

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2018-19		FY 2019-20	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS		See below		See below
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS		See below		See below
TOTAL FUNDS		See below		See below

Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.

LB938 changes the guidelines and procedures for when General Fund receipts are automatically transferred to the Cash Reserve Fund. Currently at the start of a fiscal year, the Legislative Fiscal Analyst and Tax Commissioner certify the revenue projection for the year. A re-certification occurs if the forecasts are reduced. At the end of the fiscal year, any actual receipts above the certified level are automatically transferred to the Cash Reserve Fund.

Under LB938, the amount to transfer shall be the greater of (a) actual General Fund net receipts for the most recently completed fiscal year minus estimated General Fund net receipts for such fiscal year; or (b) fifty percent of the product of actual General Fund net receipts for the most recently completed fiscal year times the difference between the annual percentage increase in the actual General Fund net receipts for the most recently completed fiscal year and the average annual percentage increase in the actual General Fund net receipts over the ten previous fiscal years. The transfer would occur if either criteria A or B are a positive.

Whether more or less funds would be transferred to the Cash Reserve Fund is dependent on not just whether the amount is above forecast, but the increase in revenues relative to the average increase over the prior ten years. Under LB938, transfers to the Cash Reserve Fund could be required even if actual receipts were substantially below forecast.

For example, if FY2017-18 receipts are \$20 million below forecast, that level of receipts would still be a 5.14% increase over the prior year and 2.87% higher than the 2.27% average increase over the prior 10 years. Under the bill, a \$64.4 million transfer to the Cash Reserve Fund would be required.as the transfer would occur if either criteria was a positive.