

**ONE HUNDRED SIXTH LEGISLATURE - FIRST SESSION - 2019**  
**COMMITTEE STATEMENT**  
**LB638**

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**Hearing Date:** Friday March 15, 2019  
**Committee On:** Appropriations  
**Introducer:** Stinner  
**One Liner:** Change provisions relating to the transfer of excess General Fund net receipts to the Cash Reserve Fund

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**Roll Call Vote - Final Committee Action:**  
Advanced to General File with amendment(s)

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**Vote Results:**

**Aye:** 9 Senators Bolz, Clements, Dorn, Erdman, Hilkemann, McDonnell, Stinner, Vargas, Wishart

**Nay:**

**Absent:**

**Present Not Voting:**

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**Oral Testimony:**

**Proponents:**

Senator John Stinner  
Stephen Bailey  
William Kay

**Representing:**

Introducer  
The Pew Charitable Trusts  
Opensky Policy Institute

**Opponents:**

**Representing:**

**Neutral:**

**Representing:**

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**Summary of purpose and/or changes:**

LB 638 changes the guidelines and procedures for automatic transfers from the General Fund to the Cash Reserve Fund. Currently, at the start of a fiscal year, the Legislative Fiscal Analyst and Tax Commissioner certify the revenue projection for the year. A re-certification occurs if the forecasts are reduced. At the end of the fiscal year, any actual receipts above the certified level are automatically transferred to the Cash Reserve Fund.

The bill requires, within 15 days of the end of the fiscal year, the Tax Commissioner to determine the following:

- a) Actual General Fund net receipts for the most recently completed fiscal year minus estimated General Fund net receipts for such fiscal year; or
- b) 50% of the product of actual General Fund net receipts for the most recently completed fiscal year times the difference between the annual percentage increase in the actual General Fund net receipts for the most recently completed fiscal year and the average annual percentage increase in the actual General Fund net receipts over the 20 previous fiscal years, excluding the year in which the annual percentage change in actual General Fund net receipts is the lowest.

If actual receipts exceed estimated receipts, the Tax Commissioner certifies the greater of the two numbers. The amount determined in (a) is transferred immediately, and the remainder, if any, is transferred by the end of the subsequent fiscal

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year. If the transfer causes the balance in the Cash Reserve Fund to exceed 16% of the total budgeted General Fund expenditures for the current fiscal year, the transfer must be reduced.

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**Explanation of amendments:**

The balance in the Cash Reserve Fund can exceed 16% of the budgeted General Fund expenditures each fiscal year if the Legislature determines it is necessary to prepare for or respond to budgetary requirements such as capital construction projects or emergencies.

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John Stinner, Chairperson