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## FISCAL IMPACT REPORT

SPONSOR: Regensberg DATE TYPED: 02/16/01 HB 331  
 SHORT TITLE: Raise Guadalupe County's Reserve Fund SB \_\_\_\_\_  
 ANALYST: Padilla

### APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY01	FY02	FY01	FY02		
\$ 104.0				Non-Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files  
 Department of Finance and Administration

### SUMMARY

#### Synopsis of Bill

House Bill 331 appropriates \$104.0 from the general fund to DFA's Local Government Division for the purpose of raising Guadalupe county's reserve fund. The bill allows expenditure in fiscal years 2001 and 2002, but does not contain an emergency clause.

#### Significant Issues

Guadalupe county's current financial difficulties are related to expenses necessary to maintain operations of the Guadalupe County Hospital. In November, 1999, the Guadalupe County Hospital requested an emergency grant from the State Board of Finance of \$160.0. The Board approved a loan of \$56.0. In May, 2000, the Board converted that loan to a grant. At the same meeting, the Board denied the county's request for an additional grant of \$104.0 to alleviate the county's general fund reserve deficiency.

DFA's Local Government Division did not support the county's May, 2000 request for the \$104.0 grant.

### FISCAL IMPLICATIONS

## **House Bill 331 -- Page 2**

The appropriation of \$104.0 contained in this bill is a non-recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2002 shall revert to the general fund.

### **TECHNICAL ISSUES**

If the sponsor intends for the bill to have immediate benefit to Guadalupe county, an emergency clause is required.

### **OTHER SUBSTANTIVE ISSUES**

DFA's Local Government Division does not support this bill and believes the county should use other methods to replenish its general fund and adjust its expenditure levels accordingly. The county's budget this year was approved with a 2/12ths cash reserve requirement, instead of the normal 3/12ths requirement. This means the county must keep cash on hand to pay for two months of operational expenditures instead of three.

LP/ar