

LEGISLATIVE BILL 233

Approved by the Governor March 6, 1979

Introduced by Appropriations Committee, Warner, 25, Chmn.; Pumery, 42; Hoagland, 6; S. Marsh, 29; Cope, 36; Hasebroock, 13; Fowler, 27; Labedz, 5; Dworak, 22

AN ACT relating to state budgets; to define encumbrance; to provide what constitutes a valid encumbrance; to provide when an encumbrance shall be paid and when it shall be lapsed; and to declare an emergency.

Be it enacted by the people of the State of Nebraska,

Section 1. For appropriation and expenditure purposes, encumbrances represent financial obligations which are chargeable to the current fiscal year's appropriation and for which a part of that appropriation is reserved. Encumbrances which are established in one fiscal year, to be liquidated in a subsequent fiscal year, shall be limited to the following types of transactions:

(1) A purchase order is issued, but the goods and accompanying invoice were not received and paid during the same fiscal period;

(2) Goods or services were received, but an invoice has not been received and paid;

(3) Goods or services and an invoice were received, but payment could not be made during the same fiscal period; or

(4) Salaries have been earned and are payable to the employees, but have not been paid as of the end of the fiscal period, as a result of pay periods not being consistent with the end of the fiscal period, except that higher education institutions may encumber payrolls for the remainder of the summer session which is in progress at the end of the state's fiscal year, if they have been budgeted and appropriated in such manner.

Sec. 2. Contracts, other than a purchase order, for goods or services to be provided in a subsequent fiscal year do not represent valid encumbrances of current year appropriations and will require specific reappropriation by the legislature. Only that portion of a contract which meets the criteria established in subdivision (2) of section 1 of this act may be encumbered.

Sec. 3. An encumbrance established in one fiscal year may only be carried over into the subsequent fiscal year. Any encumbrance shall be paid during the first fiscal year following the fiscal year in which established, or lapsed to the fund from which appropriated at the end of the first fiscal period following the year in which such encumbrance is established.

Sec. 4. At the end of each fiscal year, the state budget officer shall review all encumbrances established in the preceding fiscal period and take appropriate action to lapse those encumbrances which do not meet the provisions of this act.

Sec. 5. Since an emergency exists, this act shall be in full force and take effect, from and after its passage and approval, according to law.