REPORT TO THE TAX RATE REVIEW COMMITTEE

July 22, 2026

Required July Meeting Pursuant to Section 77-2715.01

Tax Rate Review Committee

Speaker of the Legislature	Senator John Arch
Executive Board Chair	Senator Ben Hansen
Revenue Committee Chair	Senator Brad von Gillern
Appropriations Committee Chair	Senator Robert Clements

Tax Commissioner – James R. Kamm

Prepared by the Legislative Fiscal Office

General Fund Financial Status – July Tax Rate Review

		Actual	Actual		Est for Following Biennium	
		FY2024-25	FY2025-26	FY2026-27	FY2027-28	FY2028-29
1	**BEGINNING BALANCE**					
2	Beginning Cash Balance	1,843,296,751	792,515,104	298,561,902	115,761,354	(301,575,561)
3	Cash Reserve transfers-automatic	(38,746,104)	0	0	0	0
4	School Property Tax transfers-automatic	0	0	0	0	0
5	Carryover obligations from FY26	0	0	(199,282,775)	0	0
5a	Lapse FY25/FY26 carryover (Enacted)	0	0	969,331	0	0
6	Allocation for potential deficits	0	0	0	0	(5,000,000)
7	Unobligated Beginning Balance	1,804,550,647	792,515,104	100,248,458	115,761,354	(306,575,561)
8	**REVENUES & TRANSFERS**					
9	Net Receipts (Includes 2025 Legislation)	6,159,041,662	6,741,003,604	6,781,789,295	6,884,619,670	7,261,345,330
10	General Fund transfers-out (2025)	(1,694,747,425)	(1,716,356,476)	(1,755,653,800)	(1,856,279,740)	(1,918,243,227)
11	General Fund transfers-in (current law)	in receipts	in forecast	in forecast	in estimate	in estimate
12	Cash Reserve transfers (current law)	4,000,000	0	304,000,000	0	0
13	Accounting Adjustment	(5,664,537)	(12,385,539)	0	0	0
14	General Fund Net Revenues	4,462,629,700	5,012,261,589	5,330,135,495	5,028,339,930	5,343,102,103
15	**APPROPRIATIONS**					
16	Expenditures / Appropriations	5,474,665,244	5,506,214,791	5,413,727,981	5,413,727,981	5,413,727,981
17	Mainline Budget and A bills (2026)	0	0	(99,105,382)	(99,105,382)	(99,105,382)
18	Projected budget increase, following biennium	0	0	0	131,054,246	263,179,763
19	General Fund Appropriations	5,474,665,244	5,506,214,791	5,314,622,599	5,445,676,845	5,577,802,362
20	**ENDING BALANCE**					
21	$ Ending balance (per Financial Status)	792,515,104	298,561,902	115,761,354	(301,575,561)	(541,275,820)
22	$ Ending balance (at Min. Reserve 3.0%)			324,317,831		305,452,526
23	Excess (shortfall) from Minimum Reserve			**(208,556,477)**		**(846,728,346)**
24	Biennial Reserve (%)			1.1%		-4.9%
	General Fund Appropriations					
25	Annual % Change - Appropriations (w/o deficits)	1.2%	0.3%	-2.1%	2.5%	2.4%
26	Two Year Average	2.7%	--	-0.9%	--	2.4%
	General Fund Revenues					
27	Est. Revenue Growth (rate/base adjusted)	2.4%	3.0%	3.7%	5.7%	6.6%
28	Two Year Average	1.7%	--	3.4%	--	6.1%
29	Five Year Average	7.7%	--	2.4%	--	4.3%
30	Unadjusted % change over prior year	-13.9%	9.4%	0.6%	1.5%	5.5%
31	On-Going Revenues vs Appropriations	(955,098,280)	(416,084,035)	(288,487,103)	(417,336,914)	(234,700,259)

CASH RESERVE FUND	FY2024-25	FY2025-26	FY2026-27	FY2027-28	FY2028-29
Beginning Balance	912,817,475	877,079,779	829,532,779	526,032,779	476,032,779
Excess of certified forecasts (line 3 in Status)	38,746,104	0	0	0	0
To/from Gen Fund (Enacted)	(4,000,000)	0	(304,000,000)	0	0
To Nebr Capital Construction Fund (NCCF)	(29,458,800)	(36,897,000)	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)	(150,000)	0	0	0
To Electrical Board Cash Fund	0	(500,000)	500,000	0	0
To Municipality Infrastructure Aid Fund (LB 600-2024)	(5,000,000)	0	0	0	0
Projected Unobligated Ending Balance	877,079,779	829,532,779	526,032,779	476,032,779	426,032,779
Ending Balance as % of Revenues	14.2%	12.3%	7.8%	6.9%	5.9%
Ending Balance as % of Expenditures	16.0%	15.1%	9.9%	8.7%	7.6%

Changes in the Financial Status since 2026 Session Sine Die

The Sine Die General Fund financial status, published in April of 2026, reflected $6.3 million above the minimum reserve in the FY26/FY27 biennium, and $631.9 million below the minimum reserve for the FY28/FY29 biennium. The General Fund financial status published in this report reflects $208.6 million below the minimum reserve in the FY26/FY27 biennium, and $846.7 million below the minimum reserve for the FY28/FY29 biennium.

For the FY26/FY27 biennium, this is a reduction of $214.8 million from the previously published status. The difference is attributable to the following changes in the financial status since April 2026:

	Causes of the Change in Ending Balance	Sine Die 2026 Session	Tax Rate Review (7/22/26)	Difference: FY26/FY27 Biennium	Difference: FY28/FY29 Biennium
1	Carryover obligations from FY26 to FY27	(277,189,276)	(199,282,775)	77,906,501	77,906,501
2	FY26 Actual vs Est General Fund Net Receipts	6,970,000,000	6,741,003,604	(228,996,396)	(228,996,396)
3	FY26 Actual vs Est Transfers-Out (Not in Feb Forecast)	(91,502)	0	91,502	91,502
4	FY26 Actual vs Est CRF transfers-automatic	(20,000,000)	0	20,000,000	20,000,000
6	FY26 Actual vs Est Accounting adjustment	0	(12,385,539)	(12,385,539)	(12,385,539)
7	FY26 Actual vs Appropriation	0	(77,869,167)	(77,869,167)	(77,869,167)
9	***Change in Projected Ending Balance ----------------------->***			**(221,253,099)**	**(221,253,099)**
10	Recalculate 3% minimum reserve			6,445,352	6,444,265
11	***Change in Variance from Minimum Reserve ---------------->***			**(214,807,747)**	**(214,808,834)**

<u>Actual FY2025-26 Net Receipts vs Estimated FY2025-26 Net Receipts</u>
The February forecast of the Nebraska Economic Forecasting Advisory Board for FY2025-26 is $6.97 billion. Legislation enacted after the February forecast reduced the total transfers into the General Fund from other funds by $91,502, for total revenue (adjusted for legislation) of $6,969,908,498. Actual net receipts for FY2025-26 are $6,741,03,604, which is $228,904,894 below the forecasted amount (adjusted for legislation).

<u>Transfer to the Cash Reserve Fund</u>
The estimated transfer based on FY2025-26 net receipts from the General Fund to the Cash Reserve Fund, which occurs at the beginning of FY2026-27 and is calculated based on statute section 77-4602, was $20 million at the end of the 2026 session (the amount the February forecast exceeded the certified forecast). The actual transfer to the Cash Reserve Fund is $0 because actual receipts did not exceed the certified forecast.

<u>Expenditure of FY2025-26 Appropriation</u>
Total General Fund appropriations for FY2025-26 reflected on the Sine Die 2026 General Fund financial status $5,428,345,624 of new appropriations. Actual General Fund expenditures for FY2025-26 were $5,506,214,791, which utilized carryover funds from the prior year to result in actual expenditures $77,869,167 million more than the FY2025-26 new appropriations.

<u>Change in carryover obligations</u>
The estimated carryover obligations from FY2045-25 to FY2025-26 at Sine Die of the 2026 session was $277.2 million. The calculated carryover obligations from FY2025-26 to FY2026-27 published in this report are $199.3 million, a difference of $77.9 million.

FY2025-26 is the first year of a two-year biennium budget, and as such, any unexpended amounts carry over to the second year of the biennium, unless an amount was specifically lapsed.

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	(5,203,685)
Transfer-Out State Patrol Cash	(51,458)
Transfer-Out Fund 27237 Imagine NE Revolving Loan 77-6841	(2,198,575)
Transfer-Out Fund 21540 Dept of Revenue - Section 77-367	(1,395,653)
All other accounting adjustments	(2,786,167)
Total Accounting adjustment	(12,385,539)

Change in the Minimum Reserve

When incorporating the FY2025-26 actual revenues, expenditures, and ending balance, the amount required pursuant to the minimum reserve requirement is $6,445,352 less for the FY26/FY27 biennium. The amount required pursuant to the minimum reserve requirement is $6,444,265 less for the following biennium than the amount estimated at Sine Die.

FY2025-26 Actual General Fund Receipts

Table 1 compares forecasts with actual receipts for FY2025-26. Included in the table are the certified July forecast, which followed the 2025 Session, and the October and February NEFAB forecasts. The October NEFAB forecast was the final certified forecast for FY2025-26 pursuant to Neb. Rev. Stat. sec. 77-4603.

The forecasted amounts reflected in the table do not include the reduction of $91,502 in transfers to the General Fund authorized in the budget subsequent to the February NEFAB meeting.

Table 2 shows actual receipts and tax rate and base adjusted growth rates for FY2025-26 and the previous five years, Table 3 shows a chronology of the FY2025-26 forecasts, and Table 4 provides historical and projected revenues.

Table 1 FY2025-26 Actual Receipts vs Forecast

	Cert July 2025	Cert Oct 2025	Feb 2026	Actual	$ Variance	$ Variance	$ Variance
TOTAL BY MONTH	FY2025-26	FY2025-26	FY2025-26	FY2025-26	Cert July 2025	Cert Oct 2025	Feb 2026
July	411,003,000	430,751,000	430,751,000	430,750,750	19,747,750	(250)	(250)
August	585,084,000	597,011,000	597,011,000	597,011,395	11,927,395	395	395
September	707,949,000	661,220,000	661,220,000	661,219,657	(46,729,343)	(343)	(343)
October	287,265,000	311,435,000	311,435,000	311,435,178	24,170,178	178	178
November	608,569,000	578,123,000	595,977,000	595,976,715	(12,592,285)	17,853,715	(285)
December	873,106,000	895,907,000	831,602,000	831,602,425	(41,503,575)	(64,304,575)	425
January	566,450,000	566,671,000	603,513,000	603,513,276	37,063,276	36,842,276	276
February	470,575,000	459,742,000	436,439,000	436,439,154	(34,135,846)	(23,302,846)	154
March	533,566,000	533,845,000	527,017,000	449,001,023	(84,564,977)	(84,843,977)	(78,015,977)
April	688,377,000	661,973,000	696,356,000	639,327,980	(49,049,020)	(22,645,020)	(57,028,020)
May	562,648,000	538,741,000	553,989,000	511,038,454	(51,609,546)	(27,702,546)	(42,950,546)
June	775,247,000	714,581,000	724,690,000	673,687,602	(101,559,398)	(40,893,398)	(51,002,398)
Total GF Revenues	7,069,839,000	6,950,000,000	6,970,000,000	6,741,003,608	(328,835,392)	(208,996,392)	(228,996,392)
TOTAL BY QUARTER							
1st Qt (July-Sept)	1,704,036,000	1,688,982,000	1,688,982,000	1,688,981,801	(15,054,199)	(199)	(199)
2nd Qt (Oct-Dec)	1,768,940,000	1,785,465,000	1,739,014,000	1,739,014,317	(29,925,683)	(46,450,683)	317
3rd Qt (Jan-March)	1,570,591,000	1,560,258,000	1,566,969,000	1,488,953,454	(81,637,546)	(71,304,546)	(78,015,546)
4th Qt (April-June)	2,026,272,000	1,915,295,000	1,975,035,000	1,824,054,036	(202,217,964)	(91,240,964)	(150,980,964)
Total GF Revenues	7,069,839,000	6,950,000,000	6,970,000,000	6,741,003,608	(328,835,392)	(208,996,392)	(228,996,392)
TOTAL BY TYPE							
Sales/Use	2,604,938,000	2,665,000,000	2,765,000,000	2,866,926,606	261,988,606	201,926,606	101,926,606
Ind Income	3,055,963,000	3,000,000,000	2,975,000,000	2,635,685,240	(420,277,760)	(364,314,760)	(339,314,760)
Corp Income	901,988,000	785,000,000	740,000,000	719,736,685	(182,251,315)	(65,263,315)	(20,263,315)
Misc Receipts	506,950,000	500,000,000	490,000,000	518,655,078	11,705,078	18,655,078	28,655,078
Total GF Revenues	7,069,839,000	6,950,000,000	6,970,000,000	6,741,003,608	(328,835,392)	(208,996,392)	(228,996,392)

Table 2 Actual Receipts and Adjusted Growth

GENERAL FUND RECEIPTS	FY2020-21	FY2021-22	FY2022-23	FY2023-24	FY2024-25	FY2025-26
Gross Receipts						
Sales and Use	2,746,553,548	3,074,312,574	3,252,191,162	3,392,895,130	3,412,760,294	3,866,065,442
Individual Income	3,699,016,446	3,986,522,071	3,991,494,198	4,144,376,859	3,869,374,692	3,745,192,851
Corporate Income	642,787,525	788,317,225	825,102,980	1,822,582,615	1,227,855,531	847,911,815
Miscellaneous	247,487,690	257,462,295	333,260,332	493,367,892	387,942,685	519,025,358
Total Gross Receipts	7,335,845,209	8,106,614,165	8,402,048,671	9,853,222,496	8,897,933,202	8,978,195,466
Refunds						
City Sales Tax	522,704,310	584,618,788	668,367,865	655,114,233	635,821,276	743,880,102
Sales Tax Refund	89,629,212	227,567,656	104,843,015	129,737,786	107,433,943	84,396,833
Leased MV Transfer	18,912,479	17,724,018	15,940,079	15,182,544	15,181,865	17,423,267
Hwy Fund	94,686,153	102,347,729	111,414,881	117,761,460	119,149,070	136,234,255
C&S Turnback	10,873,123	8,902,302	15,725,386	16,265,040	18,429,942	17,204,378
Individual Income Tax	568,417,122	743,284,478	985,542,139	1,665,322,672	1,689,440,803	1,109,507,611
Corporate Refunds	71,567,200	73,164,489	132,138,250	97,674,480	152,770,453	128,175,130
Miscellaneous Refunds	13,180	10,003	94,563	353,701	664,188	370,280
Total Net Refunds	1,376,802,781	1,757,621,341	2,034,066,179	2,697,411,915	2,738,891,540	2,237,191,858
Net Receipts						
Sales and Use	2,009,748,270	2,133,152,081	2,335,899,936	2,458,834,068	2,516,744,199	2,866,926,606
Individual Income	3,130,599,324	3,243,237,593	3,005,952,059	2,479,054,186	2,179,933,889	2,635,685,240
Corporate Income	571,220,324	715,152,736	692,964,730	1,724,908,135	1,075,085,078	719,736,685
Miscellaneous	247,474,510	257,452,292	333,165,768	493,014,191	387,278,497	518,655,078
Total Net Receipts	**5,959,042,429**	**6,348,994,703**	**6,367,982,492**	**7,155,810,580**	**6,159,041,662**	**6,741,003,608**
Rate/Base Adjusted Growth	**13.8%**	**19.5%**	**1.8%**	**1.1%**	**2.4%**	**3.0%**

Table 3 Chronology of FY2025-26 Revenue Forecasts

	Sales/Use	Individual	Corporate	Misc	Total Forecast	Change in Forecast: Forecast	Bills	Total
FY2025-26								
LFO Prelim-October 2022	2,688,855	3,356,511	427,561	226,700	6,699,627	0	0	0
LFO Prelim-February 2023	2,665,636	3,374,330	442,907	229,139	6,712,012	12,385	0	12,385
LFO Prelim-April 2023	2,655,650	3,294,000	536,000	266,000	6,751,650	39,638	0	39,638
Sine Die 2023 Session	2,645,622	2,924,006	489,928	262,489	6,322,044	0	(429,606)	(429,606)
LFO Prelim - November 2023	2,658,679	2,959,377	515,698	226,136	6,359,890	37,846	0	37,846
LFO Prelim - February 2024	2,658,679	2,959,377	515,698	226,136	6,359,890	0	0	0
Sine Die 2024 Session	2,656,467	2,948,082	518,983	225,588	6,349,120	(0)	(10,770)	(10,770)
Sine Die 2024 Special Session	2,656,467	3,532,518	583,920	304,338	7,077,243	0	728,123	728,123
Board Est-Oct 2024	2,600,000	3,150,000	870,000	330,000	6,950,000	(127,243)	0	(127,243)
Board Est-Feb 2025	2,600,000	3,150,000	885,000	320,000	6,955,000	5,000	0	5,000
Board Est-April 2025	2,600,000	3,050,000	900,000	315,000	6,865,000	(90,000)	0	(90,000)
Sine Die 2025 Session	2,604,938	3,054,963	902,988	506,950	7,069,839	(0)	204,839	204,839
Board Est-Oct 2025	2,665,000	3,000,000	785,000	500,000	6,950,000	(119,839)	0	(119,839)
Board Est-Feb 2026	2,765,000	2,975,000	740,000	490,000	6,970,000	20,000	0	20,000
Sine Die 2026 Session	2,765,000	2,975,000	740,000	489,908	6,969,908	(0)	(92)	(92)
Actual Receipts	2,866,927	2,635,685	719,737	518,655	6,741,004	(228,905)	0	(228,905)
Change: First Prelim to Current	178,072	(720,826)	292,176	291,955	41,377	(451,117)	492,494	41,377
Change: First NEFAB to Current	266,927	(514,315)	(150,263)	188,655	(208,996)	(413,744)	204,747	(208,996)

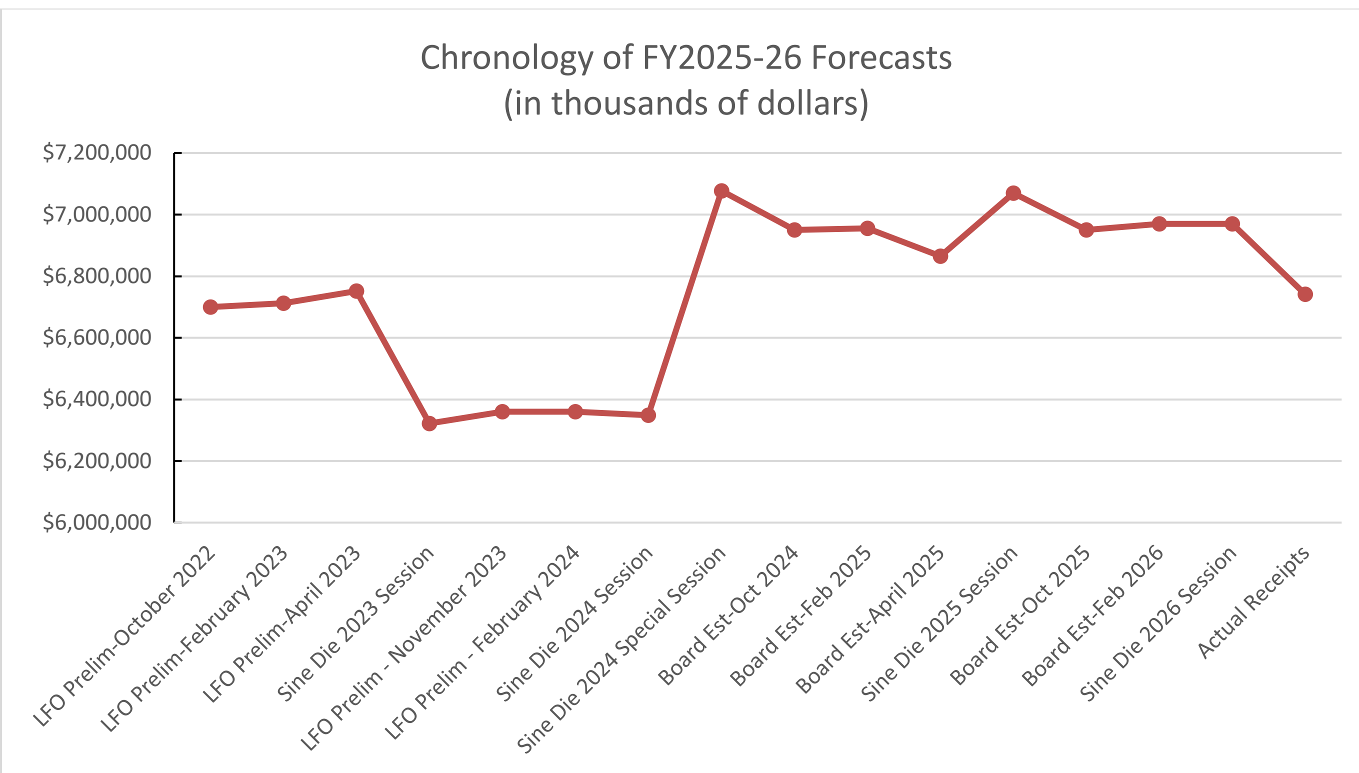
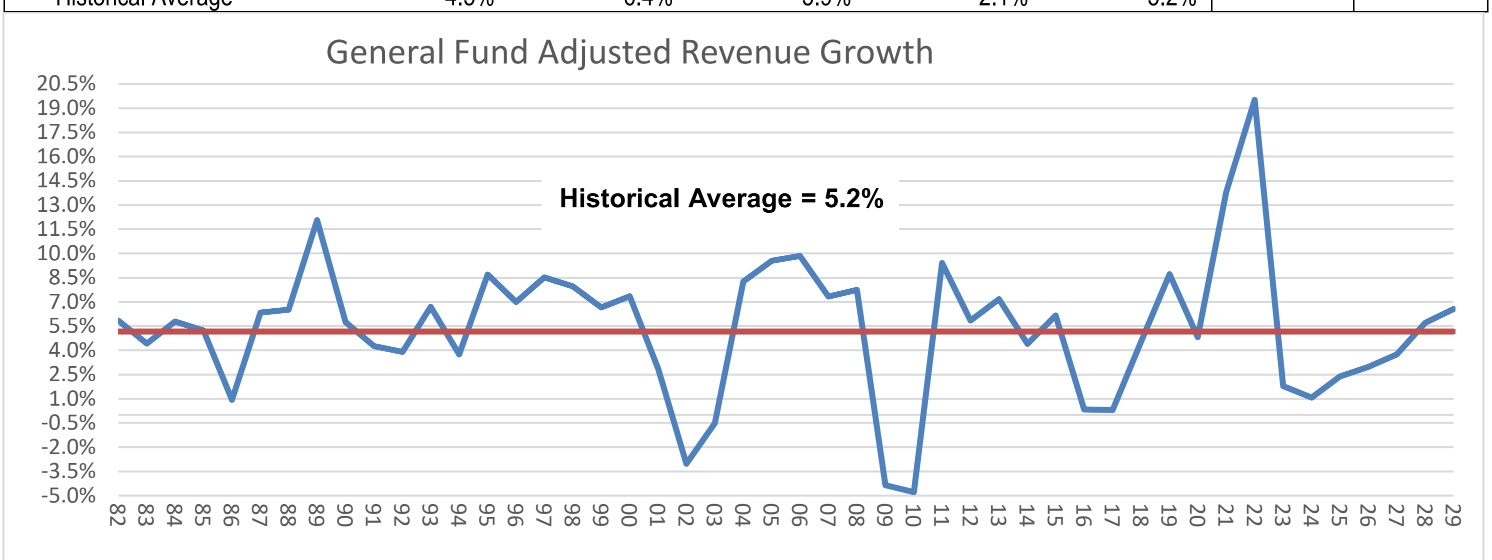


Table 4 Historical and Projected Revenues

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%	1.1%
FY 2024-25	2,516,744,199	2,179,933,889	1,075,085,078	387,278,497	6,159,041,662	-13.9%	2.4%
FY 2025-26	2,866,926,607	2,635,685,248	719,736,684	518,655,078	6,741,003,617	9.4%	3.0%
FY 2026-27 NEFAB	2,512,870,000	3,077,192,000	711,048,000	480,679,295	6,781,789,295	0.6%	3.7%
FY2027-28 Prelim	2,800,005,045	3,081,228,000	693,901,000	309,485,625	6,884,619,670	1.5%	5.7%
FY2028-29 Prelim	3,081,368,705	3,161,457,250	699,990,750	318,528,625	7,261,345,330	5.5%	6.6%
Current 5 Year Status	4.2%	6.9%	-3.6%	-4.7%	4.5%		
Above Average Years (25)	5.9%	9.9%	14.5%	4.0%	8.2%		
Below Average Years (19)	2.3%	2.2%	-4.4%	2.1%	1.5%		
Historical Average	4.5%	6.4%	5.9%	2.1%	5.2%		



The following table shows the February 2026 Nebraska Economic Forecasting Advisory Board forecasts for 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 March 2026. The table also includes adjustments for the impact on net receipts of legislation enacted in the 2026 legislative session. Table 6 shows the total adjustments by bill and type of tax.

Table 5 Estimated General Fund Revenue with

Adjustments for 2026 Revenue Legislation

Revenue Estimates Used in Financial Status – Sine Die 2026	NEFAB FY2025-26	NEFAB FY2026-27	LFO Prelim FY2027-28	LFO Prelim FY2028-29
Sales and Use Tax	2,765,000,000	2,500,000,000	2,786,164,045	3,067,561,705
Individual Income Tax	2,975,000,000	3,075,000,000	3,081,907,000	3,162,219,250
Corporate Income Tax	740,000,000	715,000,000	699,619,000	710,842,750
Miscellaneous receipts	490,000,000	335,000,000	291,414,000	299,772,000
Total Revenues	6,970,000,000	6,625,000,000	6,859,104,045	7,240,395,705
2026 Session Legislation	**FY2025-26**	**FY2026-27**	**FY2027-28**	**FY2028-29**
Sales and Use Tax	0	12,870,000	13,841,000	13,807,000
Individual Income Tax	0	2,192,000	(679,000)	(762,000)
Corporate Income Tax	0	(3,952,000)	(5,718,000)	(10,852,000)
Miscellaneous receipts	(91,502)	145,679,295	18,071,625	18,756,625
Total 2026 Session Legislation	(91,502)	156,789,295	25,515,625	20,949,625
Total GF Revenues	**NEFAB+Bills FY2025-26**	**NEFAB+Bills FY2026-27**	**LFO Prelim+bills FY2027-28**	**LFO Prelim+bills FY2028-29**
Sales and Use Tax	2,765,000,000	2,512,870,000	2,800,005,045	3,081,368,705
Individual Income Tax	2,975,000,000	3,077,192,000	3,081,228,000	3,161,457,250
Corporate Income Tax	740,000,000	711,048,000	693,901,000	699,990,750
Miscellaneous receipts	489,908,498	480,679,295	309,485,625	318,528,625
Total General Fund Revenues	6,969,908,498	6,781,789,295	6,884,619,670	7,261,345,330

Table 6 Adjustments for 2026 Revenue Legislation by Bill and Type of Tax

Revenue Bills	FY2025-26	FY2026-27	FY2027-28	FY2028-29	Type
LB 803 - Change property tax provisions	0	0	(126,000)	(126,000)	ind
LB 838 - Change financial provisions	0	4,902,000	6,831,000	7,138,000	misc
LB 894 - Change Grain Warehouse Act	0	1,800	0	0	misc
LB 901 - Change tax provisions	0	6,459,000	9,476,000	9,854,000	misc
LB 901 - Change tax provisions	0	2,192,000	(553,000)	(636,000)	ind
LB 901 - Change tax provisions	0	12,870,000	13,841,000	13,807,000	sales
LB 935 - Change court fees	0	4,000,000	4,000,000	4,000,000	misc
LB 967 - Change insurance provisions	0	2,200,000	0	0	misc
LB 1126 - Change transportation provisions	0	(375)	(375)	(375)	misc
LB 1165 - Change ImagiNE Act provisions	0	(3,952,000)	(5,718,000)	(10,852,000)	corp
LB 1209 - Appropriate funds for A bills	0	(5,000,000)	0	0	misc
Revenue Bills-Passed	0	23,672,425	27,750,625	23,184,625	
Cash Fund Transfers In - Budget bills	(91,502)	132,151,870	(3,200,000)	(3,200,000)	misc
Investment Earnings - Budget bills	0	215,000	215,000	215,000	misc
Workers Comp Assessment - Budget bills	0	750,000	750,000	750,000	misc
Total Revenue Bills to add to NEFAB forecast	(91,502)	156,789,295	25,515,625	20,949,625	
2026 Bills by Type					
Sales/Use Tax	0	12,870,000	13,841,000	13,807,000	
Individual Income Tax	0	2,192,000	(679,000)	(762,000)	
Corporate Income Tax	0	(3,952,000)	(5,718,000)	(10,852,000)	
Miscellaneous receipts	(91,502)	145,679,295	18,071,625	18,756,625	
Total Revenue Bills to add to NEFAB forecast	(91,502)	156,789,295	25,515,625	20,949,625	

Cash Reserve Fund

	Beginning Balance	Direct Deposit and Interest	Automatic Transfers (1)	Legislative Transfers (2) Gen Fund	Legislative Transfers (2) Other Funds	Cash Flow	Ending Balance	EB as % of revenues	EB as % of expend
FY1983-84	0	37,046,760	na	0	0	0	37,046,760	4.7%	4.9%
FY1984-85	37,046,760	(1,472,551)	na	0	0	0	35,574,209	4.5%	4.4%
FY1985-86	35,574,209	227,855	na	(13,500,000)	0	0	22,302,064	2.7%	2.7%
FY1986-87	22,302,064	1,428,021	na	0	0	0	23,730,085	2.7%	2.8%
FY1987-88	23,730,085	1,654,844	na	0	(7,700,000)	0	17,684,929	1.7%	2.0%
FY1988-89	17,684,929	139,000	na	32,600,000	0	0	50,423,929	4.4%	5.1%
FY1989-90	50,423,929	113,114	na	(10,500,000)	0	0	40,037,043	3.5%	3.4%
FY1990-91	40,037,043	0	na	(8,100,000)	0	0	31,937,043	2.3%	2.3%
FY1991-92	31,937,043	0	na	(5,000,000)	0	0	26,937,043	1.8%	1.7%
FY1992-93	26,937,043	0	na	(9,500,000)	0	0	17,437,043	1.1%	1.1%
FY1993-94	17,437,043	0	3,063,462	7,250,000	0	0	27,750,505	1.7%	1.7%
FY1994-95	27,750,505	0	(8,518,701)	7,250,000	(6,000,000)	0	20,481,804	1.2%	1.2%
FY1995-96	20,481,804	0	(20,481,804)	18,189,565	0	0	18,189,565	1.0%	1.0%
FY1996-97	18,189,565	0	19,740,786	3,032,333	0	0	40,962,684	2.0%	2.2%
FY1997-98	40,962,684	0	91,621,018	0	0	0	132,583,702	6.3%	6.9%
FY1998-99	132,583,702	0	111,616,422	(96,500,000)	(2,000,000)	0	145,700,124	6.9%	6.5%
FY1999-00	145,700,124	0	20,959,305	3,500,000	(28,000,000)	0	142,159,429	5.9%	6.1%
FY2000-01	142,159,429	0	77,576,670	(24,500,000)	(25,000,000)	0	170,236,099	6.9%	6.9%
FY2001-02	170,236,099	0	0	(59,800,000)	(370,000)	0	110,066,099	4.7%	4.2%
FY2002-03	110,066,099	66,476,446	0	(87,400,000)	0	(30,000,000)	59,142,545	2.4%	2.3%
FY2003-04	59,142,545	59,463,461	0	(61,191,862)	(385,807)	30,000,000	87,028,337	3.2%	3.4%
FY2004-05	87,028,337	8,170,556	108,727,007	(26,000,000)	(758,180)	0	177,167,720	5.8%	6.5%
FY2005-06	177,167,720	0	261,715,297	0	(165,266,227)	0	273,616,790	8.2%	9.4%
FY2006-07	273,616,790	0	259,929,524	(15,674,107)	(1,784,416)	0	516,087,791	15.1%	16.5%
FY2007-08	516,087,791	0	191,436,773	(60,177,767)	(101,801,000)	0	545,545,797	15.6%	16.8%
FY2008-09	545,545,797	0	116,976,571	(54,990,505)	(29,340,000)	0	578,191,863	17.2%	17.4%
FY2009-10	578,191,863	0	0	(105,000,000)	(5,990,237)	0	467,201,626	14.6%	14.1%
FY2010-11	467,201,626	0	0	(154,000,000)	0	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	(4,461,676)	428,878,372	11.6%	12.4%
FY2012-13	428,878,372	0	104,789,781	(78,000,000)	(76,008,427)	4,461,676	384,121,402	9.5%	10.7%
FY2013-14	384,121,402	0	285,292,610	49,400,000	251,294	0	719,065,306	17.5%	18.7%
FY2014-15	719,065,306	0	96,721,232	(67,701,112)	(20,250,000)	0	727,835,426	16.9%	18.1%
FY2015-16	727,835,426	0	84,599,532	0	(81,779,850)	0	730,655,108	17.0%	17.4%
FY2016-17	730,655,108	0	0	0	(50,000,000)	0	680,655,108	16.0%	15.7%
FY2017-18	680,655,108	265,729	0	(225,000,000)	(115,930,772)	0	339,990,065	7.4%	7.8%
FY2018-19	339,990,065	0	61,995,773	(48,000,000)	(20,436,714)	0	333,549,124	6.8%	7.6%
FY2019-20	333,549,124	0	176,378,178	0	(83,619,600)	0	426,307,702	8.6%	9.2%
FY2020-21	426,307,702	0	10,655,528	(30,000,000)	60,000,972	0	466,964,202	7.8%	10.3%
FY2021-22	466,964,202	0	535,259,366	50,000,000	(124,700,000)	0	927,523,568	14.6%	19.9%
FY2022-23	927,523,568	0	1,287,998,995	40,000,000	(617,670,000)	0	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)	0	912,817,475	12.8%	17.2%
FY2024-25	912,817,475	0	38,746,104	(4,000,000)	(70,483,800)	0	877,079,779	14.2%	16.0%
FY2025-26	877,079,779	0	0	0	(47,547,000)	0	829,532,779	12.3%	15.1%
FY2026-27 Est	829,532,779	0	0	(304,000,000)	500,000	0	526,032,779	7.8%	9.9%
FY2027-28 Est	526,032,779	0	0	0	(50,000,000)	0	476,032,779	6.9%	8.7%
FY2028-29 Est	476,032,779	0	0	0	(50,000,000)	0	426,032,779	5.9%	7.6%

(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 March 2026, the Appropriations and Revenue Committees approved a 2.5% per year General Fund appropriations growth for FY2027-28 and FY2028-29. The estimate remains unchanged for purposes of this report. The ongoing impact of 2026 legislation is shown in line 17 on the General Fund financial status, and is shown in Table 7. Tables 8 and 9 show total appropriations estimates for FY2027-28 and FY2028-29 by type and category. The estimates used are the March 2026 joint meeting approved numbers, adjusted for 2026 legislation. The resulting appropriations growth is 2.5% in FY2027-28 and 2.4% in FY2028-29.

Table 7 Adjustments for 2026 Appropriations Legislation by Bill

Appropriations Bills	FY2025-26	FY2026-27	FY2027-28	FY2028-29
LB 365 - Require coverage of blood pressure monitoring services	0	9,634	19,268	19,268
LB 455 - Change worker's compensation	0	indeterminate	indeterminate	indeterminate
LB 762 - Change insurance provisions	0	indeterminate	indeterminate	indeterminate
LB 803 - Change property tax provisions	0	1,287,868	1,003,783	1,007,183
LB 838 - Change financial provisions	0	523,247	136,300	140,300
LB 958 - Change Medical Assistance Provisions	0	0	0	1,546,350
LB 912 - Community Health Worker Training	0	187,151	338,010	338,010
LB 966 - Adopt the Hunger Free Schools Act	0	55,638	55,638	55,638
LB 972 - Change provisions related to license plates	0	72,400	69,400	71,600
* LB 1209 - Appropriate funds for A bills	0	(23,411,170)	(28,884,016)	(32,667,170)
LB 1237 - Change security provisions in the State Capitol	0	0	994,164	994,164
Appropriations Bills-Passed	0	(21,275,232)	(26,267,453)	(28,494,657)

*LB 1209 contains appropriations changes for LB 759, LB 847, LB 867, LB 901, LB 1101, and LB 1235

Table 8 Appropriations Estimates for FY2027-28 and FY2028-29

	FY2024-25	FY2025-26	FY2026-27	FY2027-28	FY2028-29
Agency Operations	2,128,670,186	2,083,210,840	2,095,968,349	2,137,027,254	2,192,124,627
State Aid to Ind/Other	1,707,748,853	1,729,512,824	1,638,223,743	1,678,306,166	1,709,897,015
State Aid to Local Govt	1,556,005,014	1,594,068,033	1,559,126,579	1,608,289,496	1,653,726,791
Construction	21,303,928	21,553,928	21,303,928	22,053,928	22,053,928
GF Appropriations w/o deficits	5,413,727,981	5,428,345,624	5,314,622,599	5,445,676,845	5,577,802,362
Deficits	60,725,434	0	0	0	0
Total GF Appropriations	5,474,453,415	5,428,345,624	5,314,622,599	5,445,676,845	5,577,802,362
DOLLAR CHANGE					
Operations	66,012,603	(45,459,347)	12,757,510	41,058,905	55,097,373
State Aid to Ind/Other	1,726,001	21,763,971	(91,289,081)	40,082,423	31,590,849
State Aid to Local Govt	(3,279,858)	38,063,019	(34,941,454)	49,162,918	45,437,295
Construction	0	250,000	(250,000)	750,000	0
Total GF Dollar Change	64,458,746	14,617,644	(113,723,026)	131,054,246	132,125,517
PERCENT CHANGE (w/o deficits)					
Agency Operations	3.4%	-2.1%	0.6%	2.0%	2.6%
State Aid to Ind/Other	-0.2%	1.3%	-5.3%	2.4%	1.9%
State Aid to Local Govt	-0.2%	2.4%	-2.2%	3.2%	2.8%
Construction	0.0%	1.2%	-1.2%	3.5%	0.0%
Total GF Percent Change	1.2%	0.3%	-2.1%	2.5%	2.4%

Table 9 Appropriations Estimates by Category for FY2027-28 and FY2028-29

	FY2027-28	FY2028-29	FY2027-28	FY2028-29	Two-Year Total
AID TO LOCAL GOVT					
Aid to K-12 Schools (TEEOSA GF only)	2.0%	1.4%	19,987,874	34,425,909	54,413,782
Special Education	7.0%	7.0%	16,500,710	34,156,469	50,657,179
Community Colleges	2.0%	2.0%	2,282,334	4,610,315	6,892,649
Homestead Exemption	6.0%	6.0%	10,392,000	21,407,520	31,799,520
All Other (Aid-Local)	0.0%	0.0%	0	0	0
AID TO INDIVIDUALS					
Medicaid	2.0%	2.0%	15,993,380	32,306,628	48,300,009
Public Assistance	1.0%	1.0%	750,176	1,507,854	2,258,031
Child Welfare Aid	2.0%	2.0%	12,416,730	15,980,672	28,397,403
Developmental Disability aid	2.0%	2.0%	7,735,015	15,624,730	23,359,744
Behavioral Health aid	2.0%	2.0%	2,487,333	4,839,816	7,327,149
Children's Health Insurance (SCHIP)	2.0%	2.0%	699,788	1,413,571	2,113,359
All Other (Aid-Ind)	0.0%	0.0%	0	0	0
AGENCY OPERATIONS					
Employee Salaries (agencies)	3.0%	3.0%	27,043,538	54,898,381	81,941,919
Employee Health Insurance (agencies)	4.0%	4.0%	5,278,985	10,769,129	16,048,114
University/Colleges increased funding	2.3%	2.4%	17,435,312	35,415,446	52,850,757
Operations increase (all agencies)	3.0%	3.0%	5,112,738	10,378,859	15,491,597
Staffing /population costs /medical (NDCS)	2.0%	2.0%	3,722,530	7,445,060	11,167,590
Retirement (Schools, Patrol, Judges)	Fixed	Fixed	6,312,317	9,312,317	15,624,634
All Other (Oper)	Fixed	Fixed	(23,846,514)	(32,062,914)	(55,909,428)
CONSTRUCTION			750,000	750,000	1,500,000
TOTAL INCREASE			**131,054,246**	**263,179,763**	**394,234,009**

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.