

2020 -- H 8120

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2020

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A N A C T

RELATING TO PUBLIC FINANCE -- STATE BUDGET RESERVE AND CASH
STABILIZATION ACCOUNT

Introduced By: Representatives Mattiello, and Abney

Date Introduced: July 27, 2020

Referred To: House Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Sections 35-3-20 and 35-3-20.1 of the General Laws in Chapter 35-3 entitled
2 "State Budget" are hereby amended to read as follows:

3 **35-3-20. State budget reserve and cash stabilization account.**

4 (a) There is hereby created within the general fund a state budget reserve and cash
5 stabilization account, which shall be administered by the state controller and which shall be used
6 solely for the purpose of providing such sums as may be appropriated to fund any unanticipated
7 general revenue deficit caused by a general revenue shortfall.

8 (b) In carrying out the provisions of § 35-3-20.1, the state controller shall, based on that
9 fiscal years estimate, transfer the amounts needed to fund cash requirements during the fiscal year;
10 the transfer shall be adjusted at the end of the fiscal year in order to conform to the requirements of
11 § 35-3-20.1. To the extent that funds so transferred are not needed by the Rhode Island Capital Plan
12 fund the funds may be loaned back to the general fund.

13 (c) For the fiscal year ending June 30, 2009, whenever the aggregate of the monies and
14 securities held for the credit of the state budget reserve and cash stabilization account exceeds three
15 and four tenths of one percent (3.4%) of total fiscal year resources, consisting of the aggregate of
16 (1) actual revenues from taxes and other departmental general revenue sources; and (2) the general
17 revenue balance available for appropriations at the beginning of the fiscal year; the excess shall be
18 transferred to the Rhode Island Capital Plan fund, to be used solely for capital projects. Provided

1 further, the applicable percentage shall increase ~~by four tenths of one percent (.4%)~~ for the
2 succeeding ~~four (4)~~ fiscal years as follows:

3	Fiscal year ending June 30, 2010	3.8%
4	Fiscal year ending June 30, 2011	4.2%
5	Fiscal year ending June 30, 2012	4.6%
6	Fiscal years ending June 30, 2013 and thereafter <u>through June 30, 2021</u>	5.0%
7	<u>Fiscal year ending June 30, 2022</u>	<u>5.5%</u>
8	<u>Fiscal year ending June 30, 2023</u>	<u>6.0%</u>
9	<u>Fiscal year ending June 30, 2024</u>	<u>6.5%</u>
10	<u>Fiscal year ending June 30, 2025</u>	<u>7.0%</u>
11	<u>Fiscal years ending June 30, 2026</u>	<u>7.5%</u>
12	<u>Fiscal years ending June 30, 2027</u>	<u>8.0%</u>
13	<u>Fiscal years ending June 30, 2028</u>	<u>8.5%</u>
14	<u>Fiscal years ending June 30, 2029</u>	<u>9.0%</u>
15	<u>Fiscal years ending June 30, 2030</u>	<u>9.5%</u>
16	<u>Fiscal years ending June 30, 2031 and thereafter</u>	<u>10.0%</u>

17 (d) At any time after the third quarter of a fiscal year, that it is indicated that total resources
18 which are defined to be the aggregate of estimated general revenue, general revenue receivables,
19 and available free surplus in the general fund will be less than the estimates upon which current
20 appropriations were based, the general assembly may make appropriations from the state budget
21 reserve and cash stabilization account for the difference between the estimated total resources and
22 the original estimates upon which enacted appropriations were based, but only in the amount of the
23 difference based upon the revenues projected at latest state revenue estimating conference pursuant
24 to chapter 16 of title 35 as reported by the chairperson of that conference.

25 (e) Whenever a transfer has been made pursuant to subsection (d), that transfer shall be
26 considered as estimated general revenues for the purposes of determining the amount to be
27 transferred to the Rhode Island Capital Plan fund for the purposes of subsection 35-3-20.1(b).

28 (f) Whenever a transfer has been made pursuant to subsection (d), the amount of the transfer
29 shall be transferred to the Rhode Island Capital Plan fund from funds payable into the general
30 revenue fund pursuant to § 35-3-20.1 in the fiscal year following the fiscal year in which the transfer
31 was made, except that in fiscal year 2010 there shall be no repayment of the amount transferred,
32 and the repayment shall be made in fiscal year 2011.

33 **35-3-20.1. Limitation on state spending.**

34 (a) For the fiscal year ending June 30, 2009, no appropriation, supplemental appropriation,

1 or budget act shall cause the aggregate state general revenue appropriations enacted for the fiscal
2 year to exceed ninety-seven and eight tenths of one percent (97.8%) of the estimated state general
3 revenues for the fiscal year from all sources, including estimated unencumbered general revenues
4 not continued or reappropriated to the new fiscal year remaining at the end of the previous fiscal
5 year. Estimated unencumbered general revenues are calculated by taking the estimated general
6 revenue cash balance at the end of the fiscal year less estimated revenue anticipation bonds or notes,
7 estimated general revenue encumbrances, estimated continuing general revenue appropriations,
8 and the amount of the budget reserve and cash stabilization account at the end of the fiscal year.
9 The amount of the general revenue estimate and estimated unencumbered general revenue
10 remaining shall be determined by the state controller and approved by the auditor general in
11 conformance with accounting procedures currently in use. The excess of any unencumbered general
12 revenue shall be determined by subtracting from the actual unencumbered general revenues at the
13 end of any fiscal year an amount which together with the latest estimated general revenues is
14 necessary to fund the ensuing fiscal year's general revenue budget, including the required estimated
15 general revenue supplemental and annual appropriations. Provided further, the applicable
16 percentage shall decrease ~~by two tenths of one percent (-.2%)~~ for the succeeding ~~four (4)~~ fiscal years
17 as follows:

18	Fiscal year ending June 30, 2010	97.6%
19	Fiscal year ending June 30, 2011	97.4%
20	Fiscal year ending June 30, 2012	97.2%
21	Fiscal years ending June 30, 2013 and thereafter <u>through June 30, 2021</u>	97.0%
22	<u>Fiscal year ending June 30, 2022</u>	<u>96.8%</u>
23	<u>Fiscal year ending June 30, 2023</u>	<u>96.6%</u>
24	<u>Fiscal year ending June 30, 2024</u>	<u>96.4%</u>
25	<u>Fiscal year ending June 30, 2025</u>	<u>96.2%</u>
26	<u>Fiscal years ending June 30, 2026</u>	<u>96.0%</u>
27	<u>Fiscal years ending June 30, 2027</u>	<u>95.8%</u>
28	<u>Fiscal years ending June 30, 2028</u>	<u>95.6%</u>
29	<u>Fiscal years ending June 30, 2029</u>	<u>95.4%</u>
30	<u>Fiscal years ending June 30, 2030</u>	<u>95.2%</u>
31	<u>Fiscal years ending June 30, 2031 and thereafter</u>	<u>95.0%</u>

32 (b) The amount between the applicable percentage in subsection (a) and one hundred
33 percent (100%) of the estimated state general fund revenue for any fiscal year as estimated in
34 accordance with subsection (a) shall be appropriated in any given fiscal year into the budget reserve

1 and cash stabilization account; provided, that for the fiscal year ending June 30, 2009, no payment
 2 will be made which would increase the total of the budget reserve and cash stabilization account to
 3 more than three and four-tenths of one percent (3.4%) of only the estimated state general fund
 4 revenues as set by subsection (a). In the event that the payment to be made into the budget reserve
 5 and cash stabilization account would increase the amount in the account to more than three and
 6 four-tenths of one percent (3.4%) of estimated state general revenues, the amount shall be
 7 transferred to the Rhode Island Capital Plan fund, to be used solely for capital projects. Provided
 8 further the applicable percentage shall increase ~~by four-tenths of one percent (.4%)~~ for the ~~four (4)~~
 9 succeeding fiscal years as follows:

10	Fiscal year ending June 30, 2010	3.8%
11	Fiscal year ending June 30, 2011	4.2%
12	Fiscal year ending June 30, 2012	4.6%
13	Fiscal years ending June 30, 2013 and thereafter <u>through June 30, 2021</u>	5.0%
14	<u>Fiscal year ending June 30, 2022</u>	<u>5.5%</u>
15	<u>Fiscal year ending June 30, 2023</u>	<u>6.0%</u>
16	<u>Fiscal year ending June 30, 2024</u>	<u>6.5%</u>
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21	<u>Fiscal years ending June 30, 2029</u>	<u>9.0%</u>
22	<u>Fiscal years ending June 30, 2030</u>	<u>9.5%</u>
23	<u>Fiscal years ending June 30, 2031 and thereafter</u>	<u>10.0%</u>

24 However, there shall be no expenditures of money under this section without passage of a
 25 specific appropriation by the general assembly.

26 (c) Within forty-five (45) days after the close of any fiscal year, all unencumbered general
 27 revenue in the year end surplus account from the fiscal year shall be transferred to the general fund.

28 SECTION 2. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

A N A C T

RELATING TO PUBLIC FINANCE -- STATE BUDGET RESERVE AND CASH
STABILIZATION ACCOUNT

- 1 This act would increase funding of the budget reserve account, also known as the "Rainy
- 2 Day Fund," and would limit state spending.
- 3 This act would take effect upon passage.

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