

counties, in what amendment have we addressed that, if any yet? Or is this something coming?

SENATOR WARNER: Okay, it's the...yeah, I should have read my notes. On page 2, lines 12 and 13, that section that are cited there, 77-3,119 is the statutory section of law that currently exists, that provides, reflects that information from the Commerce Department.

SENATOR SCHIMEK: Oh, okay, okay. Thank you very much.

PRESIDENT ROBAK: Thank you, Senator Schimek. Senator Kristensen.

SENATOR KRISTENSEN: Thank you, Madam President and members of the Legislature. I want to try to explain this in a manner so that, one, I make sure I understand it, but, two, as when people begin to talk to you about how does this work. Imagine drawing a box and in that box you're going to put restricted funds. In other words, this is one portion of the budget. And in that box you're going to put property tax, a local option sales tax, the state aid that they may receive. If they have a utility service, for example, the city selling of electricity and they have a profit other than what they put back in to run the operation, they put that into general funds, and some fees that they may charge, those are restricted funds. They are the funds that live within the 2 percent next year, the 0 percent the year after that, except as we changed it this morning, they can go to 3 percent next year, 1 percent with a supermajority vote of their governing body. Then take another box and these are unrestricted funds. These are basically what's left in their budget. For example, and I'm going to look to make sure if there's other questions, but things like lottery proceeds, kenos, gifts, if you have a foundation, many communities have a foundation where someone left them a gift. The money that goes into that is unrestricted, meaning they don't live within those expenditure restrictions. So, for example, if you have garbage fees, if you have a city that has garbage pickup but they're city employees that go out and do those sorts of things, you'll be able to raise and use those funds and those fees. If they make a profit in doing that and they shift that over to general fund operating, then it's going to have to live within the box. If you have too much sales tax, for example, that comes in, you're going to have to probably reduce your property tax. So,