

Approved January 27, 1987
Date

MINUTES OF THE Senate COMMITTEE ON Ways and Means

The meeting was called to order by Senator August "Gus" Bogina at
Chairperson

11:00 a.m./~~p.m.~~ on January 22, 1987 in room 123-S of the Capitol.

All members were present except:
Senator Talkington who was excused

Committee staff present:
Research Department: Robin Hunn, Ron Schweer
Revisor's Office: Norman Furse
Committee Office: Judy Bromich, Pam Parker

Conferees appearing before the committee:
Ed Ahrens, Chief Fiscal Analyst, Kansas Legislative Research Department
Richard Ryan, Director, Kansas Legislative Research Department

Mr. Ahrens distributed and reviewed information regarding changes in the status of the General Fund since the close of the 1986 session. (Attachment 1)

Mr. Ryan brought the Committee up to date with revised state revenue estimates by reporting that through the month of December, 1986 the state is \$14.7 million ahead. He noted the "big swing" has been caused by sales and individual income taxes. He cautioned the committee about the fact that the state revenues are ahead the past two months because it does not mean much at this point in time. Some things have happened as a result of the federal tax reform, i.e., heavy buying of automobiles and other major items in December to take advantage of the sales tax deductibility on the 1986 return filed in 1987 and there are reports that some practitioners were advising people to pay their estimated individual income tax in Kansas early so it would be counted in tax year 1986. They have seen results of this action. A 55 percent increase over December, 1985 in sales tax was realized. In individual income tax, the state received over \$8 million of estimates in December which was unusually large in comparison with a year or two ago. What this portends is heavy individual refunds in the spring. This is an area which has hurt estimates in the last few years. Much is yet to happen before the estimating group will have a true picture on what the Fiscal Year 1987 revenues are going to look like.

In answer to a question from Senator Johnston, Mr. Ryan stated that there was not a conscious decision of the consensus estimating group to be conservative in the last estimates. They have never gone into a meeting with any preconceived strategy to estimate either high or low.

Mr. Ryan responded to a question from Senator Doyen by stating that unemployment for 1986 was 5.2 percent and their forecast for 1987 and 1988 are 5.4 percent. For that estimate they relied on a person from the Department of Human Resources.

Mr. Ryan answered a question from Senator Feleciano by stating that growth in employment and forecasts for personal income are factored into their estimates.

Mr. Ryan responded to a question from Senator Kerr by stating that if they had a good, reliable index of inflation developed specifically for the state of Kansas it would be helpful to the estimating group. By the same token, it would not be inexpensive.

A motion was offered by Senator Talkington and seconded by Senator Winter to recommend favorably the introduction of Bill Draft 7 RS 0350 regarding a supplemental appropriation for the Department of Social and Rehabilitation Services and the Kansas Arts Commission. The motion carried by voice vote.

The meeting was adjourned by the Chairman.
Unless specifically noted, the individual remarks recorded herein have not been verbatim. The individual remarks as reported herein have not been submitted to the individuals appearing before the committee for editing or corrections.

CHANGES IN THE STATUS OF THE GENERAL FUND
SINCE CLOSE OF 1986 SESSION

	<u>Dollars in Millions*</u>	<u>Notes</u>
<u>FY 1986</u>		
Beginning Balance	\$ 120.4	
Estimated Receipts	1,666.4	
Shortfall	(25.0)	1.5% of estimate
Actual Receipts	<u>1,641.4</u>	
Estimated Expenditures	1,749.8	
Underspending and Shifting	(6.8)	\$2.6 shifted; \$4.2 underspent
Actual Expenditures	<u>1,743.0</u>	
Estimated Ending Balance	37.0	2.1% of current year expenditures
Released Encumbrances	0.8	
Receipts Shortfall	(25.0)	
Expenditures Below Estimate	6.8	
Actual Ending Balance	<u>19.7</u>	1.1% of current year expenditures
<u>FY 1987</u>		
Estimated Beginning Balance	37.0	
Reduction	(17.3)	
Actual Beginning Balance	<u>19.7</u>	
Original Estimate of Receipts	1,858.5	
Consensus Group Reductions	(93.6)	5.0% of original estimate; 5.7% without federal reform
Current Estimate of Receipts	1,764.9	
Original Estimate of Expenditures	1,796.5	
Potential Shifting from FY 1986	2.6	
Finance Council Action on Pay Plan	(1.6)	
Adjusted Estimate	<u>1,797.5</u>	
Revised Estimate of Demand		
Transfers	(3.7)	Actual or consensus estimate
Lapse Bill as Passed By House	(60.1)	
Current Estimate Before Supplementals	<u>1,733.7</u>	0.5% less than actual FY 1986
Original Estimate Ending Balance	99.0	5.5% of current year expenditures
Change in Beginning Balance	(17.3)	
Change in Consensus Estimate	(93.6)	
Change in Expenditures	62.8	
Current Status of Balance Before Supplementals	<u>\$ 50.9</u>	

ATTACHMENT 1

Senate Ways & Means 1/21/87

* Detail may not add to totals due to rounding.