

TESTIMONY PRESENTED TO THE APPROPRIATIONS COMMITTEE
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Testimony on House Bill No. 5560

AN ACT CONCERNING THE BUDGET RESERVE FUND

Senator Harp, Representative Walker and distinguished members of the Appropriations Committee, thank you for the opportunity to offer testimony on House Bill No. 5560, An Act Concerning the Budget Reserve Fund.

This bill would increase the amount of surplus transferred into the Budget Reserve Fund from a maximum of 10% to 30% of General Fund appropriations. Increasing the maximum would increase Connecticut's potential budget reserve fund from \$2.0 billion to \$6.0 billion.

According to a January 15, 2013 report by the Center on Budget and Policy Priorities, of the 45 states that have Budget Reserve Funds:

- 5 states have no caps on their budget reserve fund (AK, NE, NM, PA, WY);
- 8 states have a cap greater than 10% (AL, GA, ME, MA, NV, OK, OR, VA);
- 10 states have a cap equal to 10% (includes CT); and
- 22 states have a cap that is less than 10% (includes NY, NJ & RI).

Note: Arkansas, Colorado, Illinois, Kansas, and Montana were identified as not having a Budget Reserve Fund.

I am supportive of efforts to increase the size of the state's reserves in order to better position the state to deal with times of great fiscal stress, and I offer my endorsement of the concept presented in this bill.

I would like to again thank the committee for the opportunity to present this testimony, and I will be happy to answer any questions you may have.