

**FISCAL NOTE**  
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2008-09		FY 2009-10	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS		(3,285,000)		(3,285,000)
CASH FUNDS	See below	See below	See below	See below
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

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

LB 1139 provides that \$73 million shall be transferred from the Cash Reserve Fund to the Highway Cash Fund within seven days after the effective date of this act. Due to the emergency clause this transfer will take place in FY2007-08.

Department of Roads Impact

The bill specifies that the \$73 million shall be used only for the construction of a four-lane expressway from Columbus to Fremont. The Department of Roads will have an additional \$73 million, plus interest earned, earmarked for this specified project. The timing of related construction expenditures is currently unknown and may take place over more than one year. For this reason the size of the invested balance over time is unknown which makes an accurate estimate of interest earnings unavailable.

Since the transferred money is placed into the Highway Cash Fund it will cause the variable fuel tax to decrease approximately 6.1¢, unless the Highway Cash Fund appropriation is adjusted to reflect the additional \$73 million of revenue. The introduction of an accompanying A-bill can provide the needed appropriation adjustment to allow the additional \$73 million to be spent, as opposed to the additional revenue reducing the amount of revenue needed from the variable fuel tax.

Cash Reserve Fund and General Fund Impact

The Cash Reserve Fund's unobligated balance at the end of this biennium on June 30, 2009 is estimated to be \$540 million. This takes into account transfers that are currently required by law but does not include any transfers proposed by legislation introduced during the 2008 session. LB 1139 would reduce this estimated unobligated balance down to \$467 million.

The interest earned on the Cash Reserve Fund (CRF) balance is deposited into the General Fund. Reducing the CRF balance by \$73 million will reduce General Fund interest revenue by an estimated \$547,500 in FY07-08 (2 months), and by an estimated \$3,285,000 annually beginning in FY2008-09, assuming a 4.5% interest rate.

DEPARTMENT OF ADMINISTRATIVE SERVICES

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COMMENTS

DEPARTMENT OF ROADS: Concur with Department of Road's analysis and estimates of both increased revenue and expenditures fiscal impact. The expenditures would occur in subsequent years due to the time element in completing the projects designated.