

HOUSE BILL No. 3040

By Committee on Appropriations

4-9

AN ACT concerning state finances; relating to certificates of borrowing and the allotment system; amending K.S.A. 75-3725a and repealing the existing section.

Be it enacted by the Legislature of the State of Kansas:

Section 1. K.S.A. 75-3725a is hereby amended to read as follows: 75-3725a. (a) Whenever it appears that the estimated resources for any fiscal year in the state general fund are sufficient to meet in full the estimated expenditures and obligations for that fiscal year, *and for any unpaid prior fiscal year obligations* but that the estimated resources in the state general fund in any month or months of ~~such~~ *the current* fiscal year are insufficient to meet in full the estimated expenditures and obligations for such month or months as the same become due, the director of the budget shall so inform the ~~secretary of administration~~ *governor*. ~~Unless the secretary finds that the estimates of the director of the budget are grossly incorrect, the secretary shall inform the governor of the report of the director of the budget, and thereupon the governor shall call a meeting of the state finance council within 48 hours after receiving such notice for the sole purpose of implementing provisions of this act. At such meeting the director of the budget shall inform the state finance council of the facts which caused the meeting to be called and together with the director of accounts and reports shall report upon the finances of the state relevant to the call of such meeting, including the availability of moneys invested in accordance with the provisions of article 42 of chapter 75 of the Kansas Statutes Annotated, and amendments thereto, to meet all the obligations of the state as the same become due. Thereupon, the state finance council may by the affirmative vote of the governor and of six of the legislator members of the council~~ *governor may* order the pooled money investment board to issue a written certificate of ~~indebtedness~~ *borrowing* subject to redemption from the state general fund not later than June 30 next following the issuance of such certificate of ~~indebtedness~~ *borrowing*. Upon the issuance of any such certificate of ~~indebtedness~~ *borrowing* the state treasurer shall purchase the same for the amount specified therein from state moneys available for investment in accordance with the provisions of article 42 of chapter 75 of Kansas Stat-

1 utes Annotated, and amendments thereto. Upon the occurrence of any
2 such purchase the state treasurer and the director of accounts and reports
3 shall make appropriate entries to credit the state general fund in the
4 amount of the state treasurer's purchase. In the event that the ~~state fi-~~
5 ~~nance council~~ *governor* orders the issuance of any certificate of ~~indebt-~~
6 ~~edness~~ *borrowing* under authority of this act, the amount thereof shall
7 be sufficient in the opinion of the ~~state finance council~~ *governor* to in-
8 crease the resources of the state general fund such that such resources
9 will be sufficient to meet the estimated expenditures and obligations from
10 the state general fund in each month for the balance of such fiscal year
11 *and any unpaid prior fiscal year obligations*. No interest shall accrue or
12 be paid on any such certificate of ~~indebt-~~
13 ~~edness~~ *borrowing*. Not later than
14 June 30 following the issuance of any such certificate of ~~indebt-~~
15 ~~edness~~ *borrowing* the pooled money investment board shall redeem such certifi-
16 cate of ~~indebt-~~
17 ~~edness~~ *borrowing* by issuing an order to the state treasurer
18 to return such certificate of ~~indebt-~~
19 ~~edness~~ *borrowing* with the word "can-
20 celed" written across the same by the state treasurer, and thereupon the
21 state treasurer and the director of accounts and reports shall make ap-
22 propriate entries to reduce the balance of the state general fund by the
23 amount specified in such certificate of ~~indebt-~~
24 ~~edness~~ *borrowing* and re-
25 store the same to the state moneys available for investment in accordance
26 with the provisions of article 42 of chapter 75 of Kansas Statutes Anno-
27 tated, and amendments thereto.

24 (b) Whenever it appears that the estimated resources for any fiscal
25 year in the state general fund are sufficient to meet in full the estimated
26 expenditures and obligations from such fund for such fiscal year *and any*
27 *unpaid prior fiscal year obligations* and, in addition, to redeem any out-
28 standing certificates of ~~indebt-~~
29 ~~edness~~ *borrowing* issued pursuant to sub-
30 section (a), but that the estimated resources in the state general fund,
31 including the amount of any outstanding certificate of ~~indebt-~~
32 ~~edness~~ *borrowing*, in any month or months of such fiscal year are insufficient to
33 meet in full the estimated expenditures and obligations for such month
34 or months as the same become due, the ~~state finance council~~ *governor*
35 may direct the pooled money investment board to issue another certifi-
36 cate of ~~indebt-~~
37 ~~edness~~ *borrowing*. The issuance and redemption of any
38 certificate of ~~indebt-~~
39 ~~edness~~ *borrowing* issued under this subsection (b)
40 shall be governed by the provisions of subsection (a).

38 (c) *The director of the budget shall give state finance council members*
39 *notice of the issuance of any certificate of borrowing. Upon timely written*
40 *request to the governor from at least five legislative members of the state*
41 *finance council, the governor shall call a meeting of the state finance*
42 *council for the purpose of considering the rejection or alteration of any*
43 *certificate of borrowing. To be timely, requests for any such state finance*

1 *council meeting shall be received by the governor within 10 days from*
2 *the date of the director of the budget's notice.*

3 New Sec. 2. Whenever an allotment system relating to state general
4 fund resources is implemented pursuant to K.S.A. 75-3722 through 75-
5 3725, and amendments thereto, such allotment system:

6 (1) May include the allotment of demand transfers and revenue trans-
7 fers from the state general fund;

8 (2) may be implemented to provide an ending balance of up to
9 \$100,000,000 for the current fiscal year; and

10 (3) shall be utilized to provide for the redemption of any certificates
11 of borrowing issued pursuant to section 1, and amendments thereto.

12 (b) Notwithstanding the provisions of any other law to the contrary,
13 when the director of the budget determines that the cash flow demands
14 on the state general fund or any special revenue fund require delays in
15 the making of any demand transfers, revenue transfers or other payments
16 affecting the balance of the state general fund or any special revenue
17 fund, the director of the budget may prioritize any such transfers or pay-
18 ments and direct the director of accounts and reports to delay any such
19 transfer or payment.

20 Sec. 3. K.S.A. 75-3725a is hereby repealed.

21 Sec. 4. This act shall take effect and be in force from and after its
22 publication in the Kansas register.

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