

MINUTES OF THE House COMMITTEE ON Ways and Means

The meeting was called to order by Bill Bunten at  
Chairperson

1:30 ~~am~~/p.m. on Wednesday, January 23, 1985 in room 514-S of the Capitol.

All members were present except:

Committee staff present: Gloria Timmer, Legislative Research  
Laura Howard, Legislative Research  
Jim Wilson, Office of the Revisor  
Sharon Schwartz, Administrative Assistant  
Nadine Young, Committee Secretary

Conferees appearing before the committee:  
Richard Ryan - Legislative Research  
Ed Ahrens - Legislative Research  
Ray Hauke - Legislative Research

Chairman Bunten called the meeting to order at 1:30 p.m. He announced there would be a sub-committee chairmen meeting Thursday morning, January 24, at 8:00 a.m., and that subsequent meetings would be each Wednesday at 12:00 Noon and would be a brown bag lunch meeting.

Chairman asked for a motion to introduce the Revenue Anticipation Note bill that was explained by Richard Ryan in the January 22 meeting, titled "Proposed State Funds Management Act". Representative Rolfs moved the bill be introduced and referred back to this committee. Seconded by Representative Shriver. The motion carried. An information sheet pertaining to this subject was passed out which gives a list of other states and what they have done along these same lines. (Attachment I)

Legislative Research staff presented an overview of the state financial situation. Richard Ryan talked about state general fund projections of possible expenditure increases. He provided committee with three handouts as follows:

- Attachment II - A table showing comparison between FY 86 and FY 87 of what is projected.
- Attachment III - A table showing Receipts, Expenditures, and Balances which provides a history of the past five years.
- Attachment IV - A table showing percentage increase in CPI.

Ed Ahrens spoke to the committee about some of the areas that are involved in the \$150 million projected increase, education being the area of the greatest increase. He talked briefly about the Governor's salary plan recommendation, of which a reserve of \$22.5 million has been set aside for that salary plan (explained on page 37 of the Budget).

Ray Hauke summarized some of the major features of the SRS budget, which is one of the largest items within the budget and starts in the House this year. The general fund increase this year is about 3%, which is a smaller increase than last year. The primary feature of Governor's recommendation for FY 86 is the proposed elimination of the transitional general assistance program, which would reduce the overall budget by \$5.8 million. Another major item is the recommendation to increase reimbursement for first day hospital coverage.

Being no further business, Chairman adjourned the meeting at 2:45 p.m.

STATE ISSUERS  
SHORT-TERM DEBT OUTSTANDING <sup>L1J</sup>  
FISCAL YEARS 1981 - 1984  
(\$ Millions)

ISSUER	FY 81	FY 82	FY 83	FY 84	FY 85 <sup>L2J</sup>
California	0	0	1,050.00	1,200.00	1,400.00
Colorado	0	0	0	0	460.00
Connecticut	225.00	260.00	265.00	325.00	0
D.C.	0	0	0	0	150.00
Idaho	0	0	106.00	110.00	0
Illinois	0	0	150.00	200.00	0
Massachusetts	345.00	380.00	373.50	375.00	0
Michigan	500.00	500.00	500.00	500.00	450.00
Minnesota	100.00	760.00	850.00	500.00	0
Mississippi	0	0	50.00	0	0
Montana	45.00	45.00	47.00	0	38.00
New Hampshire	25.00	60.00	60.00	70.00	0
New York	2,800.00	3,050.00	3,500.00	4,400.00	0
Pennsylvania	850.00	850.00	950.00	970.00	700.00
Rhode Island	35.00	85.00	85.00	85.00	70.00
Vermont	37.50	38.00	40.00	40.00	40.00
Washington	0	400.00	400.00	200.00	0
Wisconsin	0	0	0	700.00	350.00
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Total	4,962.50	6,428.00	8,426.50	9,675.00	3,658.00
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<sup>L1J</sup> Includes public note sales but excludes bank and inter-fund borrowings.

<sup>L2J</sup> Year to date.

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STATE GENERAL FUND PROJECTIONS OF POSSIBLE EXPENDITURE INCREASES\*

In Millions

	FY 1985	FY 1986**					FY 1987**						
		Projection A	Incr. Over FY 85	Projection B	Incr. Over FY 85	Projection C	Incr. Over FY 85	Projection A	Incr. Over FY 86	Projection B	Incr. Over FY 86	Projection C	Incr. Over FY 86
Beginning Balance	\$ 95.6	\$ 128.8		\$ 128.8		\$ 128.8	\$ 80.0		\$ 100.0		\$ 120.0		
Receipts													
Consensus Estimate	1,657.1	1,722.9		1,722.9		\$ 1,722.9							
Ins. Prem Taxes —													
Accel.	23.2	3.7 <sup>b</sup>		3.7 <sup>b</sup>		3.7 <sup>b</sup>							
Cigarette Tax Increase	—	(17.0) <sup>c</sup>		(17.0) <sup>c</sup>		(17.0) <sup>c</sup>							
Gov. Rec. Transfers (net)	(0.4)	0.4		0.4		0.4							
Total	1,679.9	1,710.0	30.1	1,710.0	30.1	1,710.0	30.1	1,846.7	136.7 <sup>d</sup>	1,825.7	115.7 <sup>e</sup>	1,804.7	94.7 <sup>f</sup>
Expenditures	1,646.7 <sup>a</sup>	1,758.8	112.1	1,738.8	92.1	1,718.8	72.1	1,846.7 <sup>g</sup>	87.9	1,825.7 <sup>g</sup>	86.9	1,804.7 <sup>g</sup>	85.9
Ending Balance	128.8	80.0		100.0		120.0		80.0		100.0		120.0	

\* Based on three different targeted ending balances.

\*\* Excludes Governor's proposed sales and use tax increase and associated transfers and his expenditure recommendations for FY 1986 which, in total, are \$151.6 million over his revised budget for FY 1985.

- a) Governor's recommendation. That amount is \$143.3 million over actual expenditures in FY 1984.
- b) Includes both acceleration and interest earnings from acceleration.
- c) If the Congress does not allow the federal cigarette tax rate to decrease as now provided by law.
- d) 8.2 percent increase over FY 1986 receipts excluding the \$3.7 million from acceleration of premium taxes from the base.
- e) 7.0 percent increase over FY 1986 receipts excluding the \$3.7 million from acceleration of premium taxes from the base.
- f) 5.8 percent increase over FY 1986 receipts excluding the \$3.7 million from acceleration of premium taxes from the base.
- g) Assumes 5 percent increase over expenditures shown for FY 1986.

Kansas Legislative Research Department  
January 16, 1985

1/23/85

STATE GENERAL FUND — RECEIPTS, EXPENDITURES, AND BALANCES

In Millions

Fiscal Year	Receipts		Expenditures		Ending Balance
	Amount	Annual % Increase	Amount	Annual % Increase	
1979	\$ 1,006.8	17.8%	\$ 965.4	14.9%	\$ 195.9
1980	1,097.8	9.0	1,110.8	15.1	183.3
1981	1,226.5	11.7	1,258.2	13.3	152.1
1982	1,273.0	3.8	1,332.5	5.9	92.4
1983	1,363.6 <sup>a</sup>	7.1	1,405.9 <sup>c</sup>	5.5	51.1
1984	1,546.9 <sup>b</sup>	13.4	1,503.4	6.9	95.6
(A.) 1985	1,679.9	8.6	1,646.7 <sup>d</sup>	9.5	128.8
1986	1,811.0	7.8	1,798.3	9.2	141.5
Less Cig. Tax Incr.	(17.0)				
	<u>1,794.0</u>	6.8			124.5
Less Cig. Tax and Sales/Use Tax Incr's.	(101.0)				
	<u>1,710.0</u>	1.8			40.5
(B.) 1985	1,656.7	7.1	1,646.7 <sup>d</sup>	9.5	105.6
1986	1,706.3	3.0	1,706.3 <sup>e</sup>	3.6	105.6

- a. Includes acceleration of income tax withholding and sales and use taxes. Receipts would have declined without acceleration.
- b. Includes acceleration of receipts and revenue from the tax package enacted in 1983.
- c. The 1983 Legislature lapsed \$52.2 million in expenditures authorized by the 1982 Legislature and deferred payments amounting to about \$18 million from the Local Ad Valorem Tax Reduction Fund and the County and City Revenue Sharing Fund.
- d. Increase of \$143.3 million over FY 1984.
- e. Increase of about \$60 million over FY 1985 compared with Governor's recommendation of approximately \$152 million.

(A) Governor's budget.

(B) Assumes no acceleration of insurance premium taxes and no increase in sales and use and cigarette tax rates, and that expenditures in FY 1986 will equal receipts so that the balances at the end of both FYs 1985 and 1986 will be the same.

Kansas Legislative Research Department  
January 22, 1985

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III

PERCENTAGE INCREASE IN CPI-U  
(U.S. Average — All Urban Consumers)

<u>Year</u>	<u>Calendar Year*</u>	<u>Fiscal Year*</u>	<u>December to December**</u>
1975	9.1%	11.1%	7.0%
1976	5.8	7.1	4.8
1977	6.5	5.8	6.8
1978	7.7	6.7	9.0
1979	11.3	9.4	13.3
1980	13.5	13.4	12.4
1981	10.3	11.5	8.9
1982	6.2	8.7	3.9
1983	3.2	4.3	3.8
1984	4.3	3.7	4.0

\* Increase in the 12-month average of the CPI-U over the average for the preceding year. Fiscal year is from July 1-June 30.

\*\* Increase from December of one year to December of the next year, e.g., from December 1983 to December 1984.

Kansas Legislative Research Department  
January 23, 1985

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