



## Fiscal Estimate Narratives

DOR 12/5/01

LRB Number	<b>01-3745/2</b>	Introduction Number	<b>AB-664</b>	Estimate Type	<b>Original</b>
<b>Subject</b>					
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