

**JBC STAFF FISCAL ANALYSIS  
SENATE APPROPRIATIONS COMMITTEE**

CONCERNING A TRANSFER FROM THE GENERAL FUND TO THE CONTROLLED MAINTENANCE TRUST FUND OF MONEY THAT WILL BE AVAILABLE TO THE GOVERNOR FOR A LIMITED TIME FOR FURTHER TRANSFER TO THE DISASTER EMERGENCY FUND FOR PUBLIC HEALTH AND EMERGENCY RESPONSE EXPENSES ASSOCIATED WITH THE COVID-19 PANDEMIC EMERGENCY.

Prime Sponsors: Senator Moreno  
Representative McCluskie

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**Appropriation Items of Note**

**Appropriation Not Required, No Amendment in Packet**

**General Fund Impact**

**Fiscal Impact of Bill as Amended to Date**

The most recent Legislative Council Staff Fiscal Note (attached) reflects the fiscal impact of the bill as of 11/30/20.

	<b>No Change:</b> Attached LCS Fiscal Note accurately reflects the fiscal impact of the bill
	<b>Update:</b> Fiscal impact has changed due to <i>new information or technical issues</i>
<b>XXX</b>	<b>Update:</b> Fiscal impact has changed due to <i>amendment adopted</i> after LCS Fiscal Note was prepared
	<b>Non-Concurrence:</b> JBC Staff and Legislative Council Staff disagree about the fiscal impact of the bill

The Senate Finance Committee Report (11/30/20) adds language to the bill requiring the State Treasurer to deposit into the Controlled Maintenance Trust Fund (CMTF) reimbursements that the State receives from the federal government for any expenditures from the Disaster Emergency Fund (DEF). This includes only federal reimbursements that are received after the date of a transfer to the DEF pursuant to this bill, and it limits the total amount of such deposits to \$100.0 million (the amount of the transfer from the General Fund to the CMTF). The Report also eliminates the repeal provision in the bill because this would be a continuing obligation for the State Treasurer to deposit federal reimbursements into the CMTF until the full \$100.0 million is reimbursed.

**Amendments in This Packet for Consideration by Appropriations Committee**

Amendment	Description
None.	

**Current Appropriations Clause in Bill**

The bill neither requires nor contains an appropriation clause for FY 2020-21.

**Points to Consider***General Fund Impact*

The FY 2020-21 transfer of \$100.0 million General Fund into the CMTF included in this bill will reduce the amount of General Fund available for other purposes in FY 2020-21 or FY 2021-22 by the same amount.

There is significant uncertainty regarding the total amount of General Fund revenue that will be available in FY 2020-21 and FY 2021-22.

- *FY 2019-20 General Fund Reserve.* Based on the September 2020 economic forecasts, both the Office of State Planning and Budgeting (OSP) and Legislative Council Staff (LCS) anticipate the General Fund reserve for the fiscal year ending June 30, 2020 to exceed the statutorily required reserve of \$363.5 million (3.07 percent of FY 2019-20 General Fund appropriations). OSP anticipates an excess reserve of \$1,427.2 million and LCS anticipates an excess reserve of \$1,265.5 million.
- *FY 2020-21 General Fund Reserve.* The required General Fund reserve for the fiscal year ending June 30, 2021 is 2.86 percent of FY 2020-21 General Fund appropriations (currently \$306.9 million). Based on the September 2020 economic forecasts, both OSP and LCS anticipate the General Fund reserve for the fiscal year ending June 30, 2021 to exceed the statutorily required reserve.
- *General Fund Revenue Uncertainty.* The OSP and LCS projections of gross General Fund revenues to be collected differ significantly, with the OSP projections exceeding those of LCS by \$887.6 million in FY 2020-21 and by \$292.0 million in FY 2021-22. In addition, the quarterly September 2020 economic forecasts do not reflect the revenue impacts of voter-approved statewide ballot measures (e.g., Proposition 116 which reduced the state income tax rate) or the economic impacts associated with the recent increases in COVID-19 cases. The economic forecasts that will be released on Friday, December 18, 2020, will reflect these impacts.