer is approved by 3/5 of each house and the governor declares an emergency.	3/5 of each house of the legislature.		5% of GF revenues from the previous biennium.	Appropriations from the fund must be used on public education.
Oregon	Rainy Day Fund	S	Ore. Rev. Stat. § 293.144, et seq.; (Chap. 5 Oregon Laws 2007)	2007	An amount equal to 1% of the GF appropriations made for that biennium is to be transferred to the Rainy Day Fund; if the ending balance is equal to or less than 1% of the GF appropriations, then the entire amount of the ending balance is to be transferred to the Rainy Day Fund.	Appropriation may be made with 3/5 of each house if: 1) the last quarterly economic and revenue forecast for a biennium indicates GF revenue's for the next biennium will be at least 3% less than appropriations from the state's GF for the current biennium; 2) there has been a decline for two or more consecutive quarters in the last 12 months in seasonally adjusted nonfarm payroll employment; or 3) a quarterly economic and revenue forecast projects that revenues in the state's GF in the current biennium will be at least 2% below what the revenues were projected to be in the revenue forecast on which the adopted budget for the current biennium was based.	3/5 of each house of the legislature.		7.5% of GF revenues from the previous biennium.	Legislature may not appropriate more than 2/3 of the fund for any one biennium.
Pennsylvania	Budget Stabilization Reserve Fund	S	Pa. Stat. Ann. tit. 72, § 1701-A; Pa. Stat. Ann. tit. 72, § 1702-A; Pa. Stat. Ann. tit. 72, § 1703-A	2002, 2005	In the event of a surplus in the GF, 25% of the surplus is deposited into the Budget Stabilization Reserve Fund, or by appropriation.	By appropriation with 2/3 vote when governor declares an emergency or to counterbalance downturns in the economy that will result in significant unanticipated revenue shortfalls.	By 2/3 vote of both chambers.		If the Budget Stabilization Reserve Fund exceeds 6% of the actual GF revenues received for the fiscal year in which the surplus occurs, 10% of the surplus shall be deposited by the end of the next succeeding quarter into the Budget Stabilization Reserve Fund.	Any money appropriated from Budget Stabilization Reserve Fund which has then lapsed is returned to the Budget Stabilization Reserve Fund.
Puerto Rico	Budgetary Fund	S	PR ST T. 23 § 106		Budgetary Fund to be maintained at not less than one third of one percent (1/3 of 1%) of the total Joint Budget Resolution (the governor may order a larger deposit).	The Governor may transfer funds to cover appropriations when resources are insufficient, to provide for payment of public debt service, to address any unexpected situation in the public service, or to honor obligations of programs funded with contributions or grants from the U.S. government that have not been received.			Fund capped at 6% of the appropriated funds of the Budget Joint Resolution in any year.	
Rhode Island	State Budget Reserve and Cash Stabilization Account	S (& C)	R.I. Gen. Laws § 35-3-20; R.I. Gen. Laws § 35-3-20.1; *see also* R.I. Const. art. IX, § 16, *and* R.I. Gen. Laws § 35-6-1	2006	State budget cannot exceed 98% (□FY09, 98.7%; FY10, 97.6%) of estimated state general revenues. An amount remaining between the budget cap (currently 98%) and 100% of estimated state general revenues is transferred by the controller into the Budget Reserve Account.	By resolution adopted by a majority vote of each house of the general assembly when the budget officer declares that actual GF revenue will not equal the original estimates upon which appropriations were based.		State statutes call for the fund to be repaid in the second fiscal year following the fiscal year in which a transfer was made from the fund and, when necessary, in subsequent fiscal years.	Fund capped at 3% (FY09, 3.4%; FY10, 3.8%) of total fiscal year resources.	
South Carolina	General Reserve Fund	C	S.C. Const. art. III, § 36; *see also* S.C. Code Ann. § 11-11-310		Transfer of prior year unobligated cash balance.	By appropriation.		Amount must be restored to the Budget Reserve Fund within three FYs at a rate of not less than 1% of GF revenue of latest completed FY until fund is restored to 3%.	Fund capped at 3% of GF appropriations for the prior fiscal year.	

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State	**Fund**	**C or S**	**Citation**	**Most Recent Legislative Action**	**Method for Deposit**	**Method for Withdrawal**	**Supermajority Vote to Access Fund**	**Repayment Provision**	**Caps**	**Note**
South Carolina	Capital Reserve Fund	S	S.C. Code Ann. § 11-11-320; S.C. Code Ann. § 11-11-325; S.C. Code Ann. § 11-11-335; see also S.C. Const. art. III, § 36		By appropriation an amount equal to 2% of GF revenue of the latest completed fiscal year.	By appropriation when revenues at the end of the fiscal year are projected to be less than expenditures authorized by appropriation for that year.	If the Capital Reserve Fund is not tapped to address a budget deficit, the Legislature--with 2/3 vote of members present and voting, but not less than 3/5 vote of total membership--can appropriate money from the fund: 1) to finance in cash previously authorized capital improvement bond projects; 2) to retire interest or principal on bonds previously issued; or 3) for capital improvements or other nonrecurring purposes.		Fund capped at 2% of GF appropriations for the prior fiscal year.	Any monies remaining in the Fund at the end of the FY lapse and are credited to the GF.
South Dakota	General Reserve Fund	S	S.D. Codified Laws Ann. § 4-7-32	2002	Transfer of prior year unobligated cash balance to General Reserve Fund	By special appropriation of the Legislature to redress unforeseen expenditure obligations or unforeseen revenue shortfalls.	2/3 vote of each house of the Legislature.		10% of GF	http://legis.state.sd.us/IssueMemos/IssueMemos/Im02-02.pdf
Tennessee	Reserve for Revenue Fluctuations	S	Tenn. Code Ann. § 9-4-211	2003	By appropriation an amount 10% or greater of the estimated growth in state tax revenues.	By transfer by the commissioner of Finance and Administration to offset revenue shortfalls, with notification to the chairs of the Finance, Ways & Means Committees of the Senate and House. Expenditure from the fund cannot exceed $100M or 1/2 of the available reserve to meet expenditure requirements in excess of budgeted appropriation levels.			5% of estimated state tax revenues to be allocated to the GF and education trust fund for given FY.	The statute declares legislative intent to be that, to the extent practicable, revenue shortfalls will be offset by reductions in expenditures before using amounts in the reserve fund.
Texas	Economic Stabilization Fund	C	Tex. Const. art. III, § 49-g		The constitutional amendment creating the fund mandates the following revenue transfers to it: 1) one-half of any unencumbered general revenue fund balance at the end of each fiscal biennium; 2) an amount of general revenue equal to 75% of the amount by which oil production tax collections in any future fiscal year exceed oil production tax collections in fiscal year 1987; 3) an amount of general revenue equal to 75% of the amount by which natural gas production tax collections in any future fiscal year exceed oil production tax collections in the fiscal year 1987; 4) the Legislature also may appropriate additional funds.	By appropriation with a 3/5 vote of members present if: 1) the comptroller certifies that appropriations from general revenue made by the preceding legislature for the current biennium exceed available general revenues for the remainder of the biennium; 2) an estimate of anticipated revenues for a succeeding biennium is less than the revenues estimated to be available for the current biennium; 3) for any purpose with 2/3 vote of members present.	*See* Method for Withdrawal.		Fund capped at 10% of general revenue fund deposits (excluding interest and investment income) during the preceding biennium.	
Utah	Budget Reserve Account	S	Utah Code Ann. § 63-38-2.5; *see also* Utah Code Ann. § 63-38-2.6		25% of GF surplus.	By appropriation to cover operating deficits, state settlement agreements, retroactive tax refunds, or deficits in public education appropriations.		If a surplus exists and if, within the last 10 years, the Legislature has appropriated any money from the General Fund Budget Reserve Account that has not been replaced, up to an additional 25% more of the surplus must be transferred to the General Fund Budget Reserve Account to replace the amounts appropriated from the fund.	Fund capped at 6% of the GF appropriation and Uniform School Fund appropriation amount for the FY in which a surplus occurred.	
Vermont	Budget Stabilization Trust Fund	S	Vt. Stat. Ann. tit. 32, § 308		Undesignated GF surplus; also, any additional amounts as may be authorized by the General Assembly.	Transfer by the commissioner of Finance and Management to the extent necessary to offset a GF deficit.			Fund is capped at 5% of GF appropriations for the prior fiscal year.	

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State	Fund	C or S	Citation	Most Recent Legislative Action	Method for Deposit	Method for Withdrawal	Supermajority Vote to Access Fund	Repayment Provision	Caps	Note
Virgin Islands	Budget Stabilization Fund	S	V.I. Code Ann. tit. 33, § 33/3100m	2006	An annual appropriation of $10M, and any FY end surplus.	Transfer by the commissioner of finance to: 1) offset an deficit in the GF at the end of a FY; 2) offset a temporary shortfall in the GF caused by lagging revenue collections; and, 3) provide emergency funding for disaster recovery.		Any monies disbursed to offset shortfall must be repaid to the fund by the end of the FY.	5% of total appropriations from the GF for FY in progress.	
Virginia	Revenue Stabilization Fund	C	Va. Const. art. X, § 8; (*see also* Va. Code § 2.2-1828; Va. Code § 2.2-1829; Va. Code § 2.2-1830; Va. Code § 2.2-1831)		By formula as specified in the state's constitution: Deposit ≥ 0.5 x [(certified tax revenues) x (FY's % increase - average increase over six years)]. Also, *if:* a) annual % increase in certified tax revenues ≥ 8%; ***and*** b) annual % increase in certified tax revenues ≥ 1.5% of six year average increase; ***and*** c) estimated GF revenues for current FY > 5% of previous FY's actual GF revenues; ***then*** Governor shall submit in the budget recommendations an additional deposit into the fund ≥ 0.25 x [(certified tax revenues) x (FY's % increase - average increase over six years)].	General Assembly may make a withdrawal only if GF revenues appropriated exceed revised GF revenue forecast by more than 2% of certified tax revenues collected from previous FY. Withdrawal may not exceed 1/2 of the fund, and may not compensate more than 1/2 of the projected revenue shortfall.			Fund capped at 10% of the average annual tax revenues derived from income and retail sales for the three FYs immediately preceding.	
Washington	Budget Stabilization Account	C	Wa. Const. art. VII, § 12	SJR 8206 (approved in 2007 general election)	By June 30th of each FY, an amount equal to 1% of the general state revenues for that FY shall be transferred to the budget stabilization account.	Withdrawal may be made if: 1) Governor declares emergency, legislature may by majority vote of both houses provide an appropriation; 2) employment growth forecast is less than 1%, "moneys may be withdrawn and appropriated from the Fund" by a majority vote of both houses. Additionally, 3) an appropriation may be made at any time by 3/5 vote of both houses.	*See* Method for Withdrawal.		10% of estimated general state revenues.	
West Virginia	Revenue Shortfall Reserve Fund	S	W. Va. Code § 11B-2-20		By transfer of the first 50% of all surplus revenues accrued during the fiscal year just ended.	By appropriation to meet any anticipated revenue shortfall, for emergency revenue needs caused by acts of God or natural disasters or for other fiscal needs as determined solely by the legislature.		Any funds borrowed must be repaid, without interest, and redeposited to the credit of the fund within 90 days of their withdrawal.	Fund capped at 10% of GF appropriations for the fiscal year just ended.	The amount of funds borrowed shall not exceed 1.5% of general revenue estimate of the FY in which the funds are to be borrowed, or the amount the governor determines is necessary to make timely payment of the state's obligations, whichever is less.
Wisconsin	Budget Stabilization Fund	S	Wis. Stat. § 20.875; Wis. Stat. § 25.60; Wis. Stat. § 16.465; Wis. Stat. § 16.518		By transfer of 50% of surplus revenues.	By appropriation.			Fund capped at 5% of estimated expenditures from the GF.	
Wyoming	Budget Reserve Account	S	Wyo. Stat. § 9-2-1014.1; Wyo. Stat. § 39-14-801	2005	Year-end surplus plus appropriations.	By appropriation.				

Key:
S–Statutory
C–Constitutional
M–Million
B–Billion
FY–Fiscal Year
GF–General Fund

Source: Author's own compilation and analysis. Please contact the author for questions or revisions.

Source:
National Conference of State Legislatures
State Budget Stabilization Funds
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