

Fiscal Estimate Narratives

DOA 3/28/2006

LRB Number	05-4316/1	Introduction Number	SB-672	Estimate Type	Original
Description Preparing the executive budget bill or bills according to generally accepted accounting principles; prohibiting the executive budget bill or bills from increasing the state's budget deficit; and requiring legislation to reduce the state's budget deficit					

Assumptions Used in Arriving at Fiscal Estimate

SB-672 has three major components. First, in any fiscal year the state has a GAAP deficit, the legislature would be required to pass legislation that would reduce the deficit by the lesser of \$100,000,000 or the entire amount of the deficit. Secondly, in the first biennium after the state has no reported GAAP deficit, the biennial budget bill would have to be prepared according to GAAP. Lastly, it states that no Executive budget bill could be submitted that would increase the GAAP deficit.

If enacted, there would be a reduction in interest expense to the General Fund at the (then) current interest rate times the reduction in expenditure. There could also be increased personnel costs for accounting services, if all current accounting and budgeting methods (cash and modified accrual) had to be transferred to a GAAP format.

Local Fiscal Impact:

For local units of government that currently budget on a cash basis, there could be a fiscal impact if they were compelled to change to a GAAP budgeting basis to be consistent with state accounting methods. There could also be a fiscal effect if the state changed the timing of shared revenue and other payments to local governments.

Long-Range Fiscal Implications

Unknown.