



General Fund Financial Status

The General Fund Financial Status provides a summary of the State's financial condition including the impact of the Governor's 2007-2009 budget recommendations. While Nebraska operates with a biennial budget, the version of the Status shown in this document includes an additional two years of estimated revenues and appropriations for planning purposes.

The revenue portion of the Status shows the net General Fund tax receipts for the current fiscal year and the next biennium that were adopted by the Economic Forecasting Advisory Board at its meeting in October 2006. The net receipts projected for the following biennium were presented to the Tax Rate Review Committee in November of 2006 by the Legislative Fiscal Office.

Certain transfers to the General Fund are proposed in both FY 2007-08 and FY 2008-09: Tobacco Products Administration Cash Fund - \$6.0 million; Securities Act Cash Fund - \$15.0 million; and Insurance Cash Fund - \$2.0 million.

Current law provides for transfers from the General Fund to the Ethanol Production Incentive Cash (EPIC) Fund of \$5.5 million in FY 2007-08 and \$2.5 million in FY 2008-09. The Governor recommends the transfer of an additional \$15.5 million in FY 2007-08 to the EPIC fund.

The Governor recommends specific tax policy changes that reduce tax revenues:

	FY 2007-08	FY 2008-09
Income Tax Reform	\$226.1 million	\$205.7 million
Estate Tax Repeal	9.7 million	20.7 million
Construction Labor Repeal	5.7 million	8.7 million
College Savings Plan Deduction	1.3 million	1.4 million

The Governor also recommends not implementing the business child care credit which would have reduced tax revenues by an estimated \$1.2 million in FY 2007-08 and \$1.9 million in FY 2008-09.

The Governor proposes a transfer from the Cash Reserve to the General Fund of \$75.0 million in FY 2007-08 to offset the higher tax refunds in April 2008 caused by the retroactive (for tax year 2007) nature of the proposed income tax reform.

The appropriations shown for the current fiscal year 2006-07 are those adopted during the 2005 regular session and further amended during the 2006 regular session of the 99th Legislature. The Status also reflects a recommended reduction in FY 2006-07 appropriations of \$16.5 million and a \$1.3 million allocation for the 2007 claims bill for consideration during this 2007 session of the 100th Legislature. The Governor's budget recommendations for FY 2007-08 and FY 2008-09 of the next biennium are also shown. The Governor's recommendations provide for a General Fund biennial budget increase of 3.8%. The General Fund balance for the next biennium exceeds the minimum reserve requirement.

The planning estimates for the following biennium 2009-2011 set future allowable spending growth at no greater than 3.8%; leave a General Fund balance in excess of the minimum reserve requirement by \$115.1 million; and maintain a Cash Reserve Fund balance of \$403.0 million.

General Fund Financial Status

General Fund Financial Status	Current	Biennial Budget		Following Biennium	
	FY2006-07	FY2007-08	FY2008-09	FY2009-10	FY2010-11
<u>Beginning Balance</u>					
Beginning Cash Balance	\$565,963,976	\$307,206,143	\$229,278,078	\$219,097,711	\$229,355,979
Cash Reserve Fund transfer-Automatic	(259,929,524)	(99,105,000)			
Carryover obligations from FY2005-06	(155,726,041)				
Allocation for potential deficits		(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)
Unobligated Beginning Balance	150,308,411	203,101,143	224,278,078	214,097,711	224,355,979
<u>Receipts</u>					
Net Receipts (Certified; NEFAB; LFO Hist. Avg.)	3,316,000,000	3,415,000,000	3,586,000,000	3,856,000,000	4,124,000,000
General Fund transfers out-current	(9,140,000)	(5,640,000)	(2,640,000)	(2,640,000)	(2,640,000)
General Fund transfers in-current	In Receipts				
Cash Reserve Fund transfers-current	15,674,107	60,177,767	54,990,505		
Income Tax Reform		(226,147,000)	(205,704,000)	(245,354,000)	(279,380,000)
Estate Tax repeal		(9,720,000)	(20,669,000)	(21,336,000)	(22,001,000)
Construction Labor Sales Tax repeal		(5,667,000)	(8,670,000)	(8,840,000)	(9,000,000)
College Savings Plan Deduction increase		(1,283,000)	(1,368,000)	(1,453,000)	(1,541,000)
Business Child Care Credit repeal		1,200,000	1,900,000	2,400,000	2,900,000
General Fund transfers out-new		(18,060,000)	(2,560,000)	(2,560,000)	(2,560,000)
General Fund transfers in-new		23,000,000	23,000,000		
Cash Reserve Fund transfers-new		75,000,000			
General Fund Net Revenues	3,322,534,107	3,307,860,767	3,424,279,505	3,576,217,000	3,809,778,000
<u>Appropriations</u>					
Appropriations per 2006 Session	3,180,850,777	3,180,850,777	3,180,850,777	3,180,850,777	3,180,850,777
Budget Recommendations		105,572,864	256,315,002	389,195,759	525,736,797
Governor Legislation		(4,510,799)	(6,641,182)	(7,161,182)	(7,161,182)
Agency Legislation		(229,010)	(1,064,725)	(1,926,623)	(1,926,623)
Deficit Recommendations	(16,522,219)				
Claims Bill	1,307,817				
General Fund Appropriations	3,165,636,375	3,281,683,832	3,429,459,872	3,560,958,731	3,697,499,769
<u>Ending Balance</u>					
Dollar ending balance	307,206,143	229,278,078	219,097,711	229,355,979	336,634,210
Minimum Biennial Reserve Requirement	190,611,528	--	202,142,954	--	221,507,555
Variance from Minimum Reserve	116,594,615	--	16,954,757	--	115,126,656
Biennial Reserve (%)	4.93%	--	3.26%	--	4.63%
Annual Spending Increase (excluding deficits)	--	3.2%	4.5%	3.8%	3.8%
Two Year Average Increase	--	--	3.8%	--	3.8%
Annual Forecast Increase	--	3.0%	5.0%	7.5%	7.0%
Two Year Average Increase	--	--	4.0%	--	7.2%