

# LEGISLATURE

---

## PAR attacks bid to use Rainy Day

### Fund for budget now

By The Associated Press

A bill to lower the cap on the state's Rainy Day Fund could shift another \$200 million in mineral revenue into the operating budget next year, the Public Affairs Research Council warned Tuesday.

"This would be in addition to the \$169 million in new money recently added to the revenue estimate," PAR President Jim Brandt said in a commentary released Tuesday.

The bill was passed out of the Senate Finance Committee on Monday without dissent and with little discussion.

The constitution requires that mineral funds exceeding \$850 million a year must go into the state's Rainy Day Fund until it reaches 4 percent of "total state revenue receipts."

Because the balance in the fund is well below the current cap, any additional mineral revenue above \$850

million will go into the Rainy Day Fund this year and next year as well.

Senate Bill 288 would lower the cap on the Rainy Day Fund by almost half — from about \$744 million to about \$425 million for this year, Brandt said.

"As a result, the cap would be exceeded this year, creating as much as another \$75 million in surplus. Based on current estimates, it would appear that mineral revenues for next year, fiscal year 2005-06, would exceed the lower cap by roughly \$200 million, which would be available to spend in the operating budget," he said.

Lowering the Rainy Day Fund cap would be fiscally irresponsible to do so, the PAR president said.

"The proposed cap would be too low to make the fund useful in a serious economic down-turn. Because only one-third of the fund can be used in a given year, the lower cap would make only about \$140 million available in the first year of a fiscal crisis and less than \$100 million in the second year. This would be less than 1 percent of the total annual budget and not much of a safety net," he said.