

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS

The meeting was called to order by Senator Merrill Werts at
Chairperson

11:00 a.m./p.m. on January 22, 1985 in room 123-S of the Capitol.

All members were present except: Senator Bogina
Senator Talkington
Senator Doyen

Committee staff present:

Research Department: Mary Galligan, Robin Hunn, Richard Ryan
and Ed Ahrens

Revisor's Office: Norman Furse

Committee Office: Judy Bromich, Administrative Aide
Donna Collins, Secretary

Conferees appearing before the committee:

Ed Ahrens, Chief Fiscal Analyst

Senator Werts reminded the committee that the House Ways and Means Committee would be hearing a presentation on Revenue Anticipation Notes today at 1:30.

Senator Werts called upon Ed Ahrens to present an overview of state finances. Mr. Ahrens distributed charts showing state general fund receipts, expenditures and balances. He reviewed budget data to give a historical perspective to figures he presented for the two speculative years, 1985 and 1986. (See Attachment A). He then explained the state general fund projections of possible expenditure increases and the resulting ending balances. (See Attachment B).

Committee members were given time to ask questions. In response to a question concerning the availability of information on federal funding and possible cuts, it was suggested that the best source would be the National Conference of State Legislatures (NCSL). Mr. Ahrens said he would get that information for the committee.

The meeting was adjourned by the Vice-Chairman.

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 ^a	7.1	1,405.9 ^c	5.5	51.1
1984	1,546.9 ^b	13.4	1,503.4	6.9	95.6
(A.) 1985	1,679.9	8.6	1,646.7 ^d	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 ^d	9.5	105.6
1986	1,706.3	3.0	1,706.3 ^e	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

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 ^b		3.7 ^b		3.7 ^b							
Cigarette Tax Increase	—	(17.0) ^c		(17.0) ^c		(17.0) ^c							
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 ^d	1,825.7	115.7 ^e	1,804.7	94.7 ^f
Expenditures	1,646.7 ^a	1,758.8	112.1	1,738.8	92.1	1,718.8	72.1	1,846.7 ^g	87.9	1,825.7 ^g	86.9	1,804.7 ^g	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
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