

Current law provides a mechanism for balancing spending from the Operational Fund by making reductions to the Operational Fund's Tier 2 programs when insufficient funds exist to fully fund the programs and the fund's reserve. The reductions to Tier 2 programs are made on a proportional basis. For example, if the funding for Tier 2 programs needs to be reduced by 10 percent to ensure the Operational Fund is balanced, each Tier 2 program's funding level is reduced by 10 percent.

Current law also requires the Operational Fund to maintain a reserve equal to 100 percent of the current year's Tier 1 appropriations and an additional reserve equal to 15 percent of the current year's Tier 2 appropriations. Money may be transferred from the reserve to offset temporary reductions in funding for Tier 1 or Tier 2 programs.

Based on the December 2014 Legislative Council Staff revenue forecast and expected expenditures from the Operational Fund, there is no need for proportional reductions to Tier 2 programs expected for the next three fiscal years.

Funding for Tier 2 programs is disbursed in three installments over the course of the year: 40.0 percent in July, 30.0 percent in January, and the remaining 30.0 percent in April. If mid-year projections indicate there will be insufficient Operational Fund revenue to support authorized expenditures for Tier 2 programs, the funds transferred in this bill will be subject to proportional reductions.

State Revenue

State transfers. This bill establishes an annual transfer of \$127,000 cash funds from Tier 2 of the Operational Fund to the Reclamation Warranty Forfeiture Fund account in the General Fund beginning in FY 2015-16. Spending authority for these funds will be appropriated to the DRMS in the Reclamation of Forfeited Mine Sites Long Bill line item, and remain available for a period of three years. With the 15 percent reserve requirement for Tier 2 programs, the total impact of this bill to the Operational Fund is \$146,050 cash funds annually which includes a reserve of \$19,050. This is a reduction from the Tier 1, 100 percent reserve requirement of \$127,000.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State and Local Government Contacts

Natural Resources

Joint Budget Committee Staff