

# PRESENTATION TO THE HOUSE OF REPRESENTATIVES



**Norris Green, Director**  
**Legislative Fiscal Office**  
**June 11, 2015**

**[www.lfo.alabama.gov](http://www.lfo.alabama.gov)**

**(334) 242-7950**

# Presentation Overview

## ▣ **SGF**

- **Condition of the Fund**
- **SGF Repayments**
  - ▣ **SGF Rainy Day Account**
  - ▣ **The People's Trust Act**

## ▣ **Appropriation of State Funds**

## ▣ **SGF**

- **Revenue Sources**
- **Appropriations**

## ▣ **Selected Legislation**

## ▣ **ETF - Condition of the Fund**

# State General Fund

- ▣ Condition of the Fund

- ▣ SGF Repayments

  - ▣ SGF Rainy Day Account

  - ▣ The People's Trust Act

# Condition of the SGF FY 2015 and FY 2016

15.46% Decrease  
in total appropriations for FY 2015  
vs. total available in FY 2016

	ESTIMATED FY 2015	ESTIMATED FY 2016	DIFFERENCE
<b>BEGINNING BALANCE</b>	45,339,245	0	
Regular Receipts	1,552,683,482	1,545,760,045	
Additional Transfer from Alabama Trust Fund (Amendment 856)	145,796,943		
Transfers and Reversions	30,600,000	21,700,000	
One-Time Receipts	57,500,000	20,000,000	
<b>TOTAL RECEIPTS</b>	<b>1,786,580,425</b>	<b>1,587,460,045</b>	
<b>TOTAL AVAILABLE</b> (beginning balance plus total receipts)	<b>1,831,919,670</b>	<b>1,587,460,045</b>	
<b>APPROPRIATIONS AND OBLIGATIONS (as enacted)<sup>1</sup></b>	<b>1,839,482,000</b>	<b>1,587,460,045</b>	<b>-252,021,955</b>
Additional Appropriations (as of January 31, 2015):			
Reversions Reappropriated	36,980,913		
Other Adjustments	1,318,722		
<b>TOTAL APPROPRIATIONS AND OBLIGATIONS (as of January 31, 2015)</b>	<b>1,877,781,635</b>	<b>1,587,460,045</b>	<b>-290,321,590</b>
<b>TOTAL ENDING BALANCE</b>	<b>-45,861,965</b>		

<sup>1</sup>FY 2015 appropriations and obligations as of January 31, 2015. FY 2016 estimated appropriations are equal to estimated available revenues. FY 2016 estimates include the regular transfer amount from the business privilege escrow account. One-time receipts include an additional \$20 million transfer in FY 2015 and FY 2016 from abandoned property per the State Treasurer's Office.

# SGF Repayments

## SGF Rainy Day Account

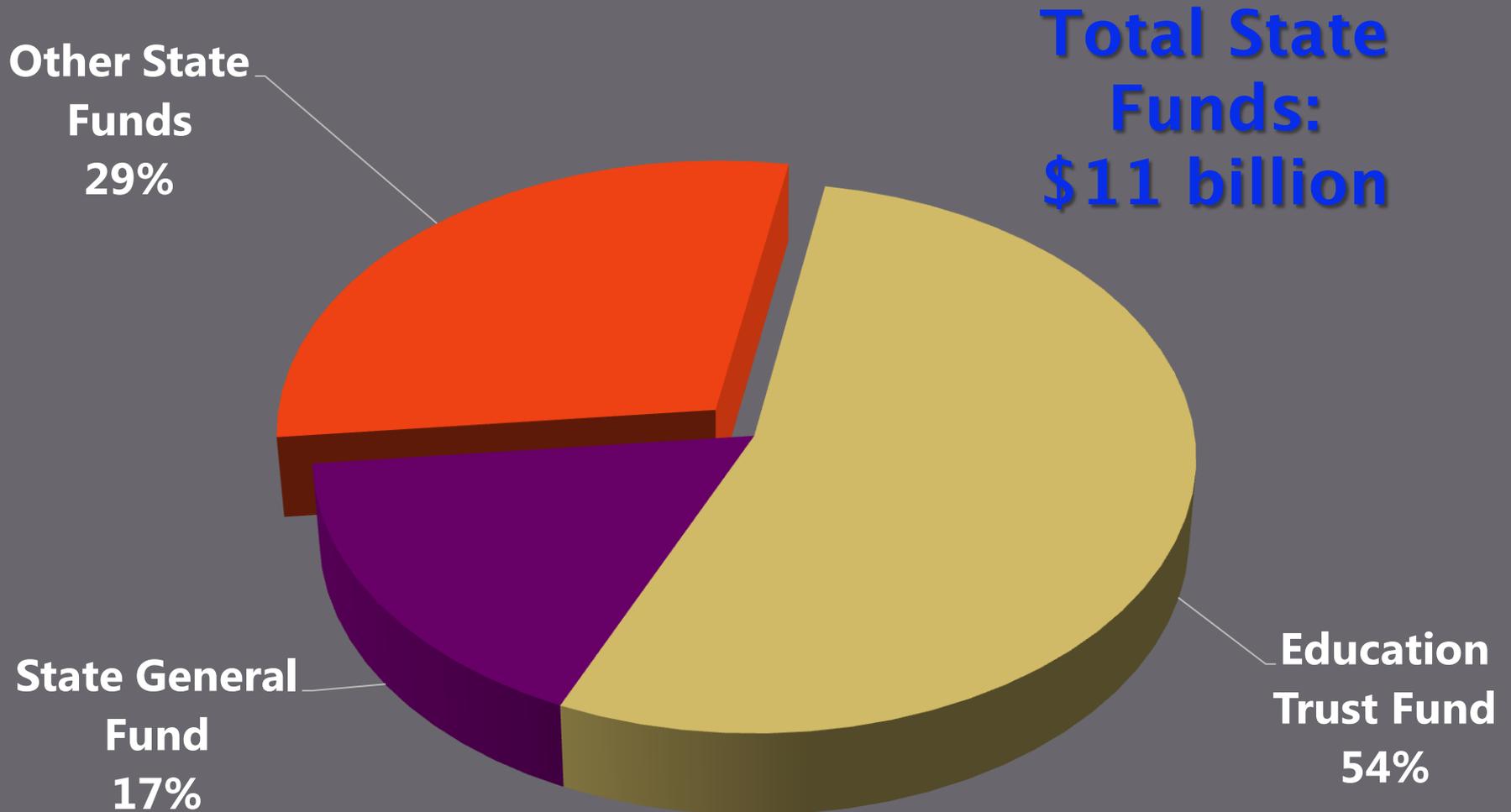
- Established within the Alabama Trust Fund (ATF) and limited to an amount equal to 10% of the immediately preceding fiscal year's appropriations from the State General Fund.

Initial Balance:	<b>\$188.3 million</b> (based upon FY 2009 appropriations times 10%)
Withdrawals:	<b>\$161.6 million withdrawn in FY 2010</b>
Required Repayment Term:	<b>Ten years (2020)</b>
Repayments to Date:	<b>\$0</b>
Outstanding Balance:	<b>\$161.6 million</b>

## The People's Trust Act (Section 29-10-1, Code of Alabama 1975)

- Required to repay \$437.4 million transferred from the ATF to the SGF (\$145.8 million in each of FYs 2013, 2014 and 2015) by September 30, 2026. The cumulative total amount begins with \$5 million in FY 2014 and increases each fiscal year thereafter. The largest annual increase is \$60 million in FY 2025.

# ALL STATE FUNDS FY 2015



# APPROPRIATION OF ALL STATE FUNDS FY 2015

	STATE GENERAL FUND	% OF SGF TOTAL	EDUCATION TRUST FUND	% OF ETF TOTAL	OTHER STATE FUNDS <sup>(1)</sup>	% OF OTHER TOTAL	TOTAL STATE FUNDS	% OF TOTAL
LEGISLATIVE BRANCH	34,911,001	1.90%	12,047,487	0.20%	180,000	0.01%	47,138,488	0.43%
JUDICIAL BRANCH	112,982,845	6.14%			67,780,570	2.10%	180,763,415	1.64%
EXECUTIVE BRANCH								
ABC BOARD					73,567,556	2.28%	73,567,556	0.67%
AGRICULTURE AND FORESTRY	24,182,800	1.31%			22,858,485	0.71%	47,041,285	0.43%
CONSERVATION					98,925,716	3.06%	98,925,716	0.90%
CORRECTIONS	394,281,304	21.43%			79,098,098	2.45%	473,379,402	4.30%
HUMAN RESOURCES	58,708,632	3.19%	27,414,792	0.46%	170,374,998	5.27%	256,498,422	2.33%
MEDICAID	685,125,607	37.25%			952,264,053	29.46%	1,637,389,660	14.88%
MENTAL HEALTH	105,496,435	5.74%	44,202,347	0.75%	203,454,392	6.29%	353,153,174	3.21%
PUBLIC HEALTH	81,194,580	4.41%	13,815,785	0.23%	58,092,042	1.80%	153,102,407	1.39%
PUBLIC SAFETY/LAW ENFORCEMENT	55,358,923	3.01%	430,000	0.01%	81,487,858	2.52%	137,276,781	1.25%
REVENUE	363,000	0.02%			140,048,147	4.33%	140,411,147	1.28%
TRANSPORTATION					469,107,322	14.51%	469,107,322	4.26%
YOUTH SERVICES	7,290,237	0.40%	54,344,619	0.92%	19,782,565	0.61%	81,417,421	0.74%
DEBT SERVICE	28,398,142	1.54%	21,331,287	0.36%	36,424,958	1.13%	86,154,387	0.78%
NON-STATE APPROPRIATIONS	196,978	0.01%					196,978	0.00%
OTHER APPROPRIATIONS	250,991,516	13.64%	215,914,312	3.64%	572,082,139	17.70%	1,038,987,967	9.44%
K - 12 EDUCATION			4,054,520,312	68.35%	180,470,363	5.58%	4,234,990,675	38.49%
POSTSECONDARY EDUCATION			337,427,675	5.69%			337,427,675	3.07%
UNIVERSITY EDUCATION			1,150,334,262	19.39%	6,245,121	0.19%	1,156,579,383	10.51%
<b>TOTALS <sup>(2)</sup></b>	<b>1,839,482,000</b>	<b>100.00%</b>	<b>5,931,782,878</b>	<b>100.00%</b>	<b>3,232,244,383</b>	<b>100.00%</b>	<b>11,003,509,261</b>	<b>100.00%</b>

## Appropriations as Enacted

<sup>(1)</sup> Includes taxes, fees and charges collected by state agencies, Children First Trust Fund and tobacco settlement fund appropriations; **does not include bond proceeds, interagency transfers or federal funds.**

<sup>(2)</sup> Totals may not add due to rounding.

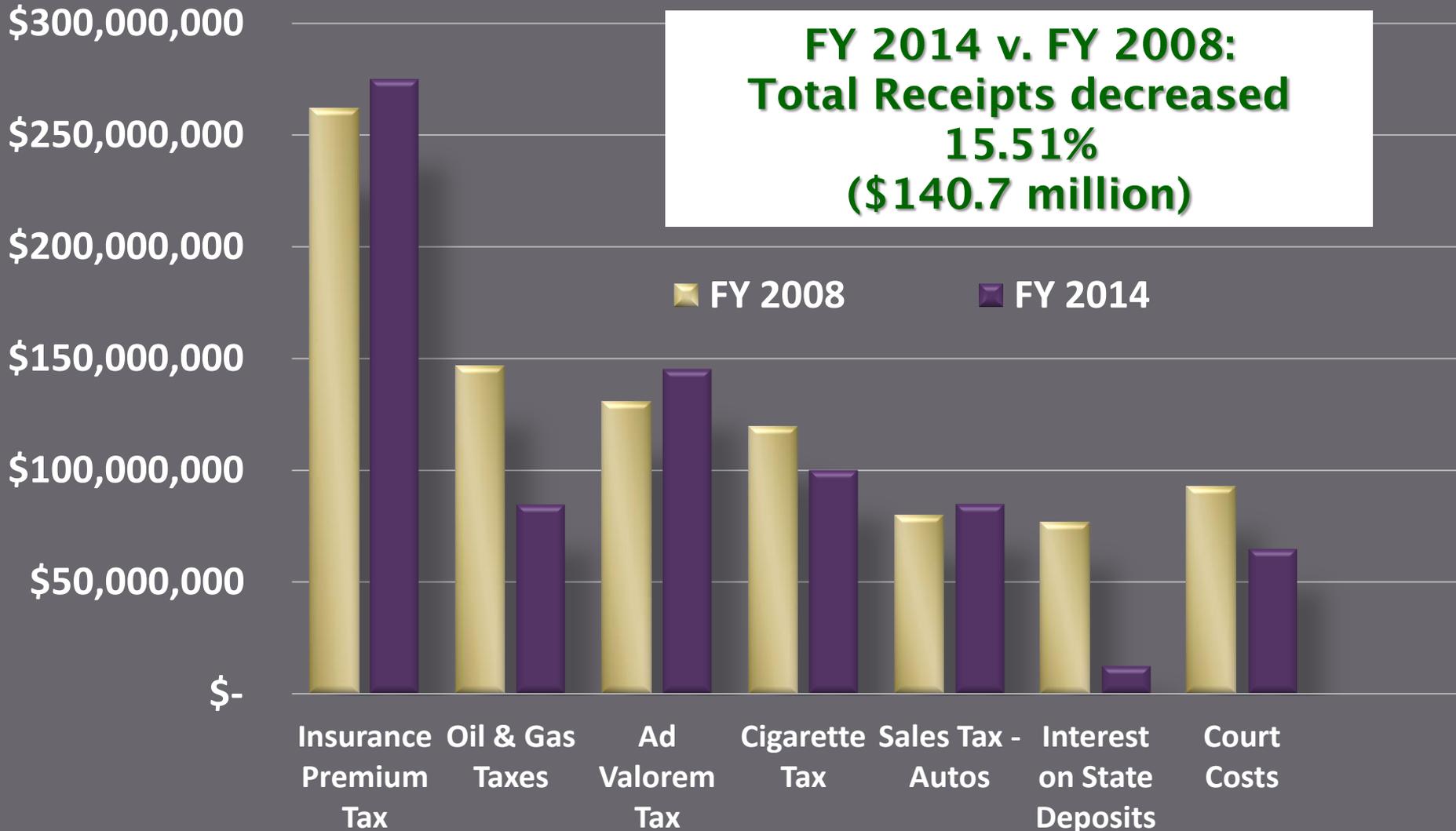
# State General Fund

## Revenue Sources

# State General Fund: Revenue Sources

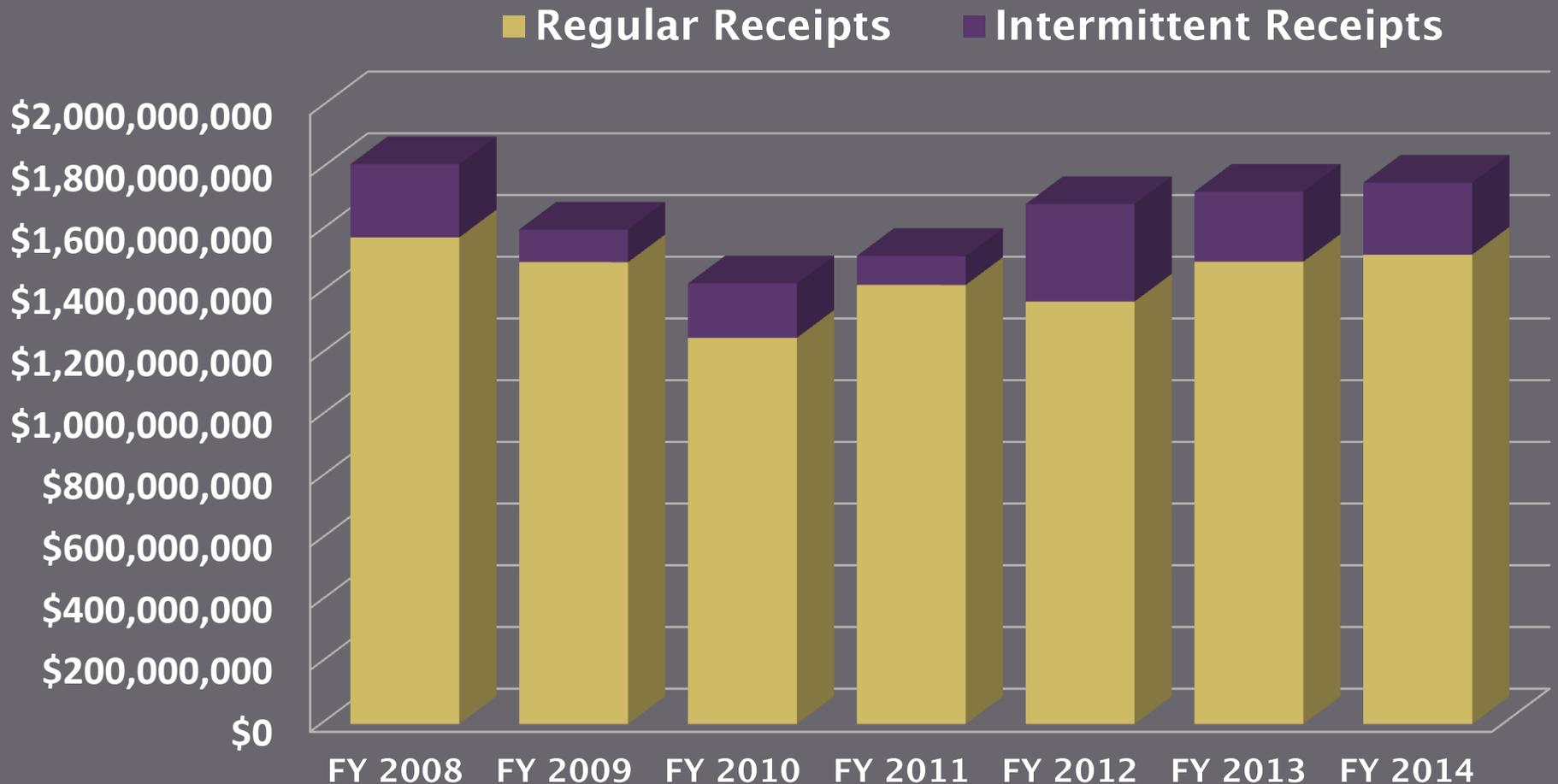
REVENUE SOURCE	FY 2008 ACTUAL	FY 2015 ESTIMATES	FY 2016 ESTIMATES
ABANDONED PROPERTY TAX	45,000,000	42,000,000	45,000,000
ALCOHOLIC BEVERAGE CONTROL BOARD	81,414,506	92,000,000	93,000,000
AD VALOREM TAX	130,403,575	150,000,000	155,000,000
AUTO TITLE TAX	21,876,417	23,000,000	23,500,000
CELLULAR TELEPHONE	65,211,100	40,000,000	38,000,000
CIGARETTE TAX	119,423,531	97,000,000	95,000,000
CORPORATION TAXES	37,227,235	114,000,000	65,000,000
COURT COSTS – JUDICIAL ARTICLE	92,726,285	65,000,000	63,000,000
DEED RECORD TAX	8,060,025	8,000,000	8,000,000
DRIVER LICENSE FEES	17,222,487	16,000,000	17,000,000
FINANCIAL INSTITUTION EXCISE TAX	9,707,685	16,000,000	16,000,000
FREIGHT LINE EQUIPMENT COMPANIES TAX	3,299,488	4,300,000	4,000,000
HAZARDOUS WASTE	259,635	0	0
INHERITANCE TAX	-303,785	0	0
INSURANCE COMPANY LICENSES	261,819,301	265,000,000	270,000,000
ALABAMA TRUST FUND	96,044,444	246,730,425	103,310,045
INTEREST ON STATE DEPOSITS	76,622,698	13,000,000	30,000,000
JUDICIAL ADMINISTRATION FEES	112,859	100,000	100,000
LEASE OR RENTING OF TANGIBLE PERSONAL PROPERTY	69,692,511	70,000,000	72,000,000
LODGINGS TAX	33,925,067	44,000,000	46,000,000
MISCELLANEOUS DEPARTMENT FEES AND RECEIPTS	7,076,637	5,000,000	5,000,000
MOBILE HOME FEES	679,252	550,000	550,000
MORTGAGE RECORD TAX	38,695,118	25,000,000	25,000,000
MOTOR VEHICLE LICENSE	41,913,649	42,500,000	42,500,000
OIL AND GAS PRODUCTION	146,533,051	68,000,000	70,000,000
OIL COMPANY LICENSES	5,026,902	8,700,000	9,000,000
PARIMUTUEL TAX	2,668,067	1,500,000	1,400,000
PRIVILEGE LICENSE TAX	5,640,164	5,500,000	5,500,000
PUBLIC SAFETY MISCELLANEOUS	18,476,964	18,000,000	18,000,000
PUBLIC UTILITY RECEIPTS TAX	20,130,479	23,500,000	24,000,000
SALES TAX ON AUTOMOBILES	79,505,721	85,000,000	86,000,000
SALES TAX DISCOUNT	15,958,844	18,500,000	19,000,000
STATE SECURITIES COMMISSION	6,306,603	8,500,000	8,600,000
TOBACCO SETTLEMENT REVENUES	2,383,843	2,100,000	2,000,000
TOBACCO TAX	5,104,630	7,500,000	7,700,000
USE TAX	1,442,559	81,000,000	84,000,000
USE TAX – REMOTE		9,000,000	11,000,000
USE TAX DISCOUNT	528,799	2,500,000	2,600,000
<b>SUB-TOTAL</b>	<b>1,567,816,343</b>	<b>1,718,480,425</b>	<b>1,565,760,045</b>
TRANSFERS AND REVERSIONS AND ADDITIONAL REVENUES	246,496,260	68,100,000	21,700,000
<b>GRAND TOTAL</b>	<b>1,814,312,603</b>	<b>1,786,580,425</b>	<b>1,587,460,045</b>

# Major SGF Revenue Sources FY 2014 to FY 2008 Comparison

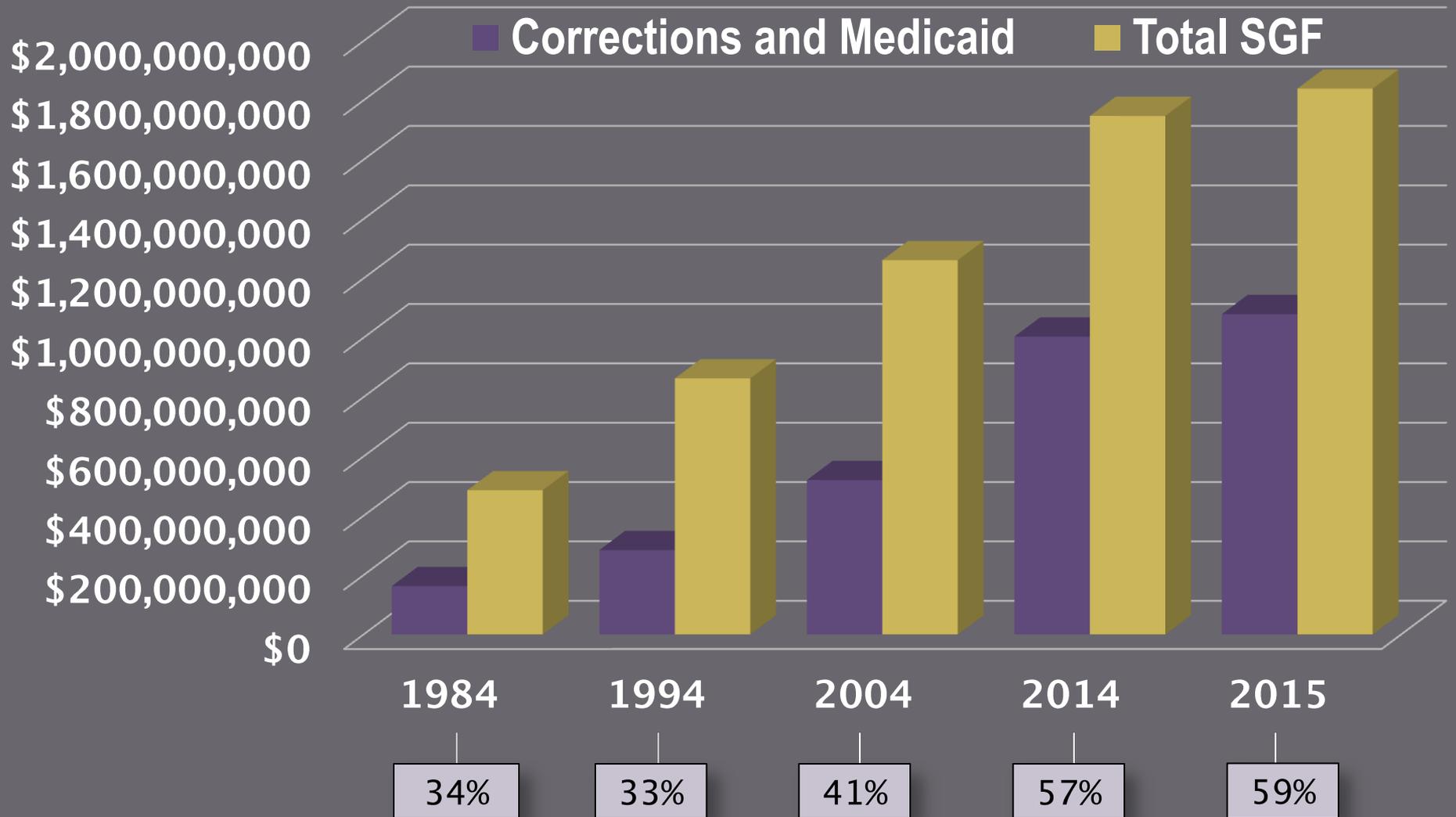


# State General Fund

## Intermittent and Regular Receipts: FY 2008 through FY 2014



# State General Fund Growth: Corrections and Medicaid Share



# Selected Bills of the 2015 Regular Session

## Act 2015-195

- ▣ Adjusts Alabama Department of Insurance fees paid by brokers, adjusters, insurance companies, agents and others
  
- ▣ Total Additional Revenue – \$10 million annually
  - State General Fund: \$4.5 million
  - Insurance Department Fund: \$5.5 million

# Selected Bills of the 2015 Regular Session

## Act 2015-448

- ▣ Establishes a voluntary program whereby an out-of-state retailer that does not have a physical presence in Alabama can agree to participate in an easily-accessible system to remit use taxes to the state from items sold and delivered to customers in Alabama
- ▣ Flat use tax of 8% on all sales
  - 4% to the State (3% to SGF and 1% to ETF)
  - 2% to counties and 2% to cities

# Selected Bills of the 2015 Regular Session

## Act 2015-435

- ▣ Consolidates and centralizes state government real property management (with some exceptions) under the Department of Finance

# Selected Bills of the 2015 Regular Session

## Act 2015-441

- ▣ Allows state agencies to increase its statutorily levied fees based on the percentage increase in the CPI, not to exceed an increase of 2% per year
- ▣ Fee increase process may be repeated every five years
- ▣ Change in fees is subject to the Administrative Act
- ▣ Fees statutorily assessed by certain entities are exempt from this fee process

# Selected Bills of the 2015 Regular Session

## Act 2015-327

- ▣ Generally, allows use of earmarked state funds beyond the specified purposes to offset reductions in other funding within the agency

# EDUCATION TRUST FUND

## Condition of the Fund

# Condition of the ETF

## FY 2015 and FY 2016

	LFO Estimated FY 2015	LFO Estimated FY 2016	Difference
<b>Beginning Balance<sup>1</sup></b>	<b>7,074,326</b>		
Regular Receipts	6,044,158,000	6,248,850,000	3.67%
One-time settlement from corporate income tax	64,400,000		
Transfer to ETF Rainy Day Account	-57,500,000		
Transfer to Alabama's Prepaid Affordable College Tuition (PACT)	-23,558,000	-33,952,000	
<b>TOTAL RECEIPTS</b>	<b>6,027,500,000</b>	<b>6,214,898,000</b>	<b>3.11%</b>
<b>TOTAL AVAILABLE</b> (beginning balance plus total receipts)	<b>6,034,574,326</b>	<b>6,214,898,000</b>	
Appropriations <sup>1, 2</sup>	5,915,299,204	5,956,953,929	41,654,725
<b>TOTAL APPROPRIATIONS</b>	<b>5,915,299,204</b>	<b>5,956,953,929</b>	<b>41,654,725</b>
<b>ENDING BALANCE</b>	<b>119,275,122</b>	<b>257,944,071</b>	

**Total Appropriations  
Decreased by  
\$814.8 million from  
FY 2008 to FY 2015**

<sup>1</sup>FY 2015 appropriations equal ETF Rolling Reserve Appropriations Cap, plus supplemental appropriations of beginning balance (Act 2015-381).

<sup>2</sup>FY 2016 appropriations are as enacted (Act 2015-281).

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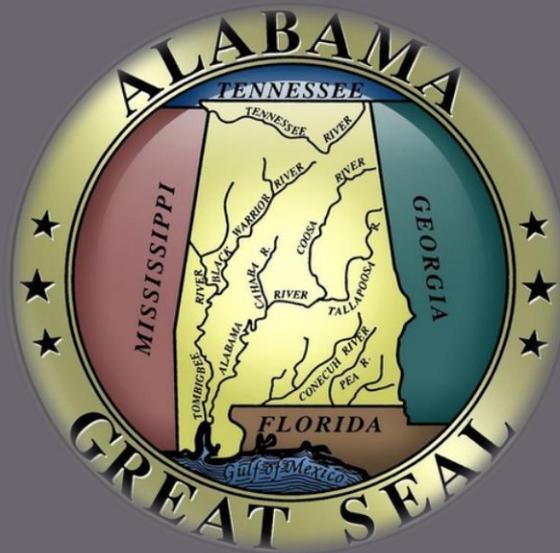
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