

**ONE HUNDREDTH LEGISLATURE - SECOND SESSION -  
2008**

**COMMITTEE STATEMENT**

**LB961**

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**Hearing Date:** February 04, 2008

**Committee On:** Appropriations

**Introducer(s):** (Speaker Flood)

**Title:** To provide for transfers of funds and increase property tax relief

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**Roll Call Vote - Final Committee Action:**

Placed on General File with Amendments

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**Vote Results:**

|                       |  |
|-----------------------|--|
| 8 Yes                 | Senators Engel, Fulton, Harms, Heidemann, Kruse,<br>Nelson, Synowiecki, Wightman |
| 1 No                  | Senators Nantkes   |
| 0 Absent              |  |
| 0 Present, not voting |  |

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**Proponents:**

Gerry Oligmueller  
Pete McClymont  
Jack Cheloha  
Rob Robertson

**Representing:**

Introducer - Governor Heineman  
Nebraska Cattlemen  
City of Omaha  
Nebraska Farm Bureau

**Opponents:**

Jess Wolf

**Representing:**

Nebraska State Education Association

**Neutral:**

**Representing:**

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## Summary of purpose and/or change:

LB 961, introduced by the Speaker at the request of the Governor, is part of the Governor's mid-biennium budget recommendation. The bill contains a recommendation for fund transfers.

## Explanation of amendments, if any:

The Committee amendment becomes the bill.

The amendment **does not** include transfers included in the original bill as introduced, specifically, \$75,000,000 from the Cash Reserve to the Property Tax Credit Cash Fund, and \$15,000,000 from the General Fund to the Roads Operations Cash Fund.

### Section 1. State Settlement Cash Fund

Amends section 59-1608.04 which creates the State Settlement Cash Fund which is administered by the Attorney General. Language is added to allow transfers from the State Settlement Cash Fund to the General Fund at the direction of the Legislature. On or before July 5, 2008, \$600,000 is transferred from the State Settlement Cash Fund to the General Fund.

### Section 2. Tobacco Prevention and Control

An additional \$500,000 from the tobacco settlement is intercepted and deposited into the Tobacco Prevention and Control Fund in FY 10, bringing the total transfer to \$3 million. For FY 09, the current amount of \$2.5 million is deposited in the Tobacco Prevention and Control Fund directly from the tobacco settlement distribution and \$500,000 is transferred from the Tobacco Settlement Trust Fund, also bringing the total to \$3 million. The one-time transfer from the Tobacco Settlement Trust Fund is due to the timing of when the revenue is received.

### Section 3. Health Care Cash Fund Transfers

The \$55 million of transfers into the Health Care Cash Fund from a combination of funding from the Tobacco Settlement Trust Fund and the Medicaid Intergovernmental Trust Fund is increased in FY 08 and FY 09.

In FY 08, an additional \$250,000 is transferred on a one-time basis. This increased funding is appropriated to the Department of Health and Human Services for distribution to the federally qualified health centers for dental services, supplies and/or equipment. Each center will receive \$50,000 in FY 08.

In FY 09, the transfer is increased by \$700,000.

(1) The State Treasurer is directed to transfer \$200,000 of this amount annually to the University of Nebraska Medical Center Cash Fund for partial funding for the Nebraska Regional Poison Control Center. The \$200,000 represents the state's share to continue the Poison Control Center in conjunction with federal private and fee income.

(2) Five-hundred thousand dollars will be used for Medicaid coverage of smoking cessation counseling and pharmaceuticals. In the first year, because of delayed implementation, the amount appropriated for the state share from these funds is \$250,000. Once fully implemented, the cost state share could increase to \$425,000. The transfer amount allows for this anticipated growth.

### Section 4. Cash Fund Transfer – Rural Health Professional Incentive Fund

The state recently entered into two settlements with the drug company Merck. The basis of the settlements is violations of price reporting of the drugs Vioxx, Zocor, Mevacor and Pepcid under the Medicaid Rebate Statute. Nebraska's share is approximately \$1 million for the state share of Medicaid payments. The Medicaid False Claims Act requires reimbursements under this act to be deposited into the Health and Human Services Cash Fund.

The committee's recommendation amends the statute to transfer on a one-time basis \$1 million from the Health and Human Services Cash Fund to the Rural Health Professional Incentive Fund. The increased cash will be used to increase the number of loans for students agreeing to practice in a rural shortage area and for loan repayments for practitioners practicing in rural shortage area. The intent is to fund \$250,000 a year for four years from these funds.

#### Section 5. Corporations Cash Fund—Match for additional Federal Funds.

Amends section 84-510 which creates the Corporations Cash Fund for the Secretary of State. That fund currently allows transfers to the Election Fund (also administered by the Secretary of State). The Appropriations Committee included language making a transfer of \$35,795 to the Elections Fund within 5 days of the act's effective date. By providing this amount, an additional \$680,000 in Federal Funds may be obtained under the Help America Vote Act.

#### Sec. 6. Transfers to General Fund from Tobacco Products Administration Cash Fund and Securities Act Cash Fund, and cash fund transfers from Roads Operations Cash to the Carrier Enforcement Cash Fund.

In 2007 the Governor reduced certain transfers to the General Fund by line item veto. Total transfers to the General Fund from the Tobacco Products Administration Cash Fund for the 2007-09 biennium were reduced by \$12,000,000 to \$-0- while total transfers to the General Fund from the Securities Act Cash Fund were reduced by \$8,000,000 to \$22,000,000. The Governor's related line item vetoes were sustained by the Legislature.

Included among his recommendations contained in LB961 for the 2008 legislative session, the Governor recommended reinstating \$6,000,000 to be transferred to the General Fund from the Tobacco Products Administration Cash Fund and \$4,000,000 to be transferred to the General Fund from the Securities Act Cash Fund. The reinstated transfers were recommended to allow initial financing in the amount of \$10,000,000 which the Governor recommends for 2007-08 to meet a portion of a joint University / State College request for replacement of student information and resource planning systems. Supporting materials for the Governor's recommendation reflects a provision of \$12,153,000 in 2009-10 for future funding to address the balance of the joint request. The Appropriations Committee recommends in their amendment reinstating the full amount of vetoed transfers to the General Fund. The Committee recommends reinstating \$12,000,000 to be transferred to the General Fund from the Tobacco Products Administration Cash Fund and recommends reinstating \$8,000,000 to be transferred to the General Fund from the Securities Act Cash Fund. The additional \$20,000,000 to be transferred to the General Fund indirectly supports the Committee's recommendation of \$20,000,000 for 2007-08 to meet the University / State College joint request for replacement of student information and resource planning systems.

In subsection (2)(f), the change increases the transfer amount by \$378,141 from the Roads Operations Cash Fund to the Carrier Enforcement Cash Fund. This amount was Carrier Enforcement's share of the costs for the Public Safety Communication System.

#### Section 7. Repealer

#### Section 8. Emergency clause.

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Senator Lavon Heidemann, Chairperson