ASSEMBLY THIRD READING
ACA 20 (Gabriel, et al.)
As Introduced June 22, 2026
2/3 vote

SUMMARY

Adopts the "Save for California's Future Act" which increases state reserves, subject to voter approval.

Major Provisions

Specifically, this measure:

1) Increases the Budget Stabilization Account cap from 10 percent of General Fund Revenues to 20 percent of General Fund Revenues so that more funds will deposit in the reserve during good fiscal years;

2) Increases the amount of excess General Fund revenue growth, after accounting for growth in Proposition 98 costs, that must be deposited into the Budget Stabilization Account in years when revenues are estimated to grow at least 8 percent, with 100 percent of the revenue deposits any amount between 8-10 percent growth, and 150 percent of the revenue deposited on any growth above 10 percent growth;

3) Clarifies that withdrawals from funds deposited into the Budget Stabilization Account after 2027-28 are counted appropriations subject to Gann Limit on spending, as articulated in Article XIIB in the Constitution, but deposits into the account are not counted towards the appropriations limit;

4) Codifies the Surplus Temporary Holding Account in the state Constitution to conform the treatment of temporary deposits into this account during unusually high revenue years to the similar treatment of funds deposited to the Budget Stabilization Account so that funds in this account are not counted for Gann Limit purposes until they are withdrawn from the account; deposits to the Projected Surplus Temporary Holding Account not counting toward Gann are limited to no more than 10% of General Fund taxes in the year the deposit occurs, and then those are counted against Gann when withdrawn;

5) Clarifies that the Governor can use the May Revision submission as means to declare a fiscal emergency to suspend or withdraw funds from the Budget Stabilization Account or the Public School System Stabilization Account pursuant to the constitution, rather than needing to also submit a separate proclamation for the purpose when state fiscal conditions in the Constitution are met; and

6) Expands the state liabilities and obligations that funding from the budget stabilization account can reimburse to include federal debt for Unemployment Insurance, budget loans, and Proposition 98 settle-up obligations.

COMMENTS

Proposition 2 of 2014 created the current Rainy Day Fund structure of mandatory deposits into the Budget Stabilization Account. Deposits into the account reached the 10 percent General Fund Revenue cap in four fiscal years. The Rainy Day fund was first used to bridge the budget gap experienced in 2020-21 due to the pandemic.

This measure amends Proposition 2 of 2014 to expand the ability for the State to build Rainy Day budget reserves during robust fiscal years so that more funding is available in difficult budget years. The measure is informed by the experience of the State over the last ten years, when the Rainy Day Fund was tested by extreme volatility, resulting in a broad consensus that the fund needed to be larger to provide the stability and certainty that Proposition 2 envisioned This measure achieves this goal by doubling the cap of the fund, increasing the amount of excess capital gains tax revenues that will be deposited in unusually robust years, and clarifying that deposits into the Rainy Day Fund are not treated as spending when calculating the State Appropriations Limit (the Gann limit), but that when funds are withdrawn from account they are counted for that purpose.

According to the Author
Even as we navigate our current budget challenges, we must take steps to build a stronger financial foundation for future generations. By strengthening California's Rainy Day Fund, we can protect funding for schools and essential public services, better weather future economic downturns, and leave our children a stronger, more resilient California. This proposal is an investment in California's future and a commitment to responsible stewardship for future generations.

Arguments in Support
None on File

Arguments in Opposition
None on File.

FISCAL COMMENTS

According to a Department of Finance estimate, if this provision requiring more depositions during peak Capital Gains years has been in effected from 2019-20 through 2021-22, and additional $4.7 billion may have been transferred to the Budget Stabilization Account.

VOTES

UPDATED

VERSION: June 22, 2026

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