

State of Nebraska

LEGISLATIVE COUNCIL

2025
EXECUTIVE BOARD
BEN HANSEN, CHAIRMAN
TERESA IBACH., VC
JOHN ARCH
BEAU BALLARD
ELIOT BOSTAR
MYRON DORN
JOHN FREDERICKSON
MIKE JACOBSON
TERRELL MCKINNEY
ROBERT CLEMENTS (ex officio)



www.nebraskalegislature.gov

**Legislative Fiscal Office
PO Box 94604, State Capitol
Lincoln, NE 68509-4604**

BRANDON METZLER
Clerk of the Legislature
BENJAMIN THOMPSON
Director of Research
STEPHANIE MEESE
Director of Oversight, Interim
MARCIA MCCLURG
Revisor of Statutes
KEISHA PATENT
Legislative Fiscal Analyst
JULIE ROGERS
Ombudsman

November 19, 2025

Mr. Brandon Metzler
Clerk of the Nebraska Legislature
Room 2018, State Capitol
Lincoln, NE 68509-4604

Dear Mr. Metzler,

As required by Neb. Rev. Stat. sec. 77-2715.01 (2), I am submitting to you at the direction of the Tax Rate Review Committee, this letter and its attachments as the annual report of the Committee for 2025. The attachments include reports presented to and reviewed by the Committee on July 24, 2025, and November 19, 2025. At each meeting the Committee determined there was no need to call the Legislature into special session to adjust tax rates.

Lastly, as required by Neb. Rev. Stat. sec. 77-2715.01(2), this report incorporates by reference the most recent tax expenditure report prepared by the Department of Revenue, as set forth by Neb. Rev. Stat. sec. 77-382. This report is accessible at: https://revenue.nebraska.gov/sites/default/files/doc/research/tax-expenditure/2025_Tax_Expenditure_Report.pdf. If you have any questions, please contact me.

Respectfully submitted on behalf of the Committee.

A handwritten signature in black ink, appearing to read 'Keisha Patent'.

Keisha Patent
Legislative Fiscal Analyst

Tax Rate Review Committee

November 2025

**Required November Meeting
Pursuant to Section 77-2715.01**

**Speaker of the Legislature
Executive Board Chair
Appropriations Committee Chair
Revenue Committee Chair
Tax Commissioner**

**Senator John Arch
Senator Ben Hansen
Senator Robert Clements
Senator Brad von Gillern
James R. Kamm**

Prepared by the Legislative Fiscal Office

Summary

This report includes a current projected General Fund Financial Status for the FY2025-26 and FY2026-27 Biennial Budget. For planning purposes, this report also incorporates an estimated financial status for the “out years,” FY2027-28 and FY2028-29 biennium. Assumptions for construction of the status for the upcoming biennium and estimates for the following biennium are discussed individually later in this report.

Projected Deficit

The projected financial status shows an ending balance \$471.5 million ***below*** the minimum reserve for the upcoming FY2025-26 and FY2026-27 biennial budget. This is about \$376.2 million lower than what was shown on the prior financial status. The change is mostly due to: changes in the General Fund revenue forecast; the transfer amount to the Community College Future Fund from the General Fund; the actual amount of lapsed General Fund appropriations from FY2024-25 and carryover obligations into FY2025-26; and changes in TEEOSA state aid and special education aid.

The projected deficit in the FY2027-28/FY2028-29 biennium grew from \$218.1 million below the minimum reserve on the prior financial status to \$690.3 million below the minimum reserve in this report, a reduction of \$472.2 million.

Revenue Growth

Revenue for FY2025-26 and FY2026-27 are the October 2025 forecasts from the Nebraska Economic Forecast Advisory Board (NEFAB). Revenue growth (adjusted for rate and base changes) implied by these current forecasts is 5.5% in FY2025-26 and 3.9% in FY2026-27, for a two-year average annual growth of 4.7%. Actual revenue growth for FY2024-25 was -1.7%.

LFO Prelim estimates for FY2027-28 and FY2028-29 are calculated using the historical average methodology. Rate and base adjusted growth is 8.3% each year, for a two year average annual growth of 8.3%. Five-year average growth for the status period is 4.9%.

Spending Growth

For FY2025-26 and FY2026-27 biennium, the amounts are the enacted budget, and the adjustments shown are related to changes in TEEOSA State Aid and special education reimbursement amounts. Projected increases for the following biennium (FY2027-28 and FY2028-29) are based on historical averages, anticipated increases due to enacted legislation, and changes in TEEOSA state aid estimates.

Cash Reserve Fund

In this financial status, the unobligated ending balance in the Cash Reserve Fund (CRF) is projected at \$821.2 million for FY2025-26 and \$669.2 million for FY2026-27. The revised October 2025 forecast lowered the forecast from the July certification, and as such, there is currently no estimated amount automatically transferred to the CRF from the General Fund.

General Fund Financial Status

Table 1 includes the current projected General Fund Financial Status including, for planning purposes, an estimated financial status for the following biennium. Assumptions for construction of the status and estimates for the following biennium are discussed individually later in this report.

Table 1 Projected General Fund Financial Status

	Actual FY2024-25	Upcoming Biennium FY2025-26 FY2026-27		Est for Following Biennium FY2027-28 FY2028-29	
1 BEGINNING BALANCE					
2 Beginning Cash Balance	1,843,296,751	792,515,104	213,411,416	(145,304,945)	(447,001,965)
3 Cash Reserve transfers-automatic	(38,746,104)	0	0	0	0
4 Carryover obligations from FY25	0	(313,607,754)	0	0	0
5 Allocation for potential deficits	0	0	0	0	(5,000,000)
6 Unobligated Beginning Balance	1,804,550,647	478,907,350	213,411,416	(145,304,945)	(452,001,965)
7 REVENUES & TRANSFERS					
8 Net Receipts (Includes 2025 Legislation)	6,159,041,662	6,950,000,000	6,800,000,000	7,188,104,045	7,742,395,705
9 General Fund transfers-out (Enacted 2025)	(1,694,747,425)	(1,716,331,476)	(1,777,903,800)	(1,856,279,740)	(1,918,243,227)
10 General Fund transfers-in (current law)	in receipts	in forecast	in forecast	in estimate	in estimate
11 Cash Reserve transfers (current law)	4,000,000	0	152,000,000	0	0
12 Accounting Adjustment	(5,664,537)	0	0	0	0
13 General Fund Net Revenues	4,462,629,700	5,233,668,524	5,174,096,200	5,331,824,305	5,824,152,478
14 APPROPRIATIONS					
15 Expenditures / Appropriations	5,474,665,244	5,413,727,981	5,413,727,981	5,413,727,981	5,413,727,981
16 Mainline Budget (Enacted 2025)	0	70,823,963	107,123,200	107,123,200	107,123,200
17 Projected budget increase, following biennium	0	0	0	116,579,336	233,601,425
18 2026 Session Budget Adjustments	0	0	0	0	0
19 TEEOSA/Special Education Aid	0	14,612,514	11,961,381	(3,909,192)	(12,709,832)
20 General Fund Appropriations	5,474,665,244	5,499,164,458	5,532,812,562	5,633,521,325	5,741,742,775
21 ENDING BALANCE					
22 \$ Ending balance (per Financial Status)	792,515,104	213,411,416	(145,304,945)	(447,001,965)	(369,592,262)
23 \$ Ending balance (at Min. Reserve 3.0%)			326,221,743		320,699,180
24 Excess (shortfall) from Minimum Reserve			(471,526,688)		(690,291,441)
25 Biennial Reserve (%)			-1.3%		-3.2%
General Fund Appropriations					
26 Annual % Change - Appropriations (w/o deficits)	1.2%	1.6%	0.6%	1.8%	1.9%
27 Two Year Average	2.7%	--	1.1%	--	1.9%
General Fund Revenues					
28 Est. Revenue Growth (rate/base adjusted)	-1.7%	5.5%	3.9%	8.3%	8.3%
29 Two Year Average	1.4%	--	4.7%	--	8.3%
30 Five Year Average	7.5%	--	2.8%	--	4.9%
31 Unadjusted % change over prior year	-13.9%	12.8%	-2.2%	5.7%	7.7%
32 On-Going Revenues vs Appropriations	(955,098,280)	(265,495,933)	(510,716,361)	(301,697,019)	82,409,704

Changes to the Financial Status

The General Fund Financial Status for the FY26/FY27 biennium has worsened since the July meeting of the Tax Rate Review Committee as shown below. The largest changes in the financial status include the change in the revised revenue estimates from the October Nebraska Economic Forecasting Advisory Board (NEFAB) meeting and updated revenue estimates for the FY2027-28/FY2028-29 biennium, FY2024-25 lapses and carryover obligations into FY2025-26, updated Community College Future Fund obligations transferred from the General Fund, updated TEEOSA and special education estimates, and changes in midbiennium adjustments estimates.

	FY26/27	FY28/29
(millions of dollars)	Biennium	Biennium
Variance from Minimum Reserve: Tax Rate Review July 2025	(95.35)	(218.05)
1. Revenue Forecasts (Oct 2025)	(366.96)	(470.96)
2. Change in minimum reserve	10.69	13.72
Variance from Minimum Reserve: NEFAB Forecast	(451.63)	(675.30)
3. Update carryover obligations/lapses	12.54	12.54
4. Update CCFF transfer from Aug certification	(11.19)	(23.52)
5. TEEOSA and Special Education Aid Adjustments	(26.57)	(9.95)
6. Update Biennial Budget estimates	5.00	5.00
7. Change in minimum reserve	0.33	0.95
Variance from Minimum Reserve: Tax Rate Review November 2025	(471.53)	(690.29)

Actual FY2024-25 carryover obligations and lapsed appropriations

In the July 2025 projected financial status it was estimated \$36 million of unexpended General Fund appropriations would expire or lapse. Actual numbers for lapsed appropriations would not be available until the encumbrance process was completed in September. The final calculation of FY2025 reappropriations and encumbrances resulted in expired (lapsed) appropriations of \$48.5 million versus the \$36 million estimate. A total of \$313.6 million of certified encumbrances and reappropriated General Funds is carried over into FY2025-26 from the previous biennium (shown on line 4 of the status). The updated numbers for lapsed appropriations and carryover obligations result in a gain of \$12.54 million to the General Fund status.

Community College Future Fund (CCFF) Certification and Updated Estimates

LB 243 (2023) limits the ability of community college areas to levy property taxes for FY 2024-25 and after. The state distributes funds to community college areas to offset the funds lost by community college areas with the elimination of their levy authority under subdivisions (2) (a) and (c) of section 85-1517 with community colleges retaining the levy authority under (b). The funds are distributed to community college areas by the government of the State of Nebraska in the following manner:

- FY 2025-26 and after: The amount distributed to the community college area in the prior fiscal year, increased by 3.5% or the percentage increase in the reimbursable educational units of the community college area, whichever is greater. The amounts are calculated by the Coordinating Commission for Postsecondary Education (Commission).

The Commission annually certifies the total amount to be distributed to all community college areas in August of each year. The State Treasurer transfers the certified amount from the General Fund to the newly created Community College Future Fund in 10 equal payments distributed monthly beginning in September and continuing through June. The Commission makes distributions to the community college areas in ten equal payments distributed monthly beginning in September and continuing through June.

The certified aid amount for FY2025-26 is \$271,446,476. This is an increase of approximately 7% from FY2024-25 because of the impact of the growth in reimbursable education units in multiple community college areas

exceeding 3.5%. The enacted budget includes funds for FY2025-26 and thereafter that reflect an increase of 5% per year due to this impact, rather than the minimum annual increase of 3.5% in statute. However, because the FY2025-26 certified amount is greater than the amount in the enacted budget, to maintain the 5% annual growth rate assumption, the amounts are increased in subsequent years as well. The table below shows the impact of the increase in the FY2025-26 certification and subsequent years.

	FY2025-26	FY2026-27	FY2027-28	FY2028-29
General Fund Transfer to CCFF - Tax Rate Review July 2025 Status	265,988,849	279,288,291	293,252,706	307,915,341
\$ Change FY26 Certification plus 5% estimated growth	5,457,627	5,730,509	6,017,034	6,317,886
General Fund Transfer to CCFF - Tax Rate Review November 2025 Status	271,446,476	285,018,800	299,269,740	314,233,227

The total reduction in General Funds due to the increased transfer to the CCFF for these amounts for the FY2025-26/FY2026-27 biennium is \$11.19 million and for the four-year period of \$23.52 million.

Updated Special Education Aid Estimate

Section 79-1142 requires the Dept. of Education to submit a letter to the Governor and the Appropriations and Education Committees of the Legislature regarding the total allowable excess costs for all special education programs and support services for all school districts, cooperatives of school districts, and educational service units; and the total reimbursements requested for the most recently completed fiscal year.

The letter estimated the total Special Education reimbursement costs for FY2025-26 will be \$542,585,886. The amount appropriated for FY2025-26 is \$235,724,424 from the General Fund and \$291,390,830 from the Education Future Fund for a total of \$527,115,254. This amount reflected in the letter is an increase of \$15,470,633 from the appropriation. For purposes of this report, the additional amount is assumed to be paid from the General Fund and is reflected on the TEEOSA/Special Education Aid line on the General Fund financial status.

	FY2025-26	FY2026-27
Special Education Appropriation (Total All Funds)	527,115,254	545,564,287
November Certified Special Education Amount for FY2025-26	542,585,886	--
Difference from Sine Die 2025	15,470,633	--

This additional reimbursement has not yet been factored into the TEEOSA estimate presented in this report, but will likely have an impact on TEEOSA aid in the following biennium.

Updated TEEOSA State Aid Estimate

Section 79-1031 requires the Dept. of Education with the assistance of the property tax administrator, Legislative Fiscal Analyst, and DAS-Budget Division to make an estimate of the funding needs for TEEOSA for the next year. Based on valuation and spending assumptions agreed to at that meeting, NDE estimates TEEOSA aid for FY2026-27 of \$1.195 billion, which is \$11.96 million more than the estimate at Sine Die 2025. There is no change in the estimate of insurance premium tax for FY2026-27. However, actual insurance premium tax for FY2025-26 increased slightly from the estimated amount of \$43 million, resulting in savings of \$858,119 for FY2025-26. The savings are shown on the 2026 TEEOSA/Special Education Aid line on the General Fund financial status.

TEEOSA estimates will be further refined in mid-December when the Annual Financial Reports (AFR) from schools are compiled and available. At that point many key calculation components in the TEEOSA formula will be known numbers not just estimates. This includes school spending and the amount of other school receipts.

The estimates for FY2027-28 and FY2028-29 are based on the same methodology utilized for the November 15 estimates required under current law for the proposed biennial budget but with Fiscal Office assumptions and should be considered Fiscal Office estimates. For both FY2027-28 and FY2028-29, the November estimate is lower than the previous estimate reflected in the prior financial status. The estimates at Sine Die 2025 (and used in the July 2025 Tax Rate Review Report) and at the November joint meeting are shown below.

TEEOSA – Sine Die 2025	All Funds Cert. FY2025-26	All Funds FY2026-27	All Funds FY2027-28	All Funds FY2028-29
State General Funds	1,036,453,304	1,024,467,449	1,040,811,980	1,058,083,880
Education Future Fund	112,977,519	113,571,200	114,182,930	114,820,994
Insurance Premium Tax (w/o Deficit)	43,000,000	45,000,000	46,500,000	48,000,000
Total TEEOSA Aid	1,192,430,823	1,183,038,649	1,201,494,910	1,220,904,874
TEEOSA – November 2025 Joint Meeting	All Funds Cert. FY2025-26	All Funds FY2026-27	All Funds FY2027-28	All Funds FY2028-29
State General Funds	1,035,595,185	1,036,428,830	1,036,902,788	1,045,374,048
Education Future Fund	112,977,519	113,571,170	114,182,859	114,820,871
Insurance Premium Tax (w/o Deficit)	43,858,118	45,000,000	46,500,000	48,000,000
Total TEEOSA Aid	1,192,430,822	1,195,000,000	1,197,585,647	1,208,194,920
Difference in General Funds from Sine Die 2025	(858,119)	11,961,381	(3,909,192)	(12,709,832)

*This table does not reflect the changes in the special education reimbursement discussed in the previous section.

2026 Session Budget Adjustment Requests (General Funds)

Agencies were required to submit requests for midbiennium budget adjustments by October 24. A complete list of requested General Fund items is shown in Table 2. At this point in the process, detailed information on the request items is not available as they are currently under review and analysis by the Legislative Fiscal Office and Governor’s Budget Office.

These requested items will be subject to review and approval or rejection by the Governor and Legislature during the 2026 Session. Many of the agencies that submitted a request included items to reduce General Fund appropriations, offset by increases in appropriations from other funding sources. For example, approximately \$30 million each fiscal year of General Fund appropriation reductions are offset by Cash Fund appropriation increases. The decision to do so is a policy decision and, in many instances, may also require statutory changes related to fees/assessments in supplemental legislation. As such, for purposes of this report, specific items are not included in the General Fund financial status. However, because the overall General Funds requested are negative, it is assumed for purposes of this report that any increases will be potentially offset by reductions, and as such, the net change in General Funds shown is zero at this point in time. As a result, the \$5 million allocated for potential deficits from the prior status is removed from this status. If all General Fund appropriations listed in Table 2 are included in the midbiennium adjustment legislation, the resulting deficit for the FY2025-26/FY2026-27 biennium would be \$311 million below the minimum reserve and for the FY2027-28/FY2028-29 biennium, \$392 million below the minimum reserve.

The updated amounts for TEEOSA and special education discussed above are not included in this listing and are treated as a separate item as the revised estimate occurred after the deadline for submittal of budget change requests. There will also likely be other requests that will subsequently be submitted for things such as Homestead Exemption and defined benefit retirement plans.

**Table 2 - General Fund Midbiennium Requests by Issue
And State Totals All Fund Types and Salary Limit**

Ag #	Agency	Issue Name	Type	FY 2025-26 Req.	FY 2026-27 Req.
005	Supreme Court	AS400 Replacement	Oper	0	1,000,000
		Health Insurance	Oper	3,683,162	4,088,309
009	Secretary of State	Health Insurance	Oper	5,000	5,000
013	Education	Health Insurance	Oper	585,902	705,186
		Add'l Appropriation for Vacation/Sick Payouts	Oper	86,376	0
014	Public Service Comm.	Railroad Safety Program Salary increase	Oper	14,111	14,675
016	Revenue	Charitable Gaming Revenues	Oper	(141,870)	(141,870)
		Department Spending Efficiencies	Oper	(1,168,329)	(1,393,546)
		Local Sales Tax Collection Fee (MEF)	Oper	0	(9,040,000)
		Scottsbluff Office	Oper	(357,780)	(490,247)
		Tobacco Transfer To Enforcement Fund	Oper	(9,500,000)	(7,790,596)
018	Agriculture	Aid Reduction	Aid	0	(653,000)
		Feed Tonnage Increase	Oper	0	(550,000)
		International Promotion Reduction in Force	Oper	(221,927)	(242,166)
		Office Specialist Reduction	Oper	(40,069)	(55,200)
021	Fire Marshal	Discretionary Position - Reduce Funding	Oper	(90,000)	(90,000)
		Federal Grant Award Received-Offset GF	Oper	(108,175)	(76,751)
		Office Specialist - Eliminate Position	Oper	(50,000)	(50,000)
		Reduce expenses for overnight lodging	Oper	(8,000)	0
		Re-Entry Deputy Eliminate Position	Oper	(150,000)	(126,000)
		Training Division - Shift Costs to Cash Funds	Oper	(90,000)	(90,000)
		Training Equipment - Reduce Expenditures	Oper	(13,972)	(13,972)
023	Labor	Reduce General Fund Usage	Oper	(266,358)	(272,186)
025	Health/Human Services	BBB SNAP Admin Matching % Reduction	Oper	0	11,250,000
		BSDC Base Appropriation Reduction	Aid	(5,750,000)	(2,250,000)
		Carryover Appropriation Reduction	Aid	(12,000,000)	0
		Center for Nursing Reduction	Oper	(3,000,000)	(3,000,000)
		Children and Family Services Deficit	Aid	32,798,175	31,225,579
		Concurrent Medicaid Enrollment	Aid	(15,000,000)	(15,000,000)
		Cost Sharing Options	Aid	0	(2,000,000)
		Eliminate Critical Incident Stress Management	Aid	(442,500)	(442,500)
		Eliminate Retro Eligibility	Aid	0	(18,021,375)
		Excess Profit Fund	Aid	0	4,941,593
025	Health/Human Services	Alternative Funding - 988 (Health Care Cash)	Aid	0	(3,478,000)
		Hospital Assessment	Aid	(22,500,000)	(22,500,000)
		Kinship Foster Care	Aid	(6,000,000)	(16,000,000)
		Low Income Children PPA	Aid	(8,000,000)	0
		Medicaid Deficit – Encumbrance/Population	Aid	56,524,781	77,144,758
		Medicaid FMAP - Initial	Aid	0	(3,596,645)
		Operational Efficiencies (033)	Oper	(2,846,634)	(3,712,945)
		Operational Efficiencies (038)	Aid	(2,987,500)	(3,350,000)
		Operational Efficiencies (347)	Aid	(51,396,819)	(26,362,426)
		Operational Efficiencies (354)	Aid	(7,196,676)	(8,178,901)
		Rate Corrections (Medicaid)	Aid	(12,138,777)	(13,599,252)
		State Ward Education (Prob/HCCF)	Aid	(3,000,000)	(15,560,680)

Ag #	Agency	Issue Name	Type	FY 2025-26 Req.	FY 2026-27 Req.
028	Veterans' Affairs	NDVA Director's Salary Issue	Oper	0	(86,705)
		NDVA Fund Mix Issue	Oper	(7,270,000)	(3,500,000)
		NDVA Veterans' Aid Fund Issue	Oper	(2,500,000)	(2,500,000)
031	Military Department	Cut One (1) Marketing Position	Oper	(52,763)	(75,354)
		Cut One (1) Office Technician Position	Oper	(45,916)	(56,752)
		Reduce Readiness Center Capital Funds	Oper	(72,416)	0
		Reduce Readiness Center Capital Funds (2)	Oper	0	(47,912)
		SEAT from Emergency Funds Only	Oper	(362,520)	(362,520)
035	Liquor Control	Liquor Control Commission Request	Oper	854,443	2,075,413
046	Corrections	McCook Work Ethic Camp conversion	Oper	(1,900,000)	(10,200,000)
		Miscellaneous savings	Oper	0	(2,488,863)
		NCRC pilot and risk assessment tool study	Oper	(500,000)	0
		Peru State College Workforce Dev. Program	Oper	(486,733)	0
054	Historical Society	10% General Fund reduction	Oper	(528,604)	(528,604)
		Cemetery Registry Reduction	Oper	(17,000)	(17,000)
		Fund Mix shift	Oper	(180,000)	0
064	State Patrol	Administrative Efficiencies	Oper	(33,000)	(33,000)
		Compensatory Time/Overtime Reduction	Oper	(628,631)	(657,610)
		Elimination of Civilian Positions	Oper	(722,532)	(511,863)
		Position Fund Mix Shift	Oper	(952,685)	(952,685)
		Recruitment Expense Reductions	Oper	(30,000)	(30,000)
		Rent Expense - Buildings Reduction	Oper	(3,060)	(3,060)
		Training & Related Travel Reductions	Oper	(147,333)	(147,333)
		Uniform Expense Reduction	Oper	(70,250)	(70,250)
065	Admin. Services	General Fund Reduction - Budget Office	Oper	(199,041)	(199,041)
		General Fund Reduction - Capitol Commission	Oper	(519,875)	(519,875)
		General Fund Reduction - Employee Relations	Oper	(85,968)	(85,968)
		General Fund Reduction - Personnel	Oper	(100,000)	(100,000)
		General Fund Reduction - State Bldg Division	Oper	(23,005)	(23,005)
069	Arts Council	Funding Needs of Creative District Program	Aid	1,000,000	1,000,000
072	Economic Dev.	Development Districts	Aid	0	(700,000)
		Director Fund Mix	Oper	(34,672)	(46,230)
		Nebraska Operational Assistance Act	Aid	0	(250,000)
		Vacant Positions Closed	Oper	(114,526)	(114,526)
076	Indian Affairs Comm.	Agency Salary Adjustments	Oper	6,618	6,831
078	Crime Comm.	Base Reduction Program 155	Aid	(300,000)	(300,000)
		Base Reduction Program 204	Aid	0	(200,000)
078	Crime Comm.	Base Reduction Program 220	Oper	(153,924)	(156,643)
		Juvenile Services Aid Reduction	Aid	0	(449,300)
		Juvenile Services Aid Reduction	Oper	(45,200)	(154,440)
		LETC Fund Mix Shift	Oper	(100,000)	(100,000)
		Victims Compensation Fund	Aid	(1,091,160)	0
		Victims Compensation Fund	Oper	(108,840)	0
084	Water/Energy/Environment	Administrative Spending Modifications	Oper	(500,000)	0
		Organizational IT Savings	Oper	(25,000)	(50,000)
		Vacated Positions Not Filled	Oper	(880,835)	(880,835)
087	Accountability/Disclosure	Appropriation Inconsistency	Oper	0	110,000
		Health Insurance	Oper	15,734	17,466
		Reward payout created by LB644	Oper	50,000	50,000

Ag #	Agency	Issue Name	Type	FY 2025-26 Req.	FY 2026-27 Req.
087	Accountability/Disclosure	Server migration expense	Oper	43,225	12,025
		Updates to Form C-1 necessitated by LB644	Oper	16,250	0
STATE TOTALS General Fund				(89,567,098)	(71,080,797)
STATE TOTALS Cash Fund				60,416,164	63,675,904
STATE TOTALS Federal Fund				55,023,361	41,141,315
STATE TOTALS Revolving Fund				250,000	(729,548)
STATE TOTALS Salary Limit				46,012,659	47,353,112

General Fund Revenues

The FY2024-25 forecast was adjusted up to \$6.476 billion following the 2024 Special Session. At the October 2024 meeting, the Nebraska Economic Forecasting Advisory Board (NEFAB) revised the forecast down to \$6.335 billion. The NEFAB also set the first forecast for FY2025-26 and FY2026-27 at \$6.95 billion and \$6.965 billion, respectively.

At the February 2025 meeting, the NEFAB revised the FY2024-25 forecast up by \$100 million to \$6.435 billion. The NEFAB revised the forecast for FY2025-26 and FY2026-27 up to \$6.955 billion and \$7.025 billion, respectively. Revenue growth (adjusted for rate and base changes) implied by the current forecast is 2.6% in FY2025-26 and 5.6% in FY2026-27, for a two-year average annual growth of 4.1%.

At the April meeting, the NEFAB revised the forecast for FY2024-25 down to \$6.245 billion; and forecast for FY2025-26 down to \$6.865 billion; and the forecast for FY2026-27 down to \$6.925 billion. The total reduction in funds available over the three-year period was \$380 million, \$100 million of which had been estimated to be transferred to the Cash Reserve Fund. As a result, the projected balance of the Cash Reserve Fund declined by \$100 million, and General Funds available declined by \$280 million.

The FY2024-25 April forecast of the Nebraska Economic Forecasting Advisory Board, adjusted for 2025 legislation, is \$6,255,575,000 (\$6.245 billion April NEFAB plus \$10.575 million in General Fund transfers in authorized in the budget and enacted after the April forecast). Actual net receipts for FY2024-25 are \$6,159,041,662, which is \$96,533,338 below the forecasted amount (adjusted for legislation).

At the October 2025 meeting, the NEFAB revised the forecast for FY2025-26 and FY2026-27 downward to reflect the impact of federal legislation and incentive activity in sales tax. The revised forecast is \$6.95 billion in FY2025-26 and \$6.8 billion in FY2026-27. This is a reduction of \$119.8 million in FY2025-26 and a reduction of \$247.1 million in FY2026-27 from the prior estimates.

Following Biennium (FY2027-28 and FY2028-29)

The NEFAB does not make official forecasts for the following biennium ("out years"). "Out year" estimates have traditionally been derived by the Legislative Fiscal Office (LFO) using a "capped" historical average methodology. This smoothing technique derives "out year" revenue estimates by calculating the level of revenues that would yield a five-year average growth (FY23 to FY27) roughly equal to the 40+ year historical average (5.2%) less 0.25%, which is the projected impact of indexing the tax brackets as enacted in 2014 (LB987). Inherent in this methodology is the concept that within any five-year period, below average revenue growth in some years will be offset by above average growth in others and is visually seen in the line graph of historical adjusted revenue growth. The "capped" provision of this methodology means that the derived growth needed in the out years to achieve the historical average cannot be higher than the "above average" growth years nor lower than the "below average" growth years. Using the methodology has generally allowed for the Legislature to budget to the average over the five-year period.

Over the past 43 years of actual net receipts data, there were 19 years in which revenue growth was "below average" (1.9% average) and 25 years in which revenue growth was above average (8.3% average). Because the revenue growth in the NEFAB forecasts is below average, using this methodology the revenue growth needed to yield a 4.94% five-year average is 8.3% in FY2027-28 and 8.3% in FY2028-29.

Alternative methods are available for deriving revenue estimates for the following biennium. In addition to LFO's historical average methodology, both the Nebraska Dept. of Revenue and LFO have calculated revenue estimates for these two "out years" using the same models and input from S&P GLOBAL and Moody's Analytics, the national forecasting services used as input into the tax forecast models. In the prior biennium,

this methodology was utilized, largely due to the unprecedented revenue growth in the prior biennium that was not accounted for in the five-year status period in question. Previously, LFO has been reluctant to use “out year” forecast estimates for projecting revenue for the “out years” because there is some tendency of the forecasts to flatten out and follow current trends into those years without picking up changes in the trend line. This is the case with the current forecast estimates for FY2027-28 and FY2028-29. To more adequately reflect the historical trends of revenue growth, the historical average methodology is utilized.

The NEFAB forecasts and projected “out year” revenue estimates are shown in Table 4. As the FY2024-25 actual receipts and forecasts for FY2025-26 and FY2026-27 are all lower than previous estimates, a higher annual growth rate is necessary in the historical average methodology in order to equate the five-year average annual growth rate to the historical average (adjusted for indexing brackets).

Rate and base adjusted growth in FY2027-28 and FY2028-29 are each 8.3%, for a two-year average annual growth rate of 8.3%. Five-year average annual growth for the status period is 4.94%.

Table 4 - General Fund Revenue Forecasts

	Actual FY2024-25	NEFAB FY2025-26	NEFAB FY2026-27	LFO Prelim FY2027-28	LFO Prelim FY2028-29
<u>Actual/Forecast</u>					
Sales and Use Tax	2,516,744,199	2,665,000,000	2,600,000,000	2,871,164,045	3,187,561,705
Individual Income Tax	2,179,933,889	3,000,000,000	3,060,000,000	3,161,907,000	3,287,219,250
Corporate Income Tax	1,075,085,078	785,000,000	780,000,000	819,619,000	895,842,750
Miscellaneous receipts	387,278,497	500,000,000	360,000,000	335,414,000	371,772,000
Total General Fund Revenues	6,159,041,662	6,950,000,000	6,800,000,000	7,188,104,045	7,742,395,705
<u>Adjusted Growth</u>					
Sales and Use Tax	1.7%	5.0%	-2.5%	10.1%	10.7%
Individual Income Tax	-3.7%	12.2%	8.4%	6.5%	5.0%
Corporate Income Tax	0.2%	-14.6%	5.2%	11.6%	15.2%
Miscellaneous receipts	-10.8%	-17.8%	-3.5%	11.3%	19.8%
Total General Fund Revenues	-1.7%	5.5%	3.9%	8.3%	8.3%
Two Yr Average	1.4%	--	4.7%	--	8.3%
Five Yr Average	7.5%	--	2.8%	--	4.9%

For comparison, the LFO Historical Methodology, the average of the LFO and NDR forecasts, and the “out-year” revenue estimates (adjusted for 2025 legislation) of the Joint Appropriations and Revenue Committee meeting for FY2027-28 and FY2028-29 are shown in Table 5. The Joint Appropriations and Revenue Committee estimates (adjusted for 2025 legislation) is relatively similar to the updated LFO preliminary estimates based on the historical methodology. The average of all forecasts is considerably lower, reflecting over \$1 billion impact in the “out-years” and lower average annual growth rates for that biennium and for the five-year period as compared to the LFO historical methodology.

Table 5 – Comparison of FY2027-28 and FY2028-29 Estimates (in thousands)

	Joint Committee + 2025 Bills	Average (All Forecasts)	LFO Historical Methodology
FY27-28 Prelim	7,304,104	6,842,853	7,188,104
FY28-29 Prelim	7,730,396	6,990,109	7,742,396
Growth Rate (Rate and Base Adj)			
FY27-28 Prelim	9.70%	5.30%	8.30%
FY28-29 Prelim	6.70%	3.80%	8.30%
Two Year Ave	8.20%	4.50%	8.30%
Five Year Ave	4.92%	3.10%	4.94%
\$ Difference from November TRR Report Status			
FY27-28 Prelim	136,000	(345,251)	0
FY28-29 Prelim	(12,000)	(752,287)	0
Change in minimum reserve (biennium)	(3,029)	31,967	0
Total	120,971	(1,065,571)	0

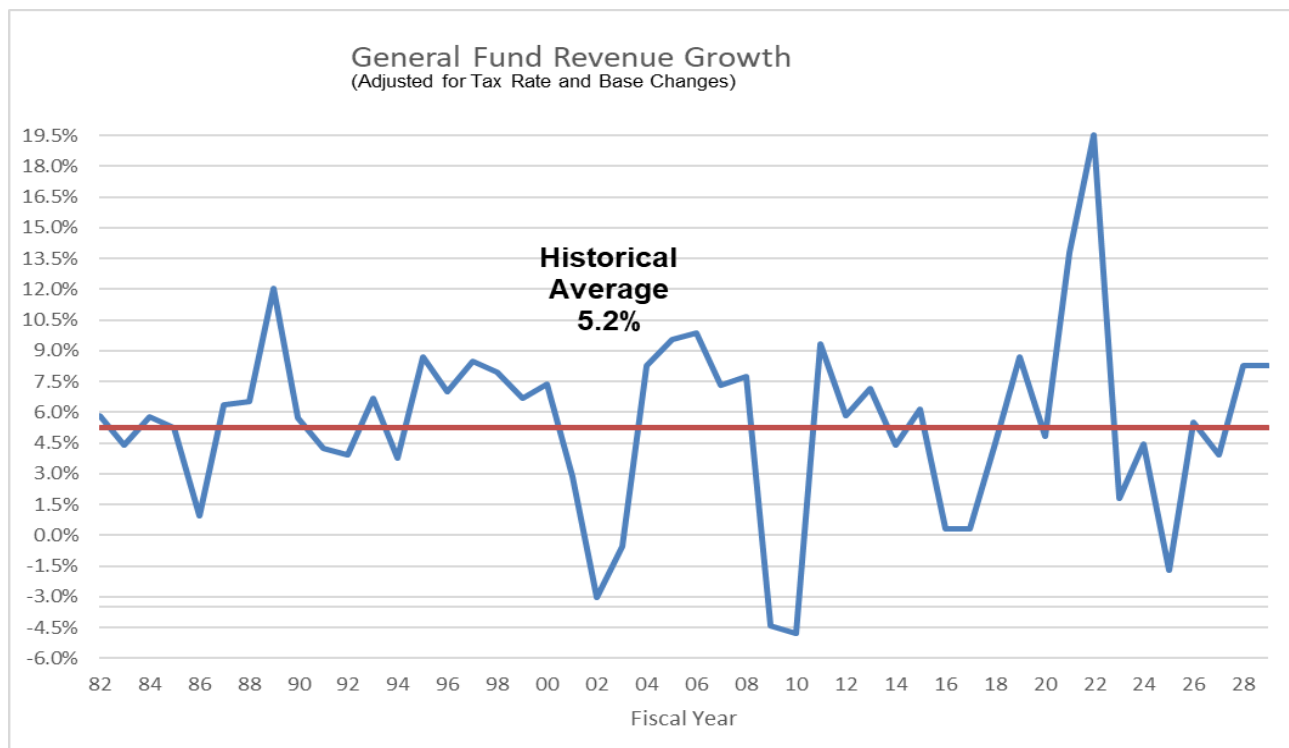


Table 6 - Actual and Projected General Fund Revenues

Fiscal Year	Sales and Use Tax	Individual Income Tax	Corporate Income Tax	Miscellaneous Taxes/Fees	Total Net Receipts	Unadj. % Change	Adjusted % Change**
FY 2000-01	905,023,176	1,233,363,553	138,040,082	180,435,044	2,456,861,855	2.2%	2.9%
FY 2001-02	918,889,782	1,159,810,647	107,628,074	179,180,246	2,365,508,749	-3.7%	-3.0%
FY 2002-03	1,028,931,065	1,129,421,651	111,597,405	186,449,714	2,456,399,835	3.8%	-0.5%
FY 2003-04	1,114,374,321	1,249,890,025	167,429,431	187,033,230	2,718,727,007	10.7%	8.3%
FY 2004-05	1,231,011,089	1,400,076,680	198,380,442	207,726,086	3,037,194,297	11.7%	9.5%
FY 2005-06	1,263,678,691	1,545,338,061	262,295,456	280,875,316	3,352,187,524	10.4%	9.9%
FY 2006-07	1,303,826,416	1,650,895,394	213,027,010	240,582,953	3,408,331,773	1.7%	7.3%
FY 2007-08	1,321,867,139	1,726,145,405	232,851,654	225,298,373	3,506,162,571	2.9%	7.7%
FY 2008-09	1,326,161,017	1,600,418,236	198,483,786	232,405,148	3,357,468,187	-4.2%	-4.4%
FY 2009-10	1,289,796,877	1,514,830,114	154,332,137	245,720,545	3,204,679,673	-4.6%	-4.8%
FY 2010-11	1,372,784,033	1,735,208,600	154,944,966	236,717,493	3,499,655,092	9.2%	9.4%
FY 2011-12	1,436,909,373	1,822,884,254	234,266,237	201,828,916	3,695,888,780	5.6%	5.9%
FY 2012-13	1,474,942,641	2,101,912,041	275,562,990	199,940,938	4,052,358,610	9.6%	7.2%
FY 2013-14	1,524,793,763	2,060,758,896	306,591,027	225,264,546	4,117,408,232	1.6%	4.4%
FY 2014-15	1,535,419,516	2,205,463,903	346,477,378	217,738,529	4,305,099,326	4.6%	6.2%
FY 2015-16	1,528,023,310	2,221,088,817	307,669,694	251,199,454	4,307,981,275	0.1%	0.3%
FY 2016-17	1,548,388,848	2,224,840,053	264,439,713	228,103,331	4,265,771,945	-1.0%	0.3%
FY 2017-18	1,602,737,358	2,360,595,935	313,689,521	289,972,959	4,566,995,773	7.1%	4.5%
FY 2018-19	1,658,107,133	2,545,680,039	423,737,571	268,853,778	4,896,378,521	7.2%	8.7%
FY 2019-20	1,848,235,959	2,445,647,485	391,163,752	254,715,415	4,939,762,611	0.9%	4.8%
FY 2020-21	2,009,748,270	3,130,599,324	571,220,324	247,474,510	5,959,042,428	20.6%	13.8%
FY 2021-22	2,133,152,081	3,243,237,593	715,152,736	257,452,292	6,348,994,702	6.5%	19.5%
FY 2022-23	2,335,899,936	3,005,952,059	692,964,729	333,165,768	6,367,982,492	0.3%	1.8%
FY 2023-24	2,458,834,067	2,479,054,187	1,724,908,135	493,014,191	7,155,810,580	12.4%	4.5%
FY 2024-25	2,516,744,199	2,179,933,889	1,075,085,078	387,278,497	6,159,041,662	-13.9%	-1.7%
FY 2025-26 NEFAB	2,665,000,000	3,000,000,000	785,000,000	500,000,000	6,950,000,000	12.8%	5.5%
FY 2026-27 NEFAB	2,600,000,000	3,060,000,000	780,000,000	360,000,000	6,800,000,000	-2.2%	3.9%
FY2027-28 Prelim	2,871,164,045	3,161,907,000	819,619,000	335,414,000	7,188,104,045	5.7%	8.3%
FY2028-29 Prelim	3,187,561,705	3,287,219,250	895,842,750	371,772,000	7,742,395,705	7.7%	8.3%
Current 5 Year Status	4.9%	5.6%	4.2%	-1.2%	4.9%		
Above Average Years (25)	6.0%	10.1%	14.6%	3.9%	8.3%		
Below Average Years (19)	2.4%	2.1%	-2.8%	2.3%	1.7%		
Historical Average	4.5%	6.6%	5.9%	2.1%	5.2%		

General Fund Transfers-Out

This area tabulates funds that are transferred from the General Fund to another fund within the state treasury. These items have the same effect as an appropriation in that they reduce available funds, but are not expended as such and thus are shown under the revenue category (see line 9 on the Financial Status).

Table 7 - General Fund Transfers Out

	Actual FY2024-25	Biennial Budget		Following Biennium	
		FY2025-26	FY2026-27	FY2027-28	FY2028-29
Property Tax Credit Fund	(395,000,000)	(422,000,000)	(442,000,000)	(457,000,000)	(472,000,000)
Cultural Preservation Endowment Fund	(1,000,000)	0	0	(1,000,000)	(1,000,000)
Water Sustainability Fund	(2,519,000)	0	0	(11,000,000)	(11,000,000)
Hall of Fame Trust Fund	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)
Public Advocacy Cash Fund	(1,000,000)	(875,000)	(875,000)	0	0
Economic Recovery Act	(40,000,000)	0	0	0	0
Education Future Fund	(250,000,000)	(242,000,000)	(242,000,000)	(250,000,000)	(250,000,000)
Judges' Retirement Fund	(1,370,712)	0	0	0	0
School Mapping Fund (LB 1329)	(525,000)	0	0	0	0
School Property Tax Relief Fund (LB 34)	(750,000,000)	(780,000,000)	(808,000,000)	(838,000,000)	(870,000,000)
Community College Future Fund (LB 243)	(253,322,713)	(271,446,476)	(285,018,800)	(299,269,740)	(314,233,227)
<i>Transfers-Out in Forecast/Estimate</i>	<i>(1,694,747,425)</i>	<i>(1,716,331,476)</i>	<i>(1,777,903,800)</i>	<i>(1,856,279,740)</i>	<i>(1,918,243,227)</i>

General Fund Transfers In

Cash funds are funds which contain certain revenue sources, and monies in those funds can only be used for the purposes authorized by statute. In many instances, an authorized use of monies in a cash fund is transfers to the General Fund at the discretion of the Legislature. For accounting purposes, these are shown as "Transfers in" and included as General Fund revenues. As such, the amounts are included in NEFAB forecast estimates and LFO preliminary estimates once any transfers are enacted into law.

Table 8 - General Fund Transfers-In

	Actual FY2024-25	Biennial Budget		Following Biennium	
		FY2025-26	FY2026-27	FY2027-28	FY2028-29
Securities Act Cash Fund	39,500,000	34,000,000	28,000,000	28,000,000	28,000,000
Dept of Insurance Cash Fund	12,000,000	14,000,000	11,000,000	11,000,000	11,000,000
Tobacco Products Admin Cash Fund	9,000,000	9,500,000	9,500,000	9,000,000	9,000,000
State Settlement Cash Fund	5,295,957	295,957	295,957	0	0
JEDI Fund	0	4,400,000	0	0	0
Records Management Cash Fund	0	1,000,000	2,000,000	0	0
Financial Institution Cash	0	3,000,000	0	0	0
Banking & Finance Settlement	0	1,000,000	750,000	0	0
State Insurance Fund	8,250,000	0	0	0	0
Dept of Education VR Basic Match	0	375,000	375,000	0	0
Charitable Gaming Operations Fund	1,500,000	100,000	500,000	0	0
Dept of Motor Vehicles Ignition Interlock Fund	0	500,000	250,000	0	0
Workers Compensation Court Cash Fund	0	750,000	0	0	0
Building Renewal Allocation Fund	0	0	2,000,000	0	0
Affordable Housing Trust Fund	0	0	8,000,000	0	0
Civic and Community Center Fund	4,000,000	1,500,000	1,500,000	0	0
NE Litter Reduction and Recycling Cash Fund	0	1,250,000	1,250,000	0	0
State Energy Cash	0	500,000	500,000	0	0

	Actual FY2024-25	Biennial Budget FY2025-26 FY2026-27		Following Biennium FY2027-28 FY2028-29	
Lead Service Line Fund	0	4,000,000	0	0	0
Engineer Plan Review Fund	0	200,000	200,000	0	0
Surface Water Irrigation Fund	0	2,500,000	2,500,000	0	0
Economic Recovery Contingency Fund	0	15,000,000	0	0	0
State Visitors Promotion Fund	0	2,000,000	2,000,000	0	0
Water Recreation Enhancement Fund	0	32,700,000	0	0	0
Trail Development and Maintenance Fund	0	3,350,000	0	0	0
Governor's Emergency Fund	0	3,250,000	0	0	0
Transportation Infrastructure Bank	0	2,000,000	4,500,000	0	0
Unclaimed Property Fund	0	1,000,000	0	0	0
Inland Port Authority Fund	0	750,000	0	0	0
Treasury Management Cash Fund	0	500,000	0	0	0
Revenue Enforcement Fund	1,000,000	2,000,000	2,000,000	0	0
Mechanical Safety Inspection Fund	0	375,000	375,000	0	0
Contractor & Professional Employer Organization Reg	0	100,000	0	0	0
Department of Motor Vehicles Cash Fund	526,716	0	12,500,000	0	0
Vehicle Title & Reg System Replacement Fund	0	5,500,000	1,500,000	0	0
Motor Carrier Division Cash Fund	0	250,000	250,000	0	0
Motor Carrier System Replacement	0	4,000,000	1,000,000	0	0
Racetrack Gaming Fund	0	2,000,000	2,000,000	0	0
Engineers and Architects Registration Cash Fund	0	400,000	0	0	0
Appraisal Management Co. Fund	0	100,000	0	0	0
Real Property Appraisers Fund	0	150,000	0	0	0
Economic Development Cash Fund	0	20,614,490	0	0	0
Nuclear & Hydrogen Development Fund	0	212,318	0	0	0
Customized Job Training Cash Fund	0	2,733,703	0	0	0
Intern Nebraska Cash	0	12,000,000	0	0	0
Shovel-Ready Capital Investment Fund	0	400,000	0	0	0
Youth Outdoor Recreation Fund	0	8,286,510	0	0	0
ImagiNE Revolving Loan Fund	0	0	3,000,000	0	0
211 Cash Fund	0	69,122	0	0	0
Flexible Spending Fund	1,000,000	800,000	0	0	0
Resource Recovery Cash Fund	125,000	0	0	0	0
Community College Dependents Fund	0	500,000	0	0	0
Site and Building Development Fund	9,000,000	4,500,000	0	0	0
Job Training Cash Fund	3,328,621	0	0	0	0
Workforce Development Fund	0	3,950,000	0	0	0
Sector Partnership Fund	0	0	0	0	0
Employment Security Contingency Fund	2,500,000	1,500,000	0	0	0
Prison Overcrowding Contingency Fund	0	500,000	0	0	0
Public Safety Communications Fund	0	500,000	500,000	0	0
Vehicle Replacement Fund	0	250,000	250,000	0	0
Behavioral Health Services Cash	2,000,000	0	0	0	0
Job Creation and Mainstreet Revitalization Fund	0	75,000	0	0	0
Historical Society Cash Fund	0	100,000	0	0	0
Support NE History Fund	0	10,000	0	0	0
Health and Human Services Cash Fund	8,250,000	3,224,000	1,470,000	0	0
HHS Professional & Occupational Credentialing	0	1,850,000	1,000,000	0	0
State Patrol Carrier Enforcement Fund	0	1,000,000	1,000,000	0	0
Nebr Outdoor Recreation & Development (NORDA)	0	500,000	500,000	0	0
Miscellaneous funds 2025	0	115,000	0	0	0
<i>Transfers-In already in revenue forecast</i>	107,276,294	217,986,100	102,465,957	48,000,000	48,000,000

Cash Reserve Fund

The Cash Reserve Fund (CRF) is not included as part of the "General Fund Reserve" (which is the ending General Fund balance for a biennium) and was created as a separate and distinct fund to cover cash flow needs within short period. The CRF also serves as a "rainy day fund" in that revenues in excess of a "certified forecast" are transferred from the General Fund to CRF at the end of a fiscal year, subject to certain statutory requirements. As the certified forecast is basically the revenue estimate at Sine Die when the budget is finalized, these transfers sequester revenues in excess of that which is needed to balance the budget.

There is no change to the Cash Reserve Fund status as compared to the prior status.

Table 9 – Status of the Cash Reserve Fund

	Actual FY2024-25	Estimated FY2025-26	Estimated FY2026-27	Estimated FY2027-28	Estimated FY2028-29
Beginning Balance	912,817,475	877,079,779	821,182,779	669,182,779	619,182,779
Excess of certified forecasts (line 3 in Status)	38,746,104	0	0	0	0
To/from Gen Fund	(4,000,000)	0	(152,000,000)	0	0
To NE Capital Construction Fund	(29,458,800)	(45,897,000)	0	0	0
To Gov Emergency Fund	(25,000,000)	(10,000,000)	0	0	0
To Transformational Project Fund	0	0	0	(50,000,000)	(50,000,000)
To Health and Human Services Cash	(3,500,000)	0	0	0	0
To Public Safety Comm Systems Rev Fund	(2,425,000)	0	0	0	0
To State Insurance Fund	(5,000,000)	0	0	0	0
To Self-Insured Liability Fund	(100,000)	0	0	0	0
To Municipality Infrastructure Aid Fund	(5,000,000)	0	0	0	0
Projected Unobligated Ending Balance	877,079,779	821,182,779	669,182,779	619,182,779	569,182,779
Ending Balance as % of Revenues	14.2%	11.8%	9.8%	8.6%	7.4%
Ending Balance as % of Expenditures	16.0%	15.0%	12.1%	11.0%	9.9%

Table 10 – History of the Cash Reserve Fund

	Beginning	Direct Deposit	Automatic	Legislative Transfers (2)		Ending	EB as %	EB as %
	Balance	and Interest	Transfers (1)	Gen Fund	Other Funds	Balance	of revenues	of expend
FY1983-84	0	37,046,760	na	0	0	37,046,760	4.7%	4.9%
FY1984-85	37,046,760	(1,472,551)	na	0	0	35,574,209	4.5%	4.4%
FY1985-86	35,574,209	227,855	na	(13,500,000)	0	22,302,064	2.7%	2.7%
FY1986-87	22,302,064	1,428,021	na	0	0	23,730,085	2.7%	2.8%
FY1987-88	23,730,085	1,654,844	na	0	(7,700,000)	17,684,929	1.7%	2.0%
FY1988-89	17,684,929	139,000	na	32,600,000	0	50,423,929	4.4%	5.1%
FY1989-90	50,423,929	113,114	na	(10,500,000)	0	40,037,043	3.5%	3.4%
FY1990-91	40,037,043	0	na	(8,100,000)	0	31,937,043	2.3%	2.3%
FY1991-92	31,937,043	0	na	(5,000,000)	0	26,937,043	1.8%	1.7%
FY1992-93	26,937,043	0	na	(9,500,000)	0	17,437,043	1.1%	1.1%
FY1993-94	17,437,043	0	3,063,462	7,250,000	0	27,750,505	1.7%	1.7%
FY1994-95	27,750,505	0	(8,518,701)	7,250,000	(6,000,000)	20,481,804	1.2%	1.2%
FY1995-96	20,481,804	0	(20,481,804)	18,189,565	0	18,189,565	1.0%	1.0%
FY1996-97	18,189,565	0	19,740,786	3,032,333	0	40,962,684	2.0%	2.2%
FY1997-98	40,962,684	0	91,621,018	0	0	132,583,702	6.3%	6.9%
FY1998-99	132,583,702	0	111,616,422	(96,500,000)	(2,000,000)	145,700,124	6.9%	6.5%
FY1999-00	145,700,124	0	20,959,305	3,500,000	(28,000,000)	142,159,429	5.9%	6.1%
FY2000-01	142,159,429	0	77,576,670	(24,500,000)	(25,000,000)	170,236,099	6.9%	6.9%
FY2001-02	170,236,099	0	0	(59,800,000)	(370,000)	110,066,099	4.7%	4.2%
FY2002-03	110,066,099	66,476,446	0	(87,400,000)	0	59,142,545	2.4%	2.3%
FY2003-04	59,142,545	59,463,461	0	(61,191,862)	(385,807)	87,028,337	3.2%	3.4%
FY2004-05	87,028,337	8,170,556	108,727,007	(26,000,000)	(758,180)	177,167,720	5.8%	6.5%
FY2005-06	177,167,720	0	261,715,297	0	(165,266,227)	273,616,790	8.2%	9.4%
FY2006-07	273,616,790	0	259,929,524	(15,674,107)	(1,784,416)	516,087,791	15.1%	16.5%
FY2007-08	516,087,791	0	191,436,773	(60,177,767)	(101,801,000)	545,545,797	15.6%	16.8%
FY2008-09	545,545,797	0	116,976,571	(54,990,505)	(29,340,000)	578,191,863	17.2%	17.4%
FY2009-10	578,191,863	0	0	(105,000,000)	(5,990,237)	467,201,626	14.6%	14.1%
FY2010-11	467,201,626	0	0	(154,000,000)	0	313,201,626	8.9%	9.4%
FY2011-12	313,201,626	8,422,528	145,155,092	(37,000,000)	3,560,802	428,878,372	11.6%	12.4%
FY2012-13	428,878,372	0	104,789,781	(78,000,000)	(76,008,427)	384,121,402	9.5%	10.7%
FY2013-14	384,121,402	0	285,292,610	49,400,000	251,294	719,065,306	17.5%	18.7%
FY2014-15	719,065,306	0	96,721,232	(67,701,112)	(20,250,000)	727,835,426	16.9%	18.1%
FY2015-16	727,835,426	0	84,599,532	0	(81,779,850)	730,655,108	17.0%	17.4%
FY2016-17	730,655,108	0	0	0	(50,000,000)	680,655,108	16.0%	15.7%
FY2017-18	680,655,108	265,729	0	(225,000,000)	(115,930,772)	339,990,065	7.4%	7.8%
FY2018-19	339,990,065	0	61,995,773	(48,000,000)	(20,436,714)	333,549,124	6.8%	7.6%
FY2019-20	333,549,124	0	176,378,178	0	(83,619,600)	426,307,702	8.6%	9.2%
FY2020-21	426,307,702	0	10,655,528	(30,000,000)	60,000,972	466,964,202	7.8%	10.3%
FY2021-22	466,964,202	0	535,259,366	50,000,000	(124,700,000)	927,523,568	14.6%	19.9%
FY2022-23	927,523,568	0	1,287,998,995	40,000,000	(617,670,000)	1,637,852,563	25.7%	31.8%
FY2023-24	1,637,852,563	0	2,982,492	440,000,000	(1,168,017,580)	912,817,475	12.8%	17.2%
FY2024-25	912,817,475	0	38,746,104	(4,000,000)	(70,383,800)	877,179,779	14.2%	16.0%
FY2025-26 Est	877,179,779	0	0	0	(55,897,000)	821,282,779	11.6%	15.0%
FY2026-27 Est	821,282,779	0	0	(152,000,000)	0	669,282,779	9.5%	12.1%
FY2027-28 Est	669,282,779	0	0	0	(50,000,000)	619,282,779	8.5%	11.0%
FY2028-29 Est	619,282,779	0	0	0	(50,000,000)	569,282,779	7.4%	9.9%

(1) Automatic transfers reflect the prior year variance from forecast. For example, the \$84.6 million transfer in FY15-16 actually reflects FY14-15 "excess" receipts compared to the certified forecast. Prior to FY95-96 the transfers occurred in all cases. After FY95-96 transfers only occurred if receipts were above forecast.

(2) Legislative transfers are enacted by legislation and include transfers to the General Fund or other funds.

Projected Appropriations – FY28/FY29 Following Biennium

For the “following biennium” (FY2027-28 and FY2028-29), the mainline budget numbers reflect the annualized impact of the current budget actions plus an estimate of future year increases in entitlement programs, salary and health insurance increases, and other funding requirements. Obviously, actual funding needs in these areas will not be known until the biennial budget process starts again. However, for planning purposes, some level of funding for these items must be acknowledged and shown as likely funding commitments.

In April 2025, the Appropriations and Revenue Committees approved a 2% per year General Fund appropriations growth for FY2027-28 and FY2028-29. The estimate has been adjusted to reflect the impact of 2025 legislation passed, including the ongoing impact of A bills enacted, and the ongoing impact of changes in the TEEOSA estimate. The resulting appropriations growth is 1.8% in FY2027-28 and 1.9% in FY2028-29, for a two-year average annual growth of 1.9%.

Table 11 – FY2028/FY29 Projected General Fund Appropriations Increase

	Annual % Change			Following Biennium (Biennial Basis)		
	FY2027-28	FY2028-29	Two Yr Ave.	FY2027-28	FY2028-29	Two Yr Total
<u>AID TO LOCAL GOVT</u>						
Aid to K-12 Schools (TEEOSA GF only)	0.1%	0.1%	0.1%	12,435,339	20,906,599	33,341,938
Special Education	7.0%	7.0%	7.0%	16,500,710	34,156,469	50,657,179
Community Colleges	2.0%	2.0%	2.0%	2,382,334	4,812,315	7,194,649
Homestead Exemption	6.0%	6.0%	6.0%	10,218,180	21,049,451	31,267,631
All Other (Aid-Local)	0.0%	0.0%	0.0%	0	0	0
<u>AID TO INDIVIDUALS</u>						
Medicaid	2.0%	2.0%	2.0%	20,685,327	41,784,360	62,469,687
Public Assistance	1.0%	1.0%	1.0%	763,801	1,535,239	2,299,040
Child Welfare Aid	2.0%	2.0%	2.0%	12,756,258	16,666,518	29,422,776
Developmental Disability aid	2.0%	2.0%	2.0%	4,587,722	9,267,199	13,854,921
Behavioral Health aid	2.0%	2.0%	2.0%	2,686,333	5,241,796	7,928,129
Children's Health Insurance (SCHIP)	2.0%	2.0%	2.0%	699,788	1,413,571	2,113,359
Aging Programs	0.0%	0.0%	0.0%	0	0	0
Nebraska Career Scholarships	0.0%	0.0%	0.0%	0	0	0
Business Innovation Act	0.0%	0.0%	0.0%	0	0	0
Economic Recovery Act (LB1024-2022)	0.0%	0.0%	0.0%	0	0	0
All Other (Aid-Ind)	0.0%	0.0%	0.0%	0	0	0
<u>AGENCY OPERATIONS</u>						
Employee Salaries (agencies)	3.0%	3.0%	3.0%	27,043,538	54,898,381	81,941,919
Employee Health Insurance (agencies)	4.0%	4.0%	4.0%	5,278,985	10,769,129	16,048,114
University/Colleges increased funding	2.3%	2.3%	2.3%	17,435,312	35,415,446	52,850,757
Operations increase (all agencies)	3.0%	3.0%	3.0%	5,112,738	10,378,859	15,491,597
Staffing/population costs/medical (Corrections)	2.0%	2.0%	2.0%	3,722,530	7,445,060	11,167,590
Retirement (Schools, Patrol, Judges)	Fixed	Fixed	Fixed	6,312,317	9,312,317	15,624,634
All Other (Oper)	Fixed	Fixed	Fixed	(36,701,067)	(64,911,116)	(101,612,183)
<u>CONSTRUCTION</u>	3.5%	0.0%	1.8%	750,000	750,000	1,500,000
<u>TOTAL GENERAL FUND (Biennial Basis)</u>	1.8%	1.9%	1.9%	112,670,144	220,891,594	333,561,737

Appendix A

Statutory Provisions - Tax Rate Review Committee

Statutory Required Meetings

Section 77-2715.01 relates to the Legislature setting the sales and income tax rates and creates the Tax Rate Review Committee and its duties and responsibilities

“(1)(a) Commencing in 1987 the Legislature shall set the rates for the income tax imposed by section 77-2715 and the rate of the sales tax imposed by subsection (1) of section 77-2703. For taxable years beginning or deemed to begin before January 1, 2013, the rate of the income tax set by the Legislature shall be considered the primary rate for establishing the tax rate schedules used to compute the tax.

(b) The Legislature shall set the rates of the sales tax and income tax so that the estimated funds available plus estimated receipts from the sales, use, income, and franchise taxes will be not less than three percent nor more than seven percent in excess of the appropriations and express obligations for the biennium for which the appropriations are made. The purpose of this subdivision is to insure that there shall be maintained in the state treasury an adequate General Fund balance, considering cash flow, to meet the appropriations and express obligations of the state.

(c) For purposes of this section, express obligation shall mean an obligation which has fiscal impact identifiable by a sum certain or by an established percentage or other determinative factor or factors.

2) The Speaker of the Legislature and the chairpersons of the Legislature's Executive Board, Revenue Committee, and Appropriations Committee shall constitute a committee to be known as the Tax Rate Review Committee. The Tax Rate Review Committee shall meet with the Tax Commissioner within ten days after July 15 and November 15 of each year and shall determine whether the rates for sales tax and income tax should be changed. In making such determination the committee shall recalculate the requirements pursuant to the formula set forth in subsection (1) of this section, taking into consideration the appropriations and express obligations for any session, all miscellaneous claims, deficiency bills, and all emergency appropriations. The committee shall prepare an annual report of its determinations under this section. The committee shall submit such report electronically to the Legislature and shall append the tax expenditure report required under section 77-382.

In the event it is determined by a majority vote of the committee that the rates must be changed as a result of a regular or special session or as a result of a change in the Internal Revenue Code of 1986 and amendments thereto, other provisions of the laws of the United States relating to federal income taxes, and the rules and regulations issued under such laws, the committee shall petition the Governor to call a special session of the Legislature to make whatever rate changes may be necessary.”

Annual Report

LB962 enacted in the 2012 legislative session included a new requirement that the Tax Rate Review Committee (TRRC) prepare an annual report of its determinations, submit such report electronically to the Legislature, and append the tax expenditure report required under section 77-382 to such annual report. LB33 enacted in the 2015 legislative session also required the preparation of a volatility report (now section 50-419.02) and append that report to the TRRC annual report in even-numbered years.

As the Tax Rate Review Committee meets twice each year, for purposes of this provision the annual report will be prepared after the required November meeting

REPORT TO THE TAX RATE REVIEW COMMITTEE

July 24, 2025

Required July Meeting Pursuant to Section 77-2715.01

Tax Rate Review Committee

Speaker of the Legislature

Executive Board Chair

Revenue Committee Chair

Appropriations Committee Chair

Senator John Arch

Senator Ben Hansen

Senator Brad von Gillern

Senator Robert Clements

Tax Commissioner – James R. Kamm

Prepared by the Legislative Fiscal Office

Current General Fund Financial Status

(With FY2024-25 Actual Revenue & Expenditures)

	Actual FY2024-25	Upcoming Biennium FY2025-26 FY2026-27		Est for Following Biennium FY2027-28 FY2028-29	
1 BEGINNING BALANCE					
2 Beginning Cash Balance	1,843,296,751	792,515,104	340,783,246	241,881,731	58,292,554
3 Cash Reserve transfers-automatic	(38,746,104)	0	0	0	0
4 Carryover obligations from FY25	0	(362,145,022)	0	0	0
4a Lapse FY25 carryover obligations	0	36,000,000	0	0	0
5 Allocation for potential deficits	0	0	(5,000,000)	0	(5,000,000)
6 Unobligated Beginning Balance	1,804,550,647	466,370,082	335,783,246	241,881,731	53,292,554
7 REVENUES & TRANSFERS					
8 Net Receipts (Includes 2025 Legislation)	6,159,041,662	7,069,838,957	7,047,122,957	7,304,104,045	7,730,395,705
9 General Fund transfers-out (Enacted 2025)	(1,694,747,425)	(1,710,873,849)	(1,772,173,291)	(1,850,262,706)	(1,911,925,341)
10 General Fund transfers-in (current law)	in receipts	in forecast	in forecast	in estimate	in estimate
11 Cash Reserve transfers (current law)	4,000,000	0	152,000,000	0	0
12 Accounting Adjustment	(5,664,537)	0	0	0	0
13 General Fund Net Revenues	4,462,629,700	5,358,965,108	5,426,949,666	5,453,841,339	5,818,470,364
14 APPROPRIATIONS					
15 Expenditures / Appropriations	5,474,665,244	5,413,727,981	5,413,727,981	5,413,727,981	5,413,727,981
16 Mainline Budget (Enacted 2025)	0	70,823,963	107,123,200	107,123,200	107,123,200
17 Projected budget increase, following biennium	0	0	0	116,579,336	233,601,425
18 2025 Session A bills	0	0	0	0	0
18 General Fund Appropriations	5,474,665,244	5,484,551,944	5,520,851,181	5,637,430,517	5,754,452,606
19 ENDING BALANCE					
20 \$ Ending balance (per Financial Status)	792,515,104	340,783,246	241,881,731	58,292,554	117,310,312
21 \$ Ending balance (at Min. Reserve 3.0%)			337,235,822		335,364,857
22 Excess (shortfall) from Minimum Reserve			(95,354,091)		(218,054,546)
23 Biennial Reserve (%)			2.1%		1.0%
General Fund Appropriations					
24 Annual % Change - Appropriations (w/o deficits)	1.2%	1.3%	0.7%	2.1%	2.1%
25 Two Year Average	2.7%	--	1.0%	--	2.1%
General Fund Revenues					
26 Est. Revenue Growth (rate/base adjusted)	1.4%	5.0%	5.5%	6.3%	6.3%
27 Two Year Average	3.0%	--	5.3%	--	6.3%
28 Five Year Average	8.2%	--	3.7%	--	4.9%
29 Unadjusted % change over prior year	-13.9%	14.8%	-0.3%	3.6%	5.8%
30 On-Going Revenues vs Appropriations	(955,098,280)	(125,586,835)	(245,901,515)	(183,589,177)	64,017,758
CASH RESERVE FUND					
	Actual FY2024-25	Estimated FY2025-26	Estimated FY2026-27	Estimated FY2027-28	Estimated FY2028-29
Beginning Balance	912,817,475	877,079,779	821,182,779	669,182,779	619,182,779
Excess of certified forecasts (line 3 in Status)	38,746,104	0	0	0	0
To/from Gen Fund (Enacted 2025)	(4,000,000)	0	(152,000,000)	0	0
To Nebr Capital Construction Fund (NCCF)	(29,458,800)	(45,897,000)	0	0	0
To Gov Emerg Fund (LB 3 - 2024 Spec Session)	(25,000,000)	(10,000,000)	0	0	0
To Transformational Project Fund (LB1107-2020)	0	0	0	(50,000,000)	(50,000,000)
To Health and Human Services Cash	(3,500,000)	0	0	0	0
To Public Safety Comm Systems Revolving Fund	(2,425,000)	0	0	0	0
To State Insurance Fund	(5,000,000)	0	0	0	0
To Self-Insured Liability Fund	(100,000)	0	0	0	0
To Municipality Infrastructure Aid Fund (LB 600-2024)	(5,000,000)	0	0	0	0
Projected Unobligated Ending Balance	877,079,779	821,182,779	669,182,779	619,182,779	569,182,779
Ending Balance as % of Revenues	14.2%	11.6%	9.5%	8.5%	7.4%
Ending Balance as % of Expenditures	16.0%	15.0%	12.1%	11.0%	9.9%

Changes in the Financial Status since Sine Die 2025

The Sine Die General Fund financial status, published in June of 2025, reflected \$4.1 million above the minimum reserve in the FY26/FY27 biennium, and \$129.1 million below the minimum reserve for the FY28/FY29 biennium. The General Fund financial status published in this report reflects \$95.4 million below the minimum reserve in the FY26/FY27 biennium, and \$218.1 million below the minimum reserve for the FY28/FY29 biennium.

For the FY26/FY27 biennium, this is a reduction of \$99.5 million from the previously published status. For the FY28/29 biennium, this is a reduction of \$89.0 million from the previously published status.

The difference is attributable to the following changes in the financial status since June 2025:

Causes of the Change in Ending Balance		Sine Die 2025 Session	Tax Rate Review (7/24/25)	Difference: FY26/FY27 Biennium	Difference: FY28/FY29 Biennium
1	Carryover obligations from FY24 to FY25	(360,102,643)	(362,145,022)	(2,042,379)	(2,042,379)
2	FY25 Actual vs Est General Fund Net Receipts	6,255,575,000	6,159,041,662	(96,533,338)	(96,533,338)
3	FY25 Actual vs Est Transfers-Out	(1,694,747,425)	(1,694,747,425)	0	0
4	FY25 Actual vs Est CRF transfers-automatic	(10,575,000)	0	10,575,000	10,575,000
5	FY25 Actual vs Est CRF transfers-legislative	4,000,000	4,000,000	0	0
6	FY25 Actual vs Est Accounting adjustment	0	(5,664,537)	(5,664,537)	(5,664,537)
7	Update appropriation estimates	0	2,042,470	2,042,470	2,042,450
8	Assumed lapse, FY25 unexpended	36,000,000	36,000,000	0	0
9	Change in Projected Ending Balance ----->			(91,622,784)	(91,622,804)
10	Recalculate 3% minimum reserve			(7,879,287)	2,668,625
11	Change in Variance from Minimum Reserve ----->			(99,502,071)	(88,954,179)

Actual FY2024-25 Net Receipts vs Estimated FY2024-25 Net Receipts

The FY2024-25 April forecast of the Nebraska Economic Forecasting Advisory Board, adjusted for 2025 legislation, is \$6,255,575,000 (\$6.245 billion April NEFAB plus \$10.575 million in General Fund transfers in authorized in the budget and enacted after the April forecast). Actual net receipts for FY2024-25 are \$6,159,041,662, which is \$96,533,338 below the forecasted amount (adjusted for legislation).

Transfer to the Cash Reserve Fund

The estimated transfer based on FY2024-25 net receipts from the General Fund to the Cash Reserve Fund, which occurs at the beginning of FY2025-26 and is calculated based on statute section 77-4602, was \$10,575,000 at the end of the 2025 session (amount of transfers to the General Fund, which were estimated to be above the certified forecast). The actual transfer to the Cash Reserve Fund is \$0 because actual receipts did not exceed the certified forecast.

Expenditure of FY2024-25 Appropriation

Total General Fund appropriations for FY2024-25 reflected on the Sine Die 2025 General Fund financial status \$5,476,707,674 of new appropriations. Actual General Fund expenditures for FY2024-25 were \$5,474,665,244, which is \$2,042,430 million less than the FY2024-25 new appropriations.

Accounting Adjustments

Most of the "accounting adjustments" are transfers-out that are authorized in statute but not in specific amounts such as legislatively enacted transfers or occur on a deficit basis, like the Dept. of Revenue tax enforcement transfer per tax amnesty legislation.

Transfer-Out Fund 21540 & 21541 Dept. of Revenue enforcement	(750,000)
Transfer-Out to Mutual Finance Assistance Fund, cash flow	(5,078,160)
Transfer-Out State Patrol drug purchases	(49,781)
All other accounting adjustments	213,404
Total Accounting adjustment	(5,664,537)

Change in the Minimum Reserve

When incorporating the FY2024-25 actual revenues, expenditures, and ending balance, the amount required pursuant to the minimum reserve requirement is \$7,879,287 more for the FY26/FY27 biennium. The amount required pursuant to the minimum reserve requirement is \$2,668,625 less for the following biennium than the amount estimated at Sine Die.

Change in carryover obligations

The estimated carryover obligations from FY2023-24 to FY2024-25 at Sine Die of the 2025 session was \$360.1 million. The calculated carryover obligations from FY2024-25 to FY2025-26 published in this report are \$362.1 million, a difference of \$2 million.

FY2024-25 is the second year of a two-year biennium budget, and as such, only specifically reappropriated or encumbered amounts carry over to the new biennium, beginning in FY2025-26. The total estimated carryover obligations (reappropriations and encumbrances) from FY2024-25 carried over to FY2025-26 is \$362,145,022. However, of this amount, the estimated amount of funds unspent that are not reappropriated or encumbered and will lapse back to the General Fund is \$36 million. This was estimated for purposes of the Sine Die 2025 financial status and remains unchanged based on preliminary estimates of encumbrances. Encumbrances will be certified in September, and a final amount of lapsed appropriations will be available for the November Tax Rate Review Committee report.

Correction – General Fund Appropriations

In the 2025 Sine Die financial status, total General Fund appropriations did not account for a \$50 per fiscal year correction in LB 261 or a typo in LB 261 resulting in a \$60 increase in FY2026-27 only. The total impact of these two corrections is a \$40 reduction in General Fund appropriations for the FY26/FY27 biennium and a \$20 increase for the FY28/FY29 biennium.

FY2024-25 Actual General Fund Receipts

Table 1 compares forecasts with actual receipts for FY2024-25. Included in the table are the certified August forecast, which followed the 2024 Special Session, and the February and April NEFAB forecasts. The April NEFAB forecast was the final certified forecast for FY2024-25 pursuant to Neb. Rev. Stat. sec. 77-4603. The forecast from July 2024, which was the first certified forecast for FY2024-25, and the NEFAB forecast from October 2024 are not shown.

The forecasted amounts reflected in the table do not include the additional \$10.575 million in transfers to the General Fund authorized in the budget subsequent to the April NEFAB meeting.

Table 2 shows actual receipts and tax rate and base adjusted growth rates for FY2024-25 and the previous five years, Table 3 shows a chronology of the FY2024-25 forecasts, and Table 4 provides historical and projected revenues.

Table 1 FY2024-25 Actual Receipts vs Forecast

TOTAL BY MONTH	Cert Aug 2024 FY2024-25	Feb 2025 FY2024-25	Cert April 2024 FY2024-25	Actual FY2024-25	\$ Variance Cert Aug 2024	\$ Variance Feb 2025	\$ Variance Cert April 2025
July	305,581,000	306,436,000	306,436,000	306,436,122	855,122	122	122
August	562,292,000	526,558,000	526,558,000	526,557,335	(35,734,665)	(665)	(665)
September	639,949,000	679,859,000	679,859,000	679,858,719	39,909,719	(281)	(281)
October	220,750,000	210,708,000	210,708,000	210,706,658	(10,043,342)	(1,342)	(1,342)
November	518,998,000	474,460,000	474,460,000	474,459,458	(44,538,542)	(542)	(542)
December	634,806,000	847,416,000	847,416,000	847,414,688	212,608,688	(1,312)	(1,312)
January	593,817,000	573,354,000	573,354,000	573,353,039	(20,463,961)	(961)	(961)
February	464,818,000	405,076,000	405,077,000	405,076,736	(59,741,264)	736	(264)
March	478,886,000	462,778,000	450,086,000	450,086,013	(28,799,987)	(12,691,987)	13
April	833,893,000	772,540,000	518,154,000	518,153,984	(315,739,016)	(254,386,016)	(16)
May	541,398,000	531,768,000	570,842,000	488,533,753	(52,864,247)	(43,234,247)	(82,308,247)
June	681,076,000	644,047,000	682,050,000	678,405,158	(2,670,842)	34,358,158	(3,644,842)
Total GF Revenues	6,476,264,000	6,435,000,000	6,245,000,000	6,159,041,662	(317,222,338)	(275,958,338)	(85,958,338)
TOTAL BY QUARTER							
1st Qt (July-Sept)	1,507,822,000	1,512,853,000	1,512,853,000	1,512,852,176	5,030,176	(824)	(824)
2nd Qt (Oct-Dec)	1,374,554,000	1,532,584,000	1,532,584,000	1,532,580,803	158,026,803	(3,197)	(3,197)
3rd Qt (Jan-March)	1,537,521,000	1,441,208,000	1,428,517,000	1,428,515,789	(109,005,211)	(12,692,211)	(1,211)
4th Qt (April-June)	2,056,367,000	1,948,355,000	1,771,046,000	1,685,092,895	(371,274,105)	(263,262,105)	(85,953,105)
Total GF Revenues	6,476,264,000	6,435,000,000	6,245,000,000	6,159,041,662	(317,222,338)	(275,958,338)	(85,958,338)
TOTAL BY TYPE							
Sales/Use	2,598,904,000	2,500,000,000	2,495,000,000	2,516,744,199	(82,159,801)	16,744,199	21,744,199
Ind Income	2,738,226,000	2,450,000,000	2,300,000,000	2,179,933,889	(558,292,111)	(270,066,111)	(120,065,111)
Corp Income	796,115,000	1,135,000,000	1,100,000,000	1,075,085,078	278,970,078	(59,914,922)	(24,914,922)
Misc Receipts	343,019,000	350,000,000	350,000,000	387,278,497	44,259,497	37,278,497	37,277,497
Total GF Revenues	6,476,264,000	6,435,000,000	6,245,000,000	6,159,041,662	(317,222,338)	(275,958,338)	(85,958,338)

Table 2 Actual Receipts and Adjusted Growth

	Actual FY2020-21	Actual FY2021-22	Actual FY2022-23	Actual FY2023-24	Actual FY2024-25
<u>GROSS RECEIPTS</u>					
Sales and Use	2,746,553,548	3,074,312,574	3,252,191,162	3,392,895,130	3,412,760,294
Individual Income	3,699,016,446	3,986,522,071	3,991,494,197	4,144,376,859	3,869,374,692
Corporate Income	642,787,525	788,317,225	825,102,980	1,822,582,615	1,227,855,531
Miscellaneous	247,487,690	257,462,295	333,260,332	493,367,892	387,942,685
Total Gross Receipts	7,335,845,209	8,106,614,165	8,402,048,670	9,853,222,496	8,897,933,201
<u>REFUNDS & CREDITS</u>					
City Sales Tax	522,704,311	584,618,788	668,367,865	655,114,233	635,791,211
State Sales and Use	108,541,691	245,291,674	120,783,094	144,920,330	122,645,872
Sales tax to Hwy Funds	94,686,153	102,347,729	111,414,881	117,761,460	119,149,070
CSI Turnback	10,873,123	8,902,302	15,725,386	16,265,040	18,429,942
Individual Income	568,417,122	743,284,478	985,542,138	1,665,322,672	1,689,440,803
Corporate Income	71,567,201	73,164,489	132,138,250	97,674,480	152,770,453
Miscellaneous	13,180	10,003	94,564	353,701	664,188
Total Refunds/Credits	1,376,802,781	1,757,619,463	2,034,066,179	2,697,411,916	2,738,891,540
<u>NET RECEIPTS</u>					
Sales and Use	2,009,748,270	2,133,152,081	2,335,899,936	2,458,834,067	2,516,744,199
Individual Income	3,130,599,324	3,243,237,593	3,005,952,059	2,479,054,187	2,179,933,889
Corporate Income	571,220,324	715,152,736	692,964,729	1,724,908,135	1,075,085,078
Miscellaneous	247,474,510	257,452,292	333,165,768	493,014,191	387,278,497
Total Net Receipts	5,959,042,428	6,348,994,702	6,367,982,492	7,155,810,580	6,159,041,662
<u>ADJUSTED GROWTH</u>					
Sales/Use	7.9%	13.3%	4.1%	6.7%	1.7%
Ind Income	16.4%	18.3%	-2.1%	0.0%	0.2%
Corp Income	23.7%	52.2%	2.3%	17.8%	9.1%
Misc Receipts	4.1%	14.8%	37.9%	4.5%	-10.8%
Total GF Revenues	13.5%	19.6%	1.7%	4.6%	1.4%

Table 3 Chronology of FY2024-25 Revenue Forecasts

	Sales/Use	Individual	Corporate	Misc	Total Forecast	Change in Forecast		
						Forecast	Bills	Total
FY2024-25								
Board Est-October 2022	2,600,000	3,275,000	450,000	230,000	6,555,000			
Board Est-February 2023	2,600,000	3,275,000	450,000	230,000	6,555,000	0	0	0
Board Est-April 2023	2,600,000	3,225,000	525,000	260,000	6,610,000	55,000	0	55,000
Sine Die 2023 Session	2,590,618	2,986,557	505,412	295,698	6,378,285	(0)	(231,715)	(231,715)
Board Est-October 2023	2,560,000	2,945,000	580,000	280,000	6,365,000	(13,285)	0	(13,285)
Board Est-Feb 2024	2,600,000	2,230,000	740,000	270,000	5,840,000	(525,000)	0	(525,000)
Sine Die 2024 Session	2,598,904	2,229,604	739,602	320,769	5,888,879	(0)	48,879	48,879
Sine Die 2024 Special Session	2,598,904	2,738,226	796,115	343,019	6,476,264	(0)	587,385	587,385
Board Est-Oct 2024	2,500,000	2,500,000	960,000	375,000	6,335,000	(141,264)	0	(141,264)
Board Est-Feb 2025	2,500,000	2,450,000	1,135,000	350,000	6,435,000	100,000	0	100,000
Board Est-April 2025	2,495,000	2,300,000	1,100,000	350,000	6,245,000	(190,000)	0	(190,000)
Sine Die 2025 Session	2,495,000	2,300,000	1,100,000	360,575	6,255,575	0	10,575	10,575
Actual Receipts	2,516,744	2,179,934	1,075,085	387,278	6,159,042	(96,533)	0	(96,533)
Change: First NEFAB to Actual	(83,256)	(1,095,066)	625,085	157,278	(395,958)	(811,082)	415,124	(395,958)

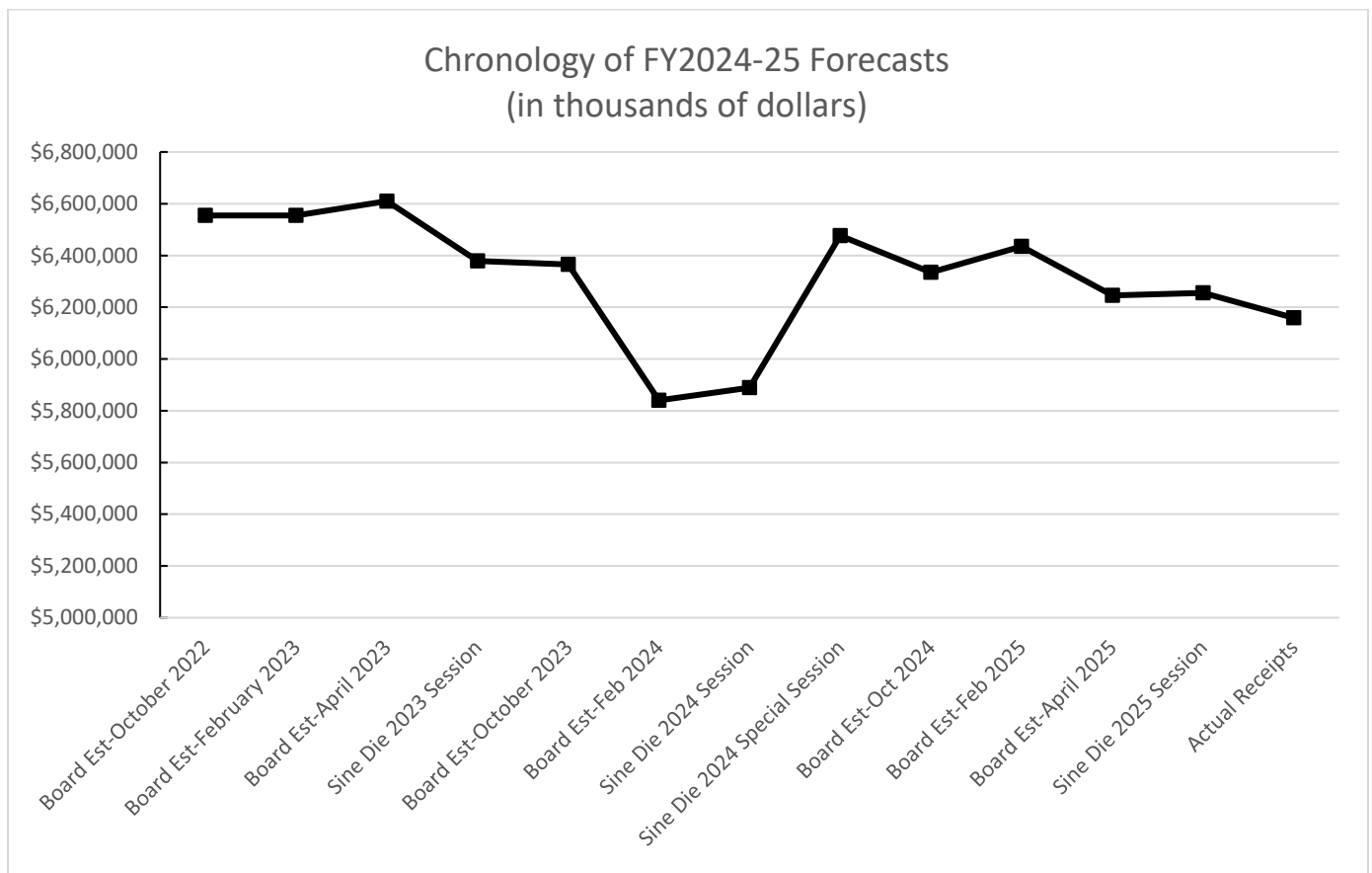
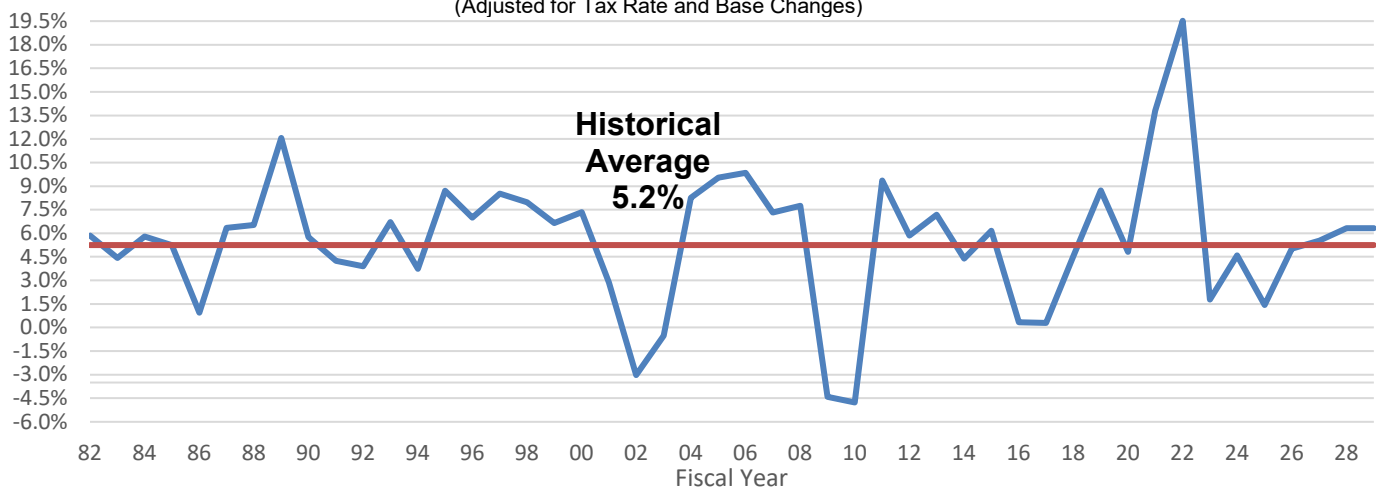


Table 4 Historical and Projected Revenues

Fiscal Year	Sales and Use Tax	Individual Income Tax	Corporate Income Tax	Misc. Taxes /Fees	Total Net Receipts	Unadj. % Change	Adj. % Change
FY 2000-01	905,023,176	1,233,363,553	138,040,082	180,435,044	2,456,861,855	2.2%	2.9%
FY 2001-02	918,889,782	1,159,810,647	107,628,074	179,180,246	2,365,508,749	-3.7%	-3.0%
FY 2002-03	1,028,931,065	1,129,421,651	111,597,405	186,449,714	2,456,399,835	3.8%	-0.5%
FY 2003-04	1,114,374,321	1,249,890,025	167,429,431	187,033,230	2,718,727,007	10.7%	8.3%
FY 2004-05	1,231,011,089	1,400,076,680	198,380,442	207,726,086	3,037,194,297	11.7%	9.5%
FY 2005-06	1,263,678,691	1,545,338,061	262,295,456	280,875,316	3,352,187,524	10.4%	9.9%
FY 2006-07	1,303,826,416	1,650,895,394	213,027,010	240,582,953	3,408,331,773	1.7%	7.3%
FY 2007-08	1,321,867,139	1,726,145,405	232,851,654	225,298,373	3,506,162,571	2.9%	7.7%
FY 2008-09	1,326,161,017	1,600,418,236	198,483,786	232,405,148	3,357,468,187	-4.2%	-4.4%
FY 2009-10	1,289,796,877	1,514,830,114	154,332,137	245,720,545	3,204,679,673	-4.6%	-4.8%
FY 2010-11	1,372,784,033	1,735,208,600	154,944,966	236,717,493	3,499,655,092	9.2%	9.4%
FY 2011-12	1,436,909,373	1,822,884,254	234,266,237	201,828,916	3,695,888,780	5.6%	5.9%
FY 2012-13	1,474,942,641	2,101,912,041	275,562,990	199,940,938	4,052,358,610	9.6%	7.2%
FY 2013-14	1,524,793,763	2,060,758,896	306,591,027	225,264,546	4,117,408,232	1.6%	4.4%
FY 2014-15	1,535,419,516	2,205,463,903	346,477,378	217,738,529	4,305,099,326	4.6%	6.2%
FY 2015-16	1,528,023,310	2,221,088,817	307,669,694	251,199,454	4,307,981,275	0.1%	0.3%
FY 2016-17	1,548,388,848	2,224,840,053	264,439,713	228,103,331	4,265,771,945	-1.0%	0.3%
FY 2017-18	1,602,737,358	2,360,595,935	313,689,521	289,972,959	4,566,995,773	7.1%	4.5%
FY 2018-19	1,658,107,133	2,545,680,039	423,737,571	268,853,778	4,896,378,521	7.2%	8.7%
FY 2019-20	1,848,235,959	2,445,647,485	391,163,752	254,715,415	4,939,762,611	0.9%	4.8%
FY 2020-21	2,009,748,270	3,130,599,324	571,220,324	247,474,510	5,959,042,428	20.6%	13.8%
FY 2021-22	2,133,152,081	3,243,237,593	715,152,736	257,452,292	6,348,994,702	6.5%	19.5%
FY 2022-23	2,335,899,936	3,005,952,059	692,964,729	333,165,768	6,367,982,492	0.3%	1.7%
FY 2023-24	2,458,834,067	2,479,054,187	1,724,908,135	493,014,191	7,155,810,580	12.4%	4.6%
FY 2024-25	2,516,744,199	2,179,933,889	1,075,085,078	387,278,497	6,159,041,662	-13.9%	1.4%
FY 2025-26 NEFAB+bills	2,604,938,083	3,054,963,188	902,987,729	506,949,957	7,069,838,957	14.8%	5.0%
FY 2026-27 NEFAB+bills	2,723,217,656	3,111,753,258	830,251,086	381,900,957	7,047,122,957	-0.3%	5.5%
FY 2027-28 Prelim+bills	2,936,164,045	3,186,907,000	849,619,000	331,414,000	7,304,104,045	3.6%	6.3%
FY 2028-29 Prelim+bills	3,177,561,705	3,277,219,250	915,842,750	359,772,000	7,730,395,705	5.8%	6.3%
Current 5 Year Status	4.8%	6.4%	1.1%	-2.0%	4.9%		
Above Ave. Years (25)	6.0%	10.1%	14.6%	3.9%	8.3%		
Below Ave. Years (19)	2.4%	2.0%	-1.1%	2.5%	1.8%		
Historical Average	4.5%	6.5%	6.4%	2.1%	5.2%		

General Fund Revenue Growth
(Adjusted for Tax Rate and Base Changes)



The following table shows the April 2025 Nebraska Economic Forecasting Advisory Board forecasts for FY2024-25, FY2025-26, and FY2026-27, along with the LFO preliminary estimates for FY2027-28 and FY2028-29, which are based on the historical average methodology and were approved by the Appropriations and Revenue Committees in April 2025. The table also includes adjustments for the impact on net receipts of legislation enacted in the 2025 legislative session. Table 6 shows the total adjustments by bill and type of tax.

Table 5 Estimated General Fund Revenue with
Adjustment for 2025 Revenue Legislation

Revenue Estimates Used in Financial Status – Sine Die 2025	NEFAB FY2024-25	NEFAB FY2025-26	NEFAB FY2026-27	LFO Prelim FY2027-28	LFO Prelim FY2028-29
Sales and Use Tax	2,495,000,000	2,600,000,000	2,700,000,000	2,911,706,000	3,152,299,000
Individual Income Tax	2,300,000,000	3,050,000,000	3,100,000,000	3,171,620,000	3,268,473,000
Corporate Income Tax	1,100,000,000	900,000,000	825,000,000	843,190,000	911,594,000
Miscellaneous receipts	350,000,000	315,000,000	300,000,000	312,224,000	340,942,000
Total Revenues	6,245,000,000	6,865,000,000	6,925,000,000	7,238,740,000	7,673,308,000
2025 Session Legislation	FY2024-25	FY2025-26	FY2026-27	FY2027-28	FY2028-29
Sales and Use Tax	0	4,938,083	23,217,656	24,458,045	25,262,705
Individual Income Tax	0	5,963,188	12,753,258	16,287,000	9,746,250
Corporate Income Tax	0	1,987,729	4,251,086	5,429,000	3,248,750
Miscellaneous receipts	10,575,000	191,949,957	81,900,957	19,190,000	18,830,000
Total 2025 Session Legislation	10,575,000	204,838,957	122,122,957	65,364,045	57,087,705
Total GF Revenues - July 2025	NEFAB+Bills FY2024-25	NEFAB+Bills FY2025-26	NEFAB+Bills FY2026-27	LFO Prelim+bills FY2027-28	LFO Prelim+bills FY2028-29
Sales and Use Tax	2,495,000,000	2,604,938,083	2,723,217,656	2,936,164,045	3,177,561,705
Individual Income Tax	2,300,000,000	3,055,963,188	3,112,753,258	3,187,907,000	3,278,219,250
Corporate Income Tax	1,100,000,000	901,987,729	829,251,086	848,619,000	914,842,750
Miscellaneous receipts	360,575,000	506,949,957	381,900,957	331,414,000	359,772,000
Total General Fund Revenues	6,255,575,000	7,069,838,957	7,047,122,957	7,304,104,045	7,730,395,705

Table 6 Adjustments for 2025 Revenue Legislation by Bill and Type of Tax

Revenue Bills	FY2024-25	FY2025-26	FY2026-27	FY2027-28	FY2028-29	Type
LB 208 Change sales tax collections fees	0	479,000	741,000	763,000	786,000	sales
LB 478 Change NE Liquor Control Act	0	10,000	10,000	10,000	10,000	misc
LB 650 Comm Dev Assistance Act	0	3,367,083	21,224,656	22,999,045	23,616,705	sales
LB 650 Comm Dev Assistance Act	0	5,337,438	12,688,508	16,814,750	13,966,250	ind
LB 650 Comm Dev Assistance Act	0	3,112,479	5,562,836	6,938,250	5,988,750	corp
LB 177 Amend MAD Tax Act	0	175,000	(175,000)	180,000	(180,000)	misc
LB 391 Given to Enable Scholarship Act	0	0	(34,500)	(39,750)	(50,250)	ind
LB 391 Given to Enable Scholarship Act	0	0	(11,500)	(13,250)	(16,750)	corp
LB 647 Change tax provisions	0	(374,250)	(900,750)	(1,488,000)	(2,169,750)	ind
LB 647 Change tax provisions	0	(124,750)	(300,250)	(496,000)	(723,250)	corp
LB 707 Change Good Life District provisions	0	1,092,000	1,252,000	696,000	860,000	sales
LB 649 Adopt Defense Efforts Workforce Act	0	0	0	0	(3,000,000)	ind
LB 649 Adopt Defense Efforts Workforce Act	0	0	0	0	(1,000,000)	corp
Revenue Bills-Passed	0	13,074,000	40,057,000	46,364,045	38,087,705	
Cash Fund Transfers In - Budget bills	10,575,000	161,064,957	54,465,957	0	0	misc
Investment Earnings - Budget bills		30,700,000	27,600,000	19,000,000	19,000,000	misc
Total Revenue Bills	10,575,000	204,838,957	122,122,957	65,364,045	57,087,705	
2025 Bills by Type						
Sales/Use Tax	0	4,938,083	23,217,656	24,458,045	25,262,705	Sales
Individual Income Tax	0	4,963,188	11,753,258	15,287,000	8,746,250	Ind
Corporate Income Tax	0	2,987,729	5,251,086	6,429,000	4,248,750	Corp
Miscellaneous receipts	10,575,000	191,949,957	81,900,957	19,190,000	18,830,000	Misc
Total Revenue Bills to add to forecast	10,575,000	204,838,957	122,122,957	65,364,045	57,087,705	

Cash Reserve Fund

	Beginning Balance	Direct Deposit and Interest	Automatic Transfers (1)	Legislative Transfers (2)		Ending Balance	EB as % of revenues	EB as % of expend
				Gen Fund	Other Funds			
FY1983-84	0	37,046,760	na	0	0	37,046,760	4.7%	4.9%
FY1984-85	37,046,760	(1,472,551)	na	0	0	35,574,209	4.5%	4.4%
FY1985-86	35,574,209	227,855	na	(13,500,000)	0	22,302,064	2.7%	2.7%
FY1986-87	22,302,064	1,428,021	na	0	0	23,730,085	2.7%	2.8%
FY1987-88	23,730,085	1,654,844	na	0	(7,700,000)	17,684,929	1.7%	2.0%
FY1988-89	17,684,929	139,000	na	32,600,000	0	50,423,929	4.4%	5.1%
FY1989-90	50,423,929	113,114	na	(10,500,000)	0	40,037,043	3.5%	3.4%
FY1990-91	40,037,043	0	na	(8,100,000)	0	31,937,043	2.3%	2.3%
FY1991-92	31,937,043	0	na	(5,000,000)	0	26,937,043	1.8%	1.7%
FY1992-93	26,937,043	0	na	(9,500,000)	0	17,437,043	1.1%	1.1%
FY1993-94	17,437,043	0	3,063,462	7,250,000	0	27,750,505	1.7%	1.7%
FY1994-95	27,750,505	0	(8,518,701)	7,250,000	(6,000,000)	20,481,804	1.2%	1.2%
FY1995-96	20,481,804	0	(20,481,804)	18,189,565	0	18,189,565	1.0%	1.0%
FY1996-97	18,189,565	0	19,740,786	3,032,333	0	40,962,684	2.0%	2.2%
FY1997-98	40,962,684	0	91,621,018	0	0	132,583,702	6.3%	6.9%
FY1998-99	132,583,702	0	111,616,422	(96,500,000)	(2,000,000)	145,700,124	6.9%	6.5%
FY1999-00	145,700,124	0	20,959,305	3,500,000	(28,000,000)	142,159,429	5.9%	6.1%
FY2000-01	142,159,429	0	77,576,670	(24,500,000)	(25,000,000)	170,236,099	6.9%	6.9%
FY2001-02	170,236,099	0	0	(59,800,000)	(370,000)	110,066,099	4.7%	4.2%
FY2002-03	110,066,099	66,476,446	0	(87,400,000)	0	59,142,545	2.4%	2.3%
FY2003-04	59,142,545	59,463,461	0	(61,191,862)	(385,807)	87,028,337	3.2%	3.4%
FY2004-05	87,028,337	8,170,556	108,727,007	(26,000,000)	(758,180)	177,167,720	5.8%	6.5%
FY2005-06	177,167,720	0	261,715,297	0	(165,266,227)	273,616,790	8.2%	9.4%
FY2006-07	273,616,790	0	259,929,524	(15,674,107)	(1,784,416)	516,087,791	15.1%	16.5%
FY2007-08	516,087,791	0	191,436,773	(60,177,767)	(101,801,000)	545,545,797	15.6%	16.8%
FY2008-09	545,545,797	0	116,976,571	(54,990,505)	(29,340,000)	578,191,863	17.2%	17.4%
FY2009-10	578,191,863	0	0	(105,000,000)	(5,990,237)	467,201,626	14.6%	14.1%
FY2010-11	467,201,626	0	0	(154,000,000)	0	313,201,626	8.9%	9.4%
FY2011-12	313,201,626	8,422,528	145,155,092	(37,000,000)	3,560,802	428,878,372	11.6%	12.4%
FY2012-13	428,878,372	0	104,789,781	(78,000,000)	(76,008,427)	384,121,402	9.5%	10.7%
FY2013-14	384,121,402	0	285,292,610	49,400,000	251,294	719,065,306	17.5%	18.7%
FY2014-15	719,065,306	0	96,721,232	(67,701,112)	(20,250,000)	727,835,426	16.9%	18.1%
FY2015-16	727,835,426	0	84,599,532	0	(81,779,850)	730,655,108	17.0%	17.4%
FY2016-17	730,655,108	0	0	0	(50,000,000)	680,655,108	16.0%	15.7%
FY2017-18	680,655,108	265,729	0	(225,000,000)	(115,930,772)	339,990,065	7.4%	7.8%
FY2018-19	339,990,065	0	61,995,773	(48,000,000)	(20,436,714)	333,549,124	6.8%	7.6%
FY2019-20	333,549,124	0	176,378,178	0	(83,619,600)	426,307,702	8.6%	9.2%
FY2020-21	426,307,702	0	10,655,528	(30,000,000)	60,000,972	466,964,202	7.8%	10.3%
FY2021-22	466,964,202	0	535,259,366	50,000,000	(124,700,000)	927,523,568	14.6%	19.9%
FY2022-23	927,523,568	0	1,287,998,995	40,000,000	(617,670,000)	1,637,852,563	25.7%	31.8%
FY2023-24	1,637,852,563	0	2,982,492	440,000,000	(1,168,017,580)	912,817,475	12.8%	17.2%
FY2024-25	912,817,475	0	38,746,104	(4,000,000)	(70,383,800)	877,179,779	14.2%	16.0%
FY2025-26 Est	877,179,779	0	0	0	(55,897,000)	821,282,779	11.6%	15.0%
FY2026-27 Est	821,282,779	0	0	(152,000,000)	0	669,282,779	9.5%	12.1%
FY2027-28 Est	669,282,779	0	0	0	(50,000,000)	619,282,779	8.5%	11.0%
FY2028-29 Est	619,282,779	0	0	0	(50,000,000)	569,282,779	7.4%	9.9%

(1) Automatic transfers reflect the prior year variance from forecast. For example, the \$84.6 million transfer in FY15-16 actually reflects FY14-15 "excess" receipts compared to the certified forecast. Prior to FY95-96 the transfers occurred in all cases. After FY95-96 transfers only occurred if receipts were above forecast.

(2) Legislative transfers are enacted by legislation and include transfers to the General Fund or other funds.

Projected Appropriations – FY28/FY29 Following Biennium

For the “following biennium” (FY2027-28 and FY2028-29), the mainline budget numbers reflect the annualized impact of the current budget actions plus an estimate of future year increases in entitlement programs, salary and health insurance increases, and other funding requirements. Obviously, actual funding needs in these areas will not be known until the biennial budget process starts again. However, for planning purposes, some level of funding for these items must be acknowledged and shown as likely funding commitments.

In April 2025, the Appropriations and Revenue Committees approved a 2% per year General Fund appropriations growth for FY2027-28 and FY2028-29. The estimate remains unchanged for purposes of this report, except it has been adjusted to reflect the impact of 2025 legislation passed, including the ongoing impact of A bills. Details are shown in Table 7.

Table 7 Projected Appropriations Increases-Following Biennium

(includes on-going impact of 2025 budget actions)

	Annual % Change			Following Biennium (Biennial Basis)		
	FY2027-28	FY2028-29	Two Yr Ave.	FY2027-28	FY2028-29	Two Yr Total
<u>AID TO LOCAL GOVT</u>						
Aid to K-12 Schools (TEEOSA GF)	1.6%	1.7%	1.7%	16,344,531	33,616,431	49,960,961
Special Education	7.0%	7.0%	7.0%	16,500,710	34,156,469	50,657,179
Community Colleges	2.0%	2.0%	2.0%	2,382,334	4,812,315	7,194,649
Homestead Exemption	6.0%	6.0%	6.0%	10,218,180	21,049,451	31,267,631
All Other (Aid-Local)	0.0%	0.0%	0.0%	0	0	0
<u>AID TO INDIVIDUALS</u>						
Medicaid	2.0%	2.0%	2.0%	20,685,327	41,784,360	62,469,687
Public Assistance	1.0%	1.0%	1.0%	763,801	1,535,239	2,299,040
Child Welfare Aid	2.0%	2.0%	2.0%	12,756,258	16,666,518	29,422,776
Developmental Disability aid	2.0%	2.0%	2.0%	4,587,722	9,267,199	13,854,921
Behavioral Health aid	2.0%	2.0%	2.0%	2,686,333	5,241,796	7,928,129
Children's Health Insurance (SCHIP)	2.0%	2.0%	2.0%	699,788	1,413,571	2,113,359
Aging Programs	0.0%	0.0%	0.0%	0	0	0
Nebraska Career Scholarships	0.0%	0.0%	0.0%	0	0	0
Business Innovation Act	0.0%	0.0%	0.0%	0	0	0
Economic Recovery Act	0.0%	0.0%	0.0%	0	0	0
All Other (Aid-Ind)	0.0%	0.0%	0.0%	0	0	0
<u>AGENCY OPERATIONS</u>						
Employee Salaries (agencies)	3.0%	3.0%	3.0%	27,043,538	54,898,381	81,941,919
Employee Health Insurance (agencies)	4.0%	4.0%	4.0%	5,278,985	10,769,129	16,048,114
University/Colleges increased funding	2.3%	2.3%	2.3%	17,435,312	35,415,446	52,850,757
Operations increase (all agencies)	3.0%	3.0%	3.0%	5,112,738	10,378,859	15,491,597
Staffing/population costs (Corrections)	2.0%	2.0%	2.0%	3,722,530	7,445,060	11,167,590
Retirement (Schools, Patrol, Judges)	Fixed	Fixed	Fixed	6,312,317	9,312,317	15,624,634
All Other (Oper)	Fixed	Fixed	Fixed	(36,701,067)	(64,911,116)	(101,612,183)
<u>CONSTRUCTION</u>	3.5%	0.0%	1.8%	750,000	750,000	1,500,000
<u>TOTAL (Biennial Basis)</u>	2.1%	2.1%	2.1%	116,579,336	233,601,425	350,180,761

Projected Appropriation per Financial Status

FY2027-28	FY2028-29
5,637,430,517	5,754,452,606

Appendix A

Statutory Required Meetings

Section 77-2715.01 relates to the Legislature setting the sales and income tax rates and creates the Tax Rate Review Committee and its duties and responsibilities

“(1)(a) Commencing in 1987 the Legislature shall set the rates for the income tax imposed by section 77-2715 and the rate of the sales tax imposed by subsection (1) of section 77-2703. For taxable years beginning or deemed to begin before January 1, 2013, the rate of the income tax set by the Legislature shall be considered the primary rate for establishing the tax rate schedules used to compute the tax.

(b) The Legislature shall set the rates of the sales tax and income tax so that the estimated funds available plus estimated receipts from the sales, use, income, and franchise taxes will be not less than three percent nor more than seven percent in excess of the appropriations and express obligations for the biennium for which the appropriations are made. The purpose of this subdivision is to insure that there shall be maintained in the state treasury an adequate General Fund balance, considering cash flow, to meet the appropriations and express obligations of the state.

(c) For purposes of this section, express obligation shall mean an obligation which has fiscal impact identifiable by a sum certain or by an established percentage or other determinative factor or factors.

2) The Speaker of the Legislature and the chairpersons of the Legislature's Executive Board, Revenue Committee, and Appropriations Committee shall constitute a committee to be known as the Tax Rate Review Committee. The Tax Rate Review Committee shall meet with the Tax Commissioner within ten days after July 15 and November 15 of each year and shall determine whether the rates for sales tax and income tax should be changed. In making such determination the committee shall recalculate the requirements pursuant to the formula set forth in subsection (1) of this section, taking into consideration the appropriations and express obligations for any session, all miscellaneous claims, deficiency bills, and all emergency appropriations. The committee shall prepare an annual report of its determinations under this section. The committee shall submit such report electronically to the Legislature and shall append the tax expenditure report required under section 77-382 and the revenue volatility report required under section 50-419.02.

In the event it is determined by a majority vote of the committee that the rates must be changed as a result of a regular or special session or as a result of a change in the Internal Revenue Code of 1986 and amendments thereto, other provisions of the laws of the United States relating to federal income taxes, and the rules and regulations issued under such laws, the committee shall petition the Governor to call a special session of the Legislature to make whatever rate changes may be necessary.”

Annual Report

LB962 enacted in the 2012 legislative session included a requirement that the Tax Rate Review Committee prepare an **annual** report of its determinations. As the Tax Rate Review Committee meets twice each year, for purposes of this provision the annual report will be prepared after the required November meeting.