

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *

	FY 2004-05		FY 2005-06	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				See below
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				See below

*Does not include impact on political subdivisions. See narrative for political subdivision estimates.

LB 1204 changes the General Fund minimum reserve requirement from 3% to 5% in selected instances. The maximum reserve of 7% would remain. The 5% minimum reserve requirement would be operative when:

- (1) Forecasts in the prior two-year period have been reduced by the Nebraska Economic Forecasting Advisory Board (NEFAB)
OR
- (2) Actual receipts during the prior two-year period were lower than forecast by 1% or more
OR
- (3) There have been at least 2 consecutive years where the growth is below the 20-year average and the forecast for either of the fiscal years in the subsequent biennium is above the 20-year average by more than 1%.

In essence, the Legislature would need to budget the higher minimum reserve when the prior two years have experienced a declining revenue trend. The reverse would be true in that the lower minimum reserve (3%) would be applicable when the prior years indicate a rising revenue trend.

Based on current estimates, the higher 5% reserve would be applicable to the FY06/FY07 Biennial Budget. The 5% minimum reserve for the FY06/FY07 biennium would be \$296 million or \$115 million above the 3% minimum reserve of \$181 million under current law.