Fiscal Estimate - 2001 Session

X	Original		Updated		Corrected		Supple	mental
LRB	Number	01-3745/2		Intro	duction Nu	mber A	B-664	
Subject Expen		nt: budget test c	hanges and ac	cumulation o	f budget surplu	uses by mun	icipalities	-
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Fund S	Sources Affo		PRS S	SEG 🔲 SE	Affected EGS	Ch. 20 App	ropriation	ıs
Agend	y/Prepared	Ву	•	Authorized 9	Signature			Date
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Fiscal Estimate Narratives DOR 12/5/01

LRB Number	01-3745/2	Introduction Number	AB-664	Estimate Type	Original					
Subject										
Expenditure restraint: budget test changes and accumulation of budget surpluses by municipalities										

Assumptions Used in Arriving at Fiscal Estimate

The bill makes two changes to the test determining if a municipality qualifies for an expenditure restraint payment.

- (1) Budgeted expenditures shall exclude expenditures from segregated reserve funds accumulated for the purchase of a long-lived capital asset, construction or repair of public infrastructure, or the payment or financing of recovery or rebuilding costs necessitated by a natural disaster.
- (2) The prior year's budget shall be increased by 25% of the prior year's unused expenditure capacity, calculated as the difference between the prior year's maximum allowable budget that would have qualified it for a payment and the actual adopted budget.

The number of municipalities that qualify for an expenditure restraint payment would likely increase as a result of the bill. This would lead to a redistribution of payments under which municipalities that qualify under current law would experience decreased payments. Available data do not permit a reasonable estimate of the number of additional municipalities that would qualify for a payment or the amount of the payment redistribution that would occur.

Long-Range Fiscal Implications