

LEGISLATURE OF NEBRASKA

ONE HUNDRED FIRST LEGISLATURE

FIRST SESSION

LEGISLATIVE BILL 456

Introduced by Heidemann, 1.

Read first time January 20, 2009

Committee: Appropriations

A BILL

1 FOR AN ACT relating to the Cash Reserve Fund; to amend sections
2 79-1104.01, 79-1104.05, 84-612, and 84-613, Reissue
3 Revised Statutes of Nebraska; to eliminate completed
4 transfers; to harmonize provisions; and to repeal the
5 original sections.

6 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 79-1104.01, Reissue Revised Statutes
2 of Nebraska, is amended to read:

3 79-1104.01 (1) Within ninety days after July 14, 2006,
4 the State Department of Education shall request proposals from
5 private endowments with experience in managing public and private
6 funds for the benefit of children and families in multiple
7 locations in Nebraska to be the endowment provider for the Nebraska
8 Early Childhood Education Endowment upon the terms set forth in
9 this section.

10 (2) An endowment seeking to become the endowment provider
11 for the Nebraska Early Childhood Education Endowment shall agree
12 to:

13 (a) Irrevocably commit, subject to subdivision (4)(a) of
14 this section, no less than twenty million dollars in a private
15 endowment to be used solely as part of the Nebraska Early Childhood
16 Education Endowment within five years after the effective date of
17 the endowment agreement, of which no less than five million dollars
18 shall be pledged on the effective date of the endowment agreement.
19 A minimum of one million dollars shall be placed in the private
20 endowment prior to December 31, 2006, and a minimum of five million
21 dollars shall be placed in the private endowment prior to June 30,
22 2007;

23 (b) Commit all earnings deposited from such private
24 endowment for deposit into the Early Childhood Education Endowment
25 Cash Fund;

1 (c) Permit the board of trustees to determine the
2 allocation of funds from the Early Childhood Education Endowment
3 Cash Fund pursuant to section 79-1104.02; and

4 (d) Submit to the State Department of Education an
5 annual financial statement of the private endowment, audited by
6 an independent auditor and complying with all applicable Internal
7 Revenue Service requirements. The financial statement shall report
8 details on the private endowment, including the current value
9 of the corpus and the annual receipts to the private endowment
10 categorized by donations and interests, together with a report
11 listing the amount and purpose of expenditures from the private
12 endowment.

13 (3) Upon selection of an endowment provider, the State
14 Department of Education and such endowment provider shall enter
15 into an endowment agreement pursuant to which the state and the
16 endowment provider will agree to deposit funds as provided in
17 subsection (4) of this section.

18 (4) (a) Upon the effective date of an endowment agreement,
19 the state shall provide for the Early Childhood Education
20 Endowment Fund, which is hereby created, in accordance with section
21 79-1104.05. Any money in the fund available for investment shall be
22 invested by the state investment officer pursuant to the Nebraska
23 Capital Expansion Act and the Nebraska State Funds Investment Act.
24 ~~The endowment agreement may provide that the obligations of the~~
25 ~~endowment provider will terminate if the funds allocated to the~~

1 Early Childhood Education Endowment Fund pursuant to subsection
2 ~~(11)~~ of section 84-612 terminate as set forth in such section and
3 are not replaced by a minimum of forty million dollars from another
4 source ~~on and after July 1, 2007.~~

5 (b) All interest, earnings, and proceeds from the Early
6 Childhood Education Endowment Fund shall be deposited in the Early
7 Childhood Education Endowment Cash Fund, which is hereby created.
8 Any money in the fund available for investment shall be invested
9 by the state investment officer pursuant to the Nebraska Capital
10 Expansion Act and the Nebraska State Funds Investment Act. All
11 interest, earnings, and proceeds from the Early Childhood Education
12 Endowment Cash Fund shall be retained in such fund.

13 (c) Upon the effective date of an endowment agreement,
14 the endowment provider shall deposit the amounts set forth in the
15 endowment agreement into a private endowment for the sole benefit
16 of the Early Childhood Education Endowment Fund. Money in the
17 private endowment shall be managed by the endowment provider in
18 accordance with sound, professional, fiduciary practices and in
19 accordance with the endowment agreement.

20 (d) Earnings deposited from the private endowment shall
21 be deposited into the Early Childhood Education Endowment Cash Fund
22 at least annually or as the endowment agreement provides.

23 Sec. 2. Section 79-1104.05, Reissue Revised Statutes of
24 Nebraska, is amended to read:

25 79-1104.05 ~~(1)~~ From the effective date of an endowment

1 agreement until June 30, 2007, the Early Childhood Education
2 Endowment Fund shall consist of forty million dollars of the Cash
3 Reserve Fund. Such forty million dollars shall remain within the
4 Cash Reserve Fund and remain a part thereof for all purposes,
5 except that interest earned on that portion deemed to constitute
6 the Early Childhood Education Endowment Fund shall accrue to the
7 Early Childhood Education Endowment Cash Fund in accordance with
8 section 84-613.

9 (2) On and after July 1, 2007, the The Early Childhood
10 Education Endowment Fund shall consist of any funds allocated to
11 the Early Childhood Education Endowment Fund from funds belonging
12 to the state for educational purposes described in Article VII,
13 section 7, of the Constitution of Nebraska.

14 Sec. 3. Section 84-612, Reissue Revised Statutes of
15 Nebraska, is amended to read:

16 84-612 (1) There is hereby created within the state
17 treasury a fund known as the Cash Reserve Fund which shall be under
18 the direction of the State Treasurer. The fund shall only be used
19 pursuant to this section.

20 (2) The State Treasurer shall transfer funds from the
21 Cash Reserve Fund to the General Fund upon certification by the
22 Director of Administrative Services that the current cash balance
23 in the General Fund is inadequate to meet current obligations. Such
24 certification shall include the dollar amount to be transferred.
25 Any transfers made pursuant to this subsection shall be reversed

1 upon notification by the Director of Administrative Services that
2 sufficient funds are available.

3 (3) The State Treasurer, at the direction of the
4 budget administrator of the budget division of the Department
5 of Administrative Services, shall transfer such amounts not to
6 exceed seven million seven hundred fifty-three thousand two hundred
7 sixty-three dollars in total from the Cash Reserve Fund to the
8 Nebraska Capital Construction Fund between July 1, 2003, and June
9 30, 2007.

10 (4) The State Treasurer, at the direction of the budget
11 administrator, shall transfer an amount equal to the total amount
12 transferred pursuant to subsection (3) of this section from the
13 General Fund to the Cash Reserve Fund on or before June 30, 2008.

14 (5) In addition to receiving transfers from other funds,
15 the Cash Reserve Fund shall receive federal funds received by the
16 State of Nebraska for undesignated general government purposes,
17 federal revenue sharing, or general fiscal relief of the state.

18 ~~(6) On June 15, 2007, the State Treasurer shall transfer~~
19 ~~fifteen million six hundred seventy-four thousand one hundred seven~~
20 ~~dollars from the Cash Reserve Fund to the General Fund.~~

21 ~~(7) On June 16, 2008, the State Treasurer shall transfer~~
22 ~~seventeen million nine hundred thirty-one thousand thirty dollars~~
23 ~~from the Cash Reserve Fund to the General Fund.~~

24 ~~(8)~~ (6) On June 15, 2009, the State Treasurer shall
25 transfer four million nine hundred ninety thousand five hundred

1 five dollars from the Cash Reserve Fund to the General Fund.

2 ~~(9) On or before June 16, 2008, the State Treasurer, at~~
3 ~~the direction of the budget administrator, shall transfer fifty~~
4 ~~million dollars from the Cash Reserve Fund to the General Fund.~~

5 ~~(10)~~ (7) On or before June 16, 2009, the State Treasurer,
6 at the direction of the budget administrator, shall transfer fifty
7 million dollars from the Cash Reserve Fund to the General Fund.

8 ~~(11) From the effective date of an endowment agreement~~
9 ~~as defined in subdivision (3)(c) of section 79-1101 until June~~
10 ~~30, 2007, forty million dollars of the Cash Reserve Fund shall be~~
11 ~~deemed to constitute the Early Childhood Education Endowment Fund.~~
12 ~~Such funds shall remain part of the Cash Reserve Fund for all~~
13 ~~purposes, except that the interest earned on such forty million~~
14 ~~dollars shall accrue as provided in section 84-613.~~

15 ~~(12)~~ (8) The State Treasurer, at the direction of the
16 budget administrator, shall transfer such amounts, as certified
17 by the Director of Administrative Services, for employee health
18 insurance claims and expenses, not to exceed twelve million dollars
19 in total from the Cash Reserve Fund to the State Employees
20 Insurance Fund between May 1, 2007, and June 30, 2011.

21 ~~(13) On July 9, 2007, the State Treasurer shall transfer~~
22 ~~twelve million dollars from the Cash Reserve Fund to the Nebraska~~
23 ~~Capital Construction Fund.~~

24 ~~(14)~~ (9) On July 9, 2007, the State Treasurer shall
25 transfer five million dollars from the Cash Reserve Fund to the

1 Job Training Cash Fund. The State Treasurer shall transfer from the
2 Job Training Cash Fund to the Cash Reserve Fund such amounts as
3 directed in section 81-1201.21.

4 ~~(15)~~ (10) On July 7, 2008, the State Treasurer shall
5 transfer five million dollars from the Cash Reserve Fund to the
6 Job Training Cash Fund. The State Treasurer shall transfer from the
7 Job Training Cash Fund to the Cash Reserve Fund such amounts as
8 directed in section 81-1201.21.

9 ~~(16)~~ On or before August 1, 2007, the State Treasurer,
10 at the direction of the budget administrator, shall transfer
11 seventy-five million dollars from the Cash Reserve Fund to the
12 Nebraska Capital Construction Fund.

13 ~~(17)~~ (11) On or before June 30, 2009, the State Treasurer
14 shall transfer nine million five hundred ninety thousand dollars
15 from the Cash Reserve Fund to the Nebraska Capital Construction
16 Fund.

17 ~~(18)~~ (12) The State Treasurer, at the direction of
18 the budget administrator, shall transfer an amount equal to the
19 total amount transferred pursuant to subsection ~~(12)~~ (8) of this
20 section from the appropriate health insurance accounts of the
21 State Employees Insurance Fund in such amounts as certified by the
22 Director of Administrative Services to the Cash Reserve Fund on or
23 before June 30, 2011.

24 ~~(19)~~ On July 9, 2007, the State Treasurer shall
25 transfer one million dollars from the Cash Reserve Fund to the

1 ~~Microenterprise Development Cash Fund.~~

2 ~~(20) On July 9, 2007, the State Treasurer shall transfer~~
3 ~~two hundred fifty thousand dollars from the Cash Reserve Fund to~~
4 ~~the Building Entrepreneurial Communities Cash Fund.~~

5 ~~(21) On July 7, 2008, the State Treasurer shall~~
6 ~~transfer one million dollars from the Cash Reserve Fund to the~~
7 ~~Microenterprise Development Cash Fund.~~

8 ~~(22) On July 7, 2008, the State Treasurer shall transfer~~
9 ~~two hundred fifty thousand dollars from the Cash Reserve Fund to~~
10 ~~the Building Entrepreneurial Communities Cash Fund.~~

11 ~~(23)~~ (13) On July 7, 2009, the State Treasurer shall
12 transfer five million dollars from the Cash Reserve Fund to the
13 Roads Operations Cash Fund. The Department of Roads shall use such
14 funds to provide the required state match for federal funding made
15 available to the state through congressional earmarks.

16 ~~(24)~~ (14) On July 7, 2010, the State Treasurer shall
17 transfer five million dollars from the Cash Reserve Fund to the
18 Roads Operations Cash Fund. The Department of Roads shall use such
19 funds to provide the required state match for federal funding made
20 available to the state through congressional earmarks.

21 ~~(25)~~ (15) On July 7, 2011, the State Treasurer shall
22 transfer five million dollars from the Cash Reserve Fund to the
23 Roads Operations Cash Fund. The Department of Roads shall use such
24 funds to provide the required state match for federal funding made
25 available to the state through congressional earmarks.

1 ~~(26)~~ Within seven days after April 2, 2008, the State
2 Treasurer shall transfer nine million dollars from the Cash Reserve
3 Fund to the Water Contingency Cash Fund.

4 ~~(27)~~ On July 18, 2008, the State Treasurer shall transfer
5 five million dollars from the Cash Reserve Fund to the Nebraska
6 State Fair Relocation Cash Fund.

7 ~~(28)~~ (16) Within five days after the budget division
8 of the Department of Administrative Services notifies the State
9 Treasurer that matching fund requirements under section 82-331 have
10 been met, the State Treasurer shall transfer one million dollars
11 from the Cash Reserve Fund to the Nebraska Cultural Preservation
12 Endowment Fund.

13 Sec. 4. Section 84-613, Reissue Revised Statutes of
14 Nebraska, is amended to read:

15 84-613 Any money in the Cash Reserve Fund available
16 for investment shall be invested by the state investment officer
17 pursuant to the Nebraska Capital Expansion Act and the Nebraska
18 State Funds Investment Act. ~~Until July 1, 2007, any~~ Any interest
19 earned by the fund shall accrue to the General Fund. ~~except~~
20 ~~for interest earned on forty million dollars if such money is~~
21 ~~deemed to constitute the Early Childhood Education Endowment Fund~~
22 ~~in accordance with subsection (11) of section 84-612. From the~~
23 ~~effective date of an endowment agreement as defined in subdivision~~
24 ~~(3)(c) of section 79-1101 until June 30, 2007, interest earned~~
25 ~~on the forty million dollars deemed to constitute the Early~~

LB 456

LB 456

1 ~~Childhood Education Endowment Fund shall accrue to the Early~~
2 ~~Childhood Education Endowment Cash Fund. Commencing July 1, 2007,~~
3 ~~any interest earned by the Cash Reserve Fund shall accrue to the~~
4 ~~General Fund.~~

5 Sec. 5. Original sections 79-1104.01, 79-1104.05, 84-612,
6 and 84-613, Reissue Revised Statutes of Nebraska, are repealed.