

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		Upcoming Biennium		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	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	<u>1,804,550,647</u>	<u>466,370,082</u>	<u>335,783,246</u>	<u>241,881,731</u>	<u>53,292,554</u>	
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	<u>4,462,629,700</u>	<u>5,358,965,108</u>	<u>5,426,949,666</u>	<u>5,453,841,339</u>	<u>5,818,470,364</u>	
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	<u>5,474,665,244</u>	<u>5,484,551,944</u>	<u>5,520,851,181</u>	<u>5,637,430,517</u>	<u>5,754,452,606</u>	
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	Estimated	Estimated	Estimated	Estimated	
	FY2024-25	FY2025-26	FY2026-27	FY2027-28	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	<u>877,079,779</u>	<u>821,182,779</u>	<u>669,182,779</u>	<u>619,182,779</u>	<u>569,182,779</u>	
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)
<u>All other accounting adjustments</u>	<u>213,404</u>
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	Feb 2025	Cert April 2024	Actual	\$ Variance		
	FY2024-25	FY2024-25	FY2024-25	FY2024-25	Cert Aug 2024	Feb 2025	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)

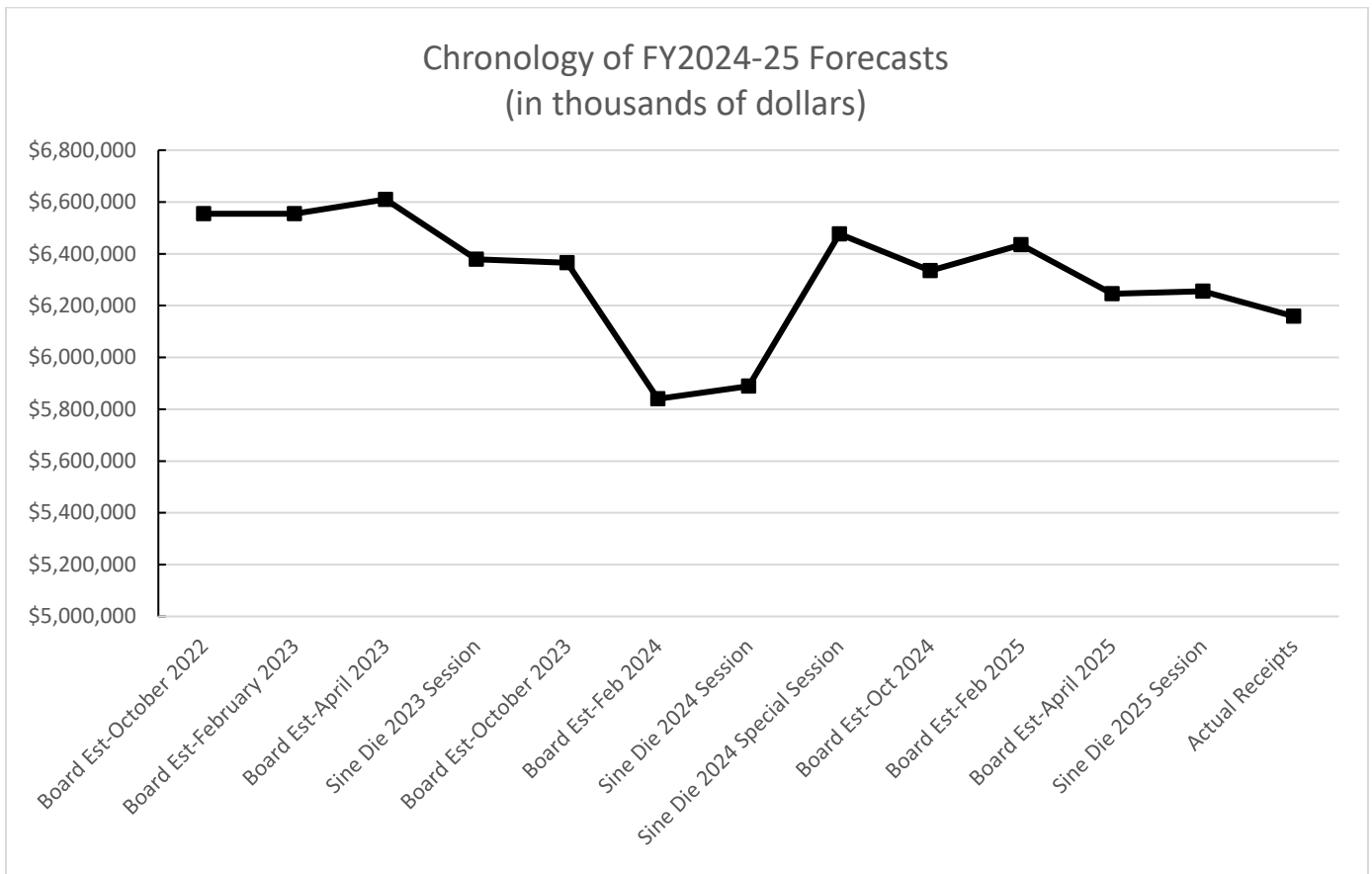
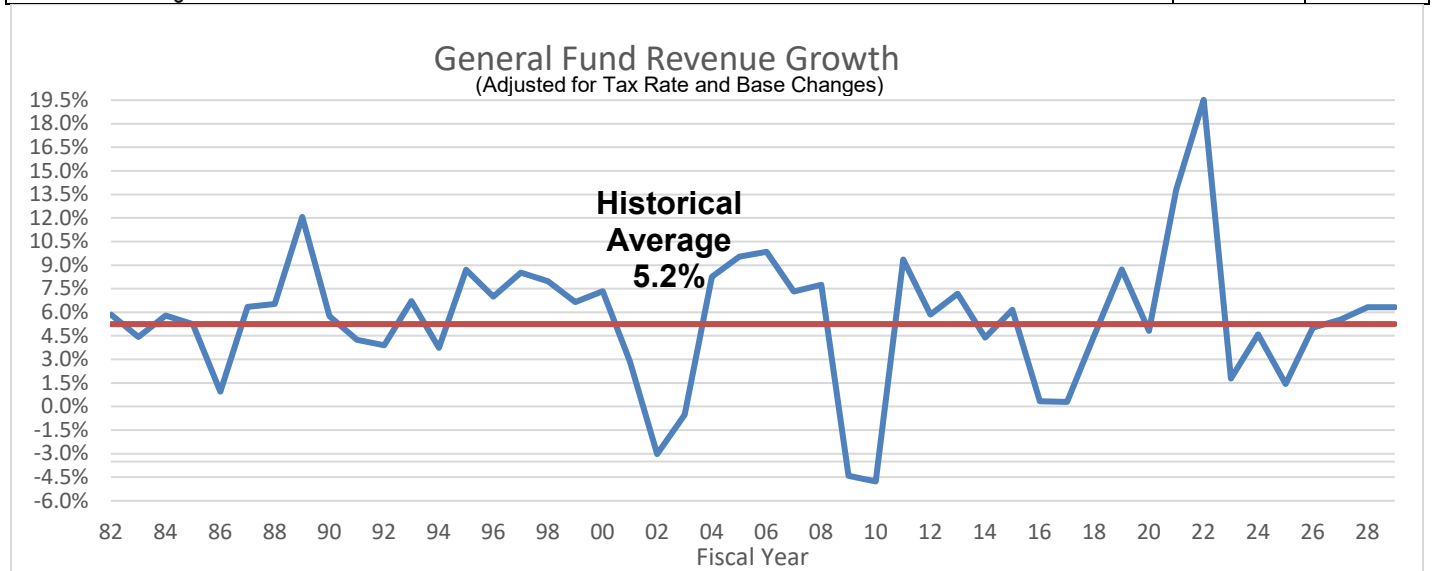


Table 4 Historical and Projected Revenues

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%		



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
TOTAL (Biennial Basis)	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.