

Approved: April 25, 1996  
Date

MINUTES OF THE SENATE COMMITTEE ON ASSESSMENT AND TAXATION.

The meeting was called to order by Chairperson Audrey Langworthy at 11:00 a.m. on March 19, 1996 in Room 519--S of the Capitol.

Members present: Senator Langworthy, Senator Corbin, Senator Martin, Senator Bond, Senator Clark, Senator Feleciano, Jr., Senator Hardenburger, Senator Lee, Senator Ranson, Senator Sallee and Senator Wisdom.

Committee staff present: Tom Severn, Legislative Research Department  
Chris Courtwright, Legislative Research Department  
Don Hayward, Revisor of Statutes  
Elizabeth Carlson, Secretary to the Committee

Conferees appearing before the committee: Senator Stan Clark

Others attending: See attached list

**SB 527--SCHOOL DISTRICT FINANCE, REAUTHORIZE AD VALOREM TAX LEVY**

Senator Langworthy announced the discussion on the school finance 35 mill levy would continue from the meeting yesterday when several proposals were heard. She asked if anyone else had further proposals that they would like to present to the committee.

Since no one spoke up, Senator Langworthy asked if the committee was ready to debate this issue.

Senator Ranson said she was sorry she was absent yesterday although she said she did try to get information on what was discussed. She said she had spent time reviewing the report of the Governor's Tax Equity Task Force. One of the articles by an academician, Dr. Nancy McCarthy Snyder, Associate Professor of the Hugo Wall School of Urban and Public Affairs, Wichita State University, entitled THE USE OF PROPERTY TAX FOR PUBLIC SCHOOL ACT of 1992 said the direction Kansas is going with the 35 mill levy may be the wrong direction. It may be detrimental to what the state is trying to accomplish. She read Dr. Snyder's concluding remarks which state "The long term implications of the 1992 changes are not clear. It would be prudent to assess the relationship between property tax relief and the performance of public education before further reductions are made in the property tax." Senator Ranson said there is a lot of substantive material in this report which tells why this should not be taken away from local control. She said she was fearful that something was being developed like the School Finance Act of 1992. The general public saw it as a tax shift. Because of that, she said she would like to see the Legislature go in and reevaluate in a reasonable time. She did not think there was time to do that in these last days of the 1996 Session.

Senator Ranson made a motion to accept the provisions of SB 527 which is to extend the 35 mills for one year with the intent of reevaluating it during the 1997 Session. Senator Corbin seconded the motion.

Senator Bond made a substitute motion to adopt the plan he recommended at the March 14th and March 15 meetings of the Senate Assessment and Taxation Committee. Senator Corbin seconded the motion for the purpose of discussion.

Senator Bond said his proposal would fund education in 1997 and freeze the dollars that come from the mill levy to school finance. In effect because of increases in appraised values, the mill levy would begin to go down. He said it is not a radical plan. It just says there will not be a tax increase unless it is voted by the Legislature. He said the whole issue of school finance needs to be changed and also the various relations between taxes needs to be reviewed. He said it is hard for businesses to plan because of the Kansas tax system. There are other plans which have been proposed which relate to increasing income and sales tax. He did not believe this Legislature would pass a tax increase. The Governor has made it very clear that he does not want a tax increase. Senator Bond said whatever legislation is sent to the House will not be recognized when it is returned and this issue will be decided in Conference Committee. He said the Senate should send an expression to the House that they were concerned about property tax and increasing the tax without a vote of the representatives of the public. This is what his amendment tried to state.

Senator Ranson said she was not going to oppose this substitute motion. A start to roll back the mill levy must be made. She said this is not enough but it is a start.

## CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON ASSESSMENT AND TAXATION, Room 519-S  
Statehouse, at 11:00 a.m. on March 19, 1996.

Senator Corbin said he agreed that whatever is sent to the House would not be recognized and it will be decided in Conference Committee. The Senate should make a decision and move it over to the House of Representatives.

Senator Feleciano said some kind of a proposal should be sent to the House that does something rather than something that does not do anything. He said he hoped when the Conference Committee takes place there will be more than three members as representatives from the Senate.

Senator Bond said he voted against the 35 statewide mill levy in 1992 and he did not get any response from those counties where the mill levy was lowered. Since that time, the mill levy has risen again in most counties. If a sales and income tax increase is passed, and if the mill levy goes back up, the state will be in the same predicament. He said how prudent is it to raise the sales and income taxes, and lower the property tax, when the property tax is the only tax that can be deducted from federal income taxes. He hopes something can be done in 1997.

Senator Lee said in the two counties in which she pays taxes, the mill levy did go down--30 mills in one county and 40 mills in the other county. While the mill levy has gone up some, the counties are still 30 mills below 1991. In the other counties she represents, the county and city taxes have gone up for the school mill levy but this was voted upon by the citizens. She said in the counties she represents, the school mill levy now would be over 100 mills just to have the same funding they had in 1991. They are certainly better off than they were.

A vote was taken on the substitute motion of Senator Bond's. The substitute motion failed.

Senator Langworthy said the committee was back to the original motion of Senator Ranson's.

Senator Clark reviewed his presentation for the members of the committee. (Attachment 1)

Senator Clark made a substitute motion to adopt the motion on the second page of his Attachment. The motion was seconded by Senator Martin.

Senator Clark reviewed page one of his Attachment which states what his motion would do. He then reviewed the chart on the bottom of page two of his Attachment. He reviewed the 3rd page which deals with the calendar year rather than the fiscal year. This lists the tax reduction on a \$100,000 home. The total tax reduction on this residence would be \$2,423 over a seven year period. He then listed the tax savings on a \$300,000 commercial property. There would be a total tax saving in six year of \$9,494. He reviewed how the demand transfers would affect Sedgwick County, Pottawatomie County, Johnson County and the city of Overland Park. On the last page is the list of the 72 counties that are held harmless and the total of the demand transfers they would receive. It comes to a total of \$16 million.

Senator Lee asked about the LAVTRF--will the 72 counties that are listed continue to receive this amount, with no increase? Senator Clark replied "That is correct and it will also include cities." The townships, the fire districts, the cemetery districts, the watershed districts--those districts which receive any kind of LAVTRF would not receive those demand transfers. Senator Clark said under his proposal just the cities and counties are being held harmless. Senator Lee also asked if Senator Clark knew what kind of increases there has been in the LAVTRF. He said he would have the figures for her--they are in his office.

Senator Langworthy asked about the school property and car tax model decrease, where is the make-up revenue? Senator Clark said that is in the city-county highway fund, the city county revenue sharing fund and the LAVTRF. She then said if the total in the bill is \$74.2 million, all this proposal does is to transfer the responsibility back to the local units of government to make up the difference and the state keeps the \$74.2 million. Senator Clark said they have shown that where there is revenue growth in sales tax in several counties, and a growth of 4.5 percent is projected in state government, the counties are seeing some growth. The counties will have the option of a half cent sales tax increase and what other authority they have at their disposal now.

Senator Langworthy said when 100 percent of 35 mills is exempted it comes out to more than \$74.2 million.

Senator Clark said he would like to present some figures from Alan Conroy of the Research Department showing what was exempted from the cities and counties which would not be shared. (Attachment 2) He has been assured that with a \$40,000 exemption on homes and 7 percent exemption on all other property, the money is being taken from one place and put into another place. But Senator Langworthy said we are just transferring the responsibility and it is up to local units to raise the sales tax. Is that subject to voter approval?

## CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON ASSESSMENT AND TAXATION, Room 519-S  
Statehouse, at 11:00 a.m. on March 19, 1996.

If there is no voter approval, the local units would be without the other funds.

Senator Clark said with an expanding economy those are policy decisions that local units of government will make. The budget will be increased because there is an increase of 4 percent in the receipts, half of it will be used for property tax reduction. This will allow the state to increase a little over 2 percent. It is going to be the individual counties making these decisions and after the first year, every county will be making the policy decisions. It would free up \$80 million the first year to reduce property taxes. There would be an option for the counties to increase taxes but it will not be near the amount of \$160 that these individuals will receive from the property tax deduction, providing their home is valued near \$40,000.

Senator Corbin said he could see where the 35 mills were taken away but if the same amount, or a modest increase on education continues to be spent, it will just be a shift and a pull out of other funds. The authority will be given back to the local units but the money still has to come from somewhere. The growth of 4 percent is an anticipation, it is not factual. He said to him it looks like a tax shift.

Senator Martin said a graph which was discussed yesterday has all of the different revenue sources in it. Chris McKenzie explained this to the committee. It might be helpful for the committee to review those papers.

Senator Bond asked what is the rationale to pick several counties to which to be punitive to help fund education for all 105 counties.

Senator Clark replied there was a chart in his handout yesterday that showed sales tax pull factors and there were some counties above 100 percent and some counties below 100 percent. The 33 counties which have been selected have received more than a half million dollars from those refunds and probably every county will have increased valuation. With the increase in the valuation and the increase in the sales tax receipts, the same money received by these counties before will be received now. For example in Jewel County where they were showing .33 pull factors, the shopping is done out of that county. The raise in the sales tax would not raise any money for them, and it would probably cause them to shop elsewhere.

Senator Bond said he did not hear the rationale for being punitive. Is it to say that these counties that have increased sales tax don't have increased expenditures for infrastructure?

Senator Clark said all counties could use that reasoning but sales tax is not a viable alternative for most counties.

Senator Bond said he would like to ask again, is it viable to take away tax dollars used to build infrastructure to generate tax revenue? He also would like to know the rationale for that proposal.

Senator Wisdom asked Senator Clark if he was indicating that this was not his final proposal?

Senator Clark said a group had discussed that thoroughly last night, and it will take phone calls to at least 33 counties, and also to do it right, all the cities and townships within those counties should be contacted. There has not been time to do that now. If a proposal can be passed, a number of items can be discussed on the floor, and a lot of things can happen in the next 24 hours.

Senator Wisdom asked if Senator Clark was saying he would have time to get the information from all the other counties? It has been discussed that a proposal needs to be passed that indicates there is interest on the part of the Senate. He said it does not make much difference which proposal is passed but he would expect to have the information which has been discussed.

Senator Martin said this proposal needs to be brought to a vote because it is the time for the committee meeting to end and some members do have another meeting. He wanted all members to have an opportunity to vote.

Senator Ranson said this proposal might have some merit but she did not feel that she understood the plan. She was concerned that there are some counties that cannot raise revenue by raising the sales tax and there are also some counties that cannot stand more property tax. She said she needs to see numbers that explains the equity in this proposal because this would be just a blind option on which to vote. She said she would oppose this proposal.

Senator Clark renewed his substitute motion and it was voted upon favorably.

Senator Martin made a motion to amend the substitute motion to include the floor amendment of the Senate

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON ASSESSMENT AND TAXATION, Room 519-S  
Statehouse, at 11:00 a.m. on March 19, 1996.

Committee of the Whole to **SB 481** relating to L.O.B.'s. The motion was seconded by Senator Lee. The motion passed.

Senator Martin made a motion to pass **SB 527** favorably as amended. The motion was seconded by Senator Sallee. The motion passed.

The meeting adjourned at 12:00 noon

The next meeting was not scheduled.

# SENATE ASSESSMENT AND TAXATION COMMITTEE GUEST LIST

DATE: March 19, 1996

NAME	REPRESENTING
Harold Pitts	KCOA
Doris Pratt	DCPOA
Sam V. Durr	DCPOA
Dorothy Bealy	DCPOA
Delpha Badger	Douglas County Taxpayers ASSOC.
Bette Lee Metzler	Douglas County Taxpayers ASSOC.
John McBratney	KTN Johnson County CONCERNED CITIZENS ASSOC, INC
G. Gordon Thomas	Johnson County
Christy A. Caldwell	Topeka Chamber of Commerce
Walter Lee Smith	KOMAA
Christy Bailey	Senator Karr's Staff
Frances Kastner	Ks Food Dealers Assn
Charly W. Krieb	Kansas Taxpayers Netw
Mike Dikeon	KTN
Denise Ayl	USA
Toby Elster	KTN
Dave Hatrous	Western Resources
Valentin Roman	Douglas Co.
Richard C. Miller	DCPOA



# STATE PROPERTY TAX REDUCTION PROPOSAL

- Immediate CY 1996 average residential property tax reduction of \$161 per home owner plus a reduction in tax liability for all other classes of property.
- “Homestead” property tax exemption increasing from \$40,000 in CY 1996 to \$40,000 CY 1997; \$70,000 CY 1998; \$90,000 CY 1999; \$100,000 CY 2000 and all taxes relating to the 35 mills eliminated in CY 2001.
- 35 mill tax liability on all other classes of property reduced by 7% in CY 1996; 17% in CY 1997; 40% in CY 1998; 63% in CY 1999; 96% in CY 2000 and completely eliminated in CY 2001.
- Elimination of CCRSF, CCHF and current LAVTRF demand transfers and the creation of a new LAVTRF hold harmless fund; reducing the Governor’s proposed FY 1997 budget by \$74.2 million.
- Allowance of an additional .5 cent sales tax authority with voter approval for cities and counties experiencing reductions in state aid.
- Allows overall SGF **spending growth** of over 2% during the tax reduction.
- Cumulative tax reduction from FY 1997 equals \$4.167 billion through 2005.

*Sen. Assess & Tax  
3-19-96  
attach 1-1*

## School Property and Car Tax Model

Exempt First	<u>\$40,000</u>	of single-family resd'l and mobile hms from	<u>35</u>	mills in 96
Exemption of	<u>7%</u>	of all other classes of property from	<u>35</u>	mills in 96
Exempt First	<u>\$40,000</u>	of single-family resd'l and mobile hms from	<u>35</u>	mills in 97
Exemption of	<u>17%</u>	of all other classes of property from	<u>35</u>	mills in 97
Exempt First	<u>\$70,000</u>	of single-family resd'l and mobile hms from	<u>35</u>	mills in 98
Exemption of	<u>40%</u>	of all other classes of property from	<u>35</u>	mills in 98
Exempt First	<u>\$90,000</u>	of single-family resd'l and mobile hms from	<u>35</u>	mills in 99
Exemption of	<u>63%</u>	of all other classes of property from	<u>35</u>	mills in 99
Exempt First	<u>\$100,000</u>	of single-family resd'l and mobile hms from	<u>35</u>	mills in 2000
Exemption of	<u>96%</u>	of all other classes of property from	<u>35</u>	mills in 2000
Exempt	<u>All</u>	of single-family resd'l and mobile hms from	<u>35</u>	mills in 2001
Exemption of	<u>100%</u>	of all other classes of property from	<u>35</u>	mills in 2001

Calendar Year	Current Assessed Value	Proposed Exemptions	Proposed Assessed Value	Current Mills	Proposed Mills
1994	\$15,502,087,375	--	\$15,502,087,375	35.0	35.0
1995	16,150,000,000	--	16,150,000,000	35.0	35.0
1996	16,658,725,000	4,026,936,269	12,631,788,731	35.0	<b>35.0</b>
1997	17,183,474,838	5,289,805,297	11,893,669,540	35.0	35.0
1998	17,724,754,295	9,382,470,153	8,342,284,142	35.0	35.0
1999	18,283,084,055	12,834,438,156	5,448,645,900	35.0	35.0
2000	18,859,001,203	17,271,476,343	1,587,524,860	35.0	35.0
2001	19,453,059,741	19,453,059,741	--	35.0	35.0
2002	20,065,831,123	20,065,831,123	--	35.0	35.0
2003	20,697,904,803	20,697,904,803	--	35.0	35.0
2004	21,349,888,804	21,349,888,804	--	35.0	35.0
2005	22,022,410,302	22,022,410,302	--	35.0	35.0
2006	22,716,116,226	22,716,116,226	--	35.0	35.0

Fiscal Year	Current Law Property Tax	Proposai Property Tax	Current Law Car Tax	Proposal Car Tax	Total Fiscal Note
1996	\$516,030,748	\$516,030,748	\$79,811,675	\$79,811,675	--
1997	561,180,192	480,464,170	\$71,345,079	\$71,345,079	(80,716,021)
1998	581,912,368	418,475,472	\$52,366,107	\$52,366,107	(163,436,896)
1999	600,242,607	336,768,799	\$32,356,321	\$32,356,321	(263,473,809)
2000	619,150,249	228,140,182	\$13,440,318	\$13,440,318	(391,010,068)
2001	638,653,482	109,496,138	--	--	(529,157,344)
2002	658,771,067	22,631,711	--	--	(636,139,356)
2003	679,522,356	--	--	--	(679,522,356)
2004	700,927,310	--	--	--	(700,927,310)
2005	723,006,520	--	--	--	(723,006,520)



***Tax Reduction on a \$100,000 Home  
(Value Increases at 3.15% annually)***

<b>CY</b>	<b>Home Value</b>	<b>Current Law 35 Mill Liability</b>	<b>Exemption Amount</b>	<b>Proposed Liability</b>	<b>Tax Reduction</b>
96	\$100,000	\$402	\$40,000	\$241	\$161
97	\$103,150	\$415	\$40,000	\$249	\$166
98	\$106,399	\$428	\$70,000	\$129	\$299
99	\$109,750	\$442	\$90,000	\$45	\$397
00	\$113,208	\$456	\$100,000	\$11	\$445
01	\$116,774	\$470	ALL	\$0	\$470
02	\$120,452	\$485	ALL	\$0	\$485
<b>Total Tax Reduction</b>					<b>\$2,423</b>

# Tax Savings on a \$300,000 Commercial Property

Assumption: Value Increase of 3.15%  
(Liability on 35 mills)

## 1996

Liability on 35 mills on \$300,000 building:  
\$2,625.

Total Paid with 7% Reduction:  
\$2,441.

Total Tax Savings:  
\$184.

## 1997

Liability on 35 mills on \$309,450 building:  
\$2,707.

Total Paid with 17% Reduction:  
\$2,247.

Total Tax Savings:  
\$460.

## 1998

Liability on 35 mills on \$319,197 building:  
\$2,793.

Total Paid with 40% Reduction:  
\$1,676.

Total Tax Savings:  
\$1,117.

## 1999

Liability on 35 mills on \$329,251 building:  
\$2,881.

Total Paid with 63% Reduction:  
\$1,066.

Total Tax Savings:  
\$1,815.

## 2000

Liability on 35 mills on \$339,622 building:  
\$2,971.

Total Paid with 96% Reduction:  
\$118.

Total Tax Savings:  
\$2,853.

## 2001

Liability on 35 mills on \$350,320 building:  
\$3,065.

Total Paid with 100% Reduction:  
\$0.

Total Tax Savings:  
\$3,065.

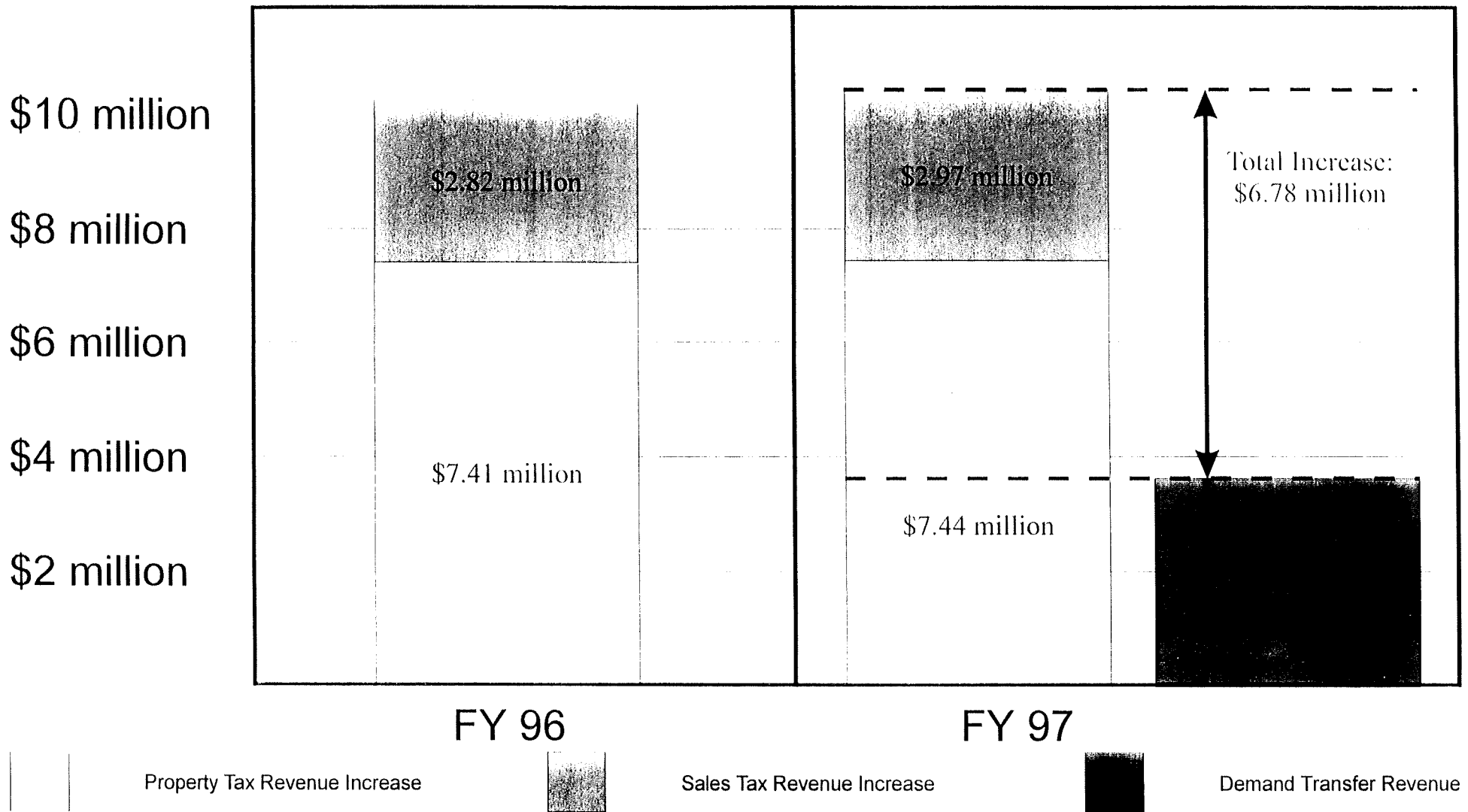
**Total Tax Savings in 6 years: \$9,494**

# Sedgwick County Revenue Increases vs. Demand Transfer Revenue (Adjusted For Levy Rollback)

*Source: Sedgwick County Clerks Office, Kansas League of Municipalities, Kansas Dept. of Revenue*

*Prepared by Rep. Phill Kline's Office*

1-5



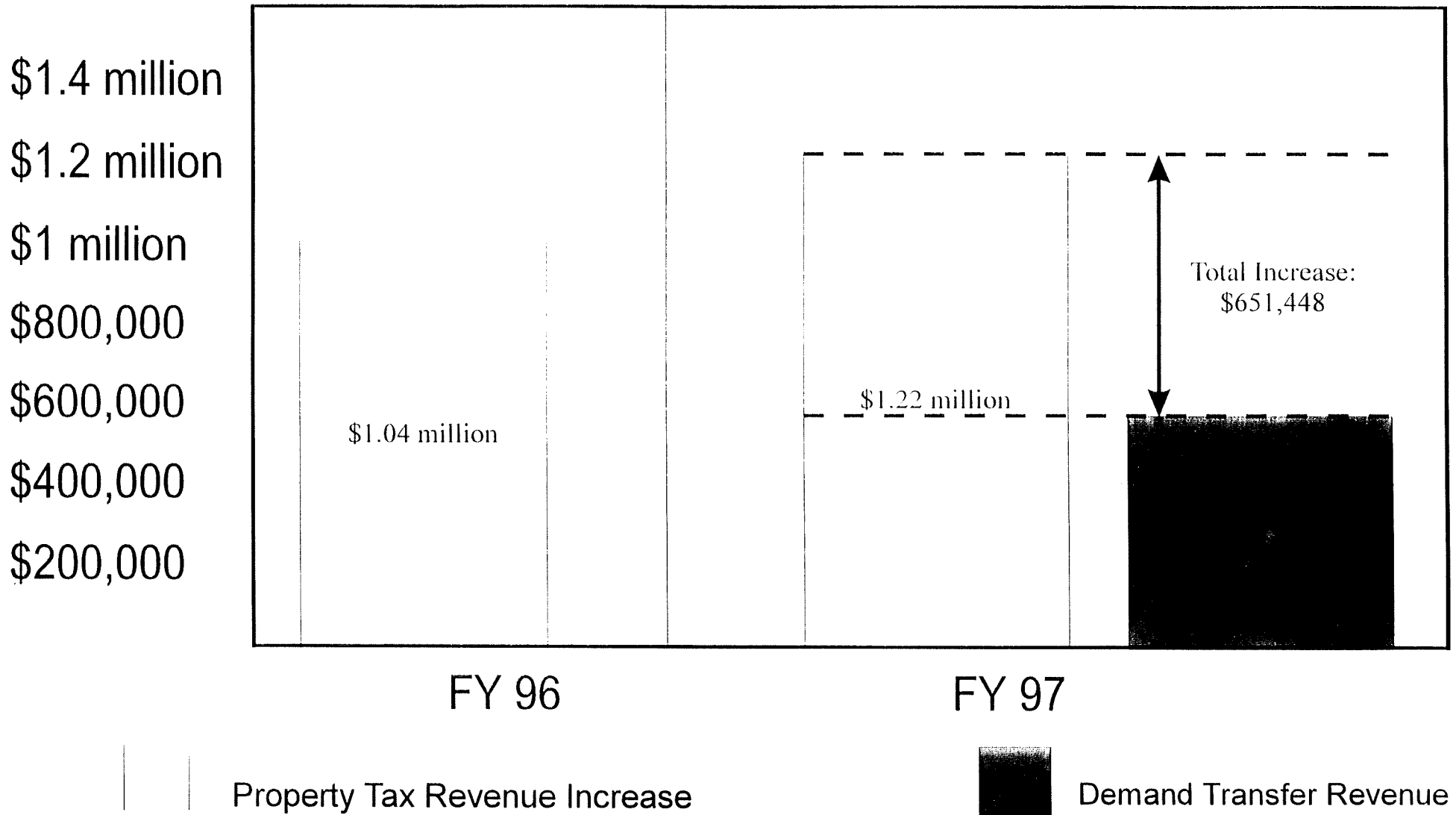
\* The FY 96 increases were adjusted to consider the levy roll back from FY 95 to FY 96. The individual millage value was calculated on Real FY 96 average county mill levy. FY 97 increased revenue is based on no levy reduction and Real FY 96 dollars multiplied but projected increases based on empirical trends in increases.

# Pottawatomie County Revenue Increases vs. Demand Transfer Revenue (Adjusted For Levy Rollback)

*Source: Pottawatomie County Clerks Office, Kansas League of Municipalities, Kansas Dept. of Revenue*

*Prepared by Rep. Phill Kline's Office*

9-1



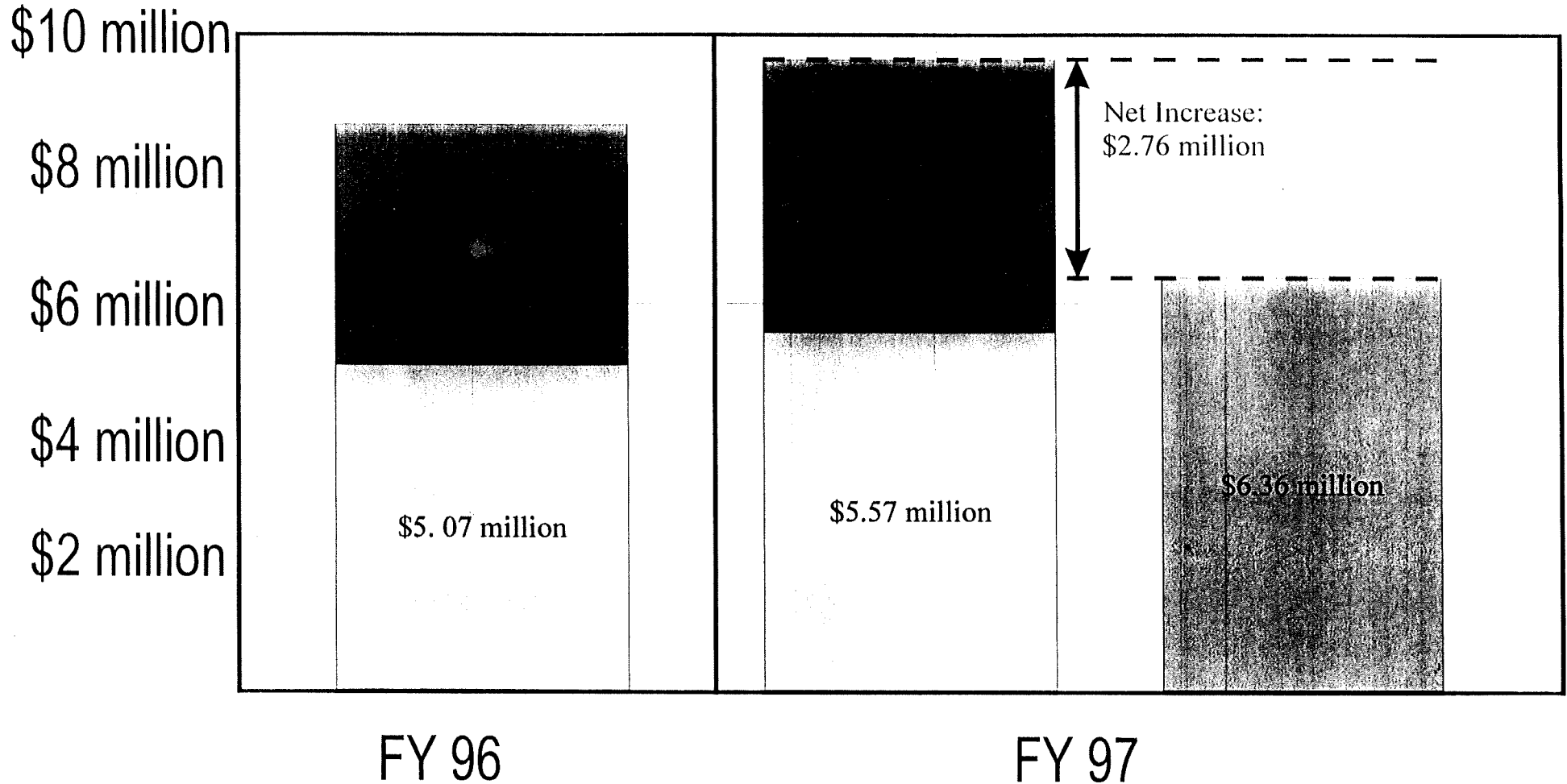
The FY 96 increases were adjusted to consider the levy roll back from FY 95 to FY 96. The individual millage value was calculated on Real FY 96 average county mill levy. FY 97 increased revenue is based on no levy reduction and Real FY 96 dollars multiplied but projected increases based on empirical trends in increases. Pottawatomie County levies no sales tax.

# Johnson County Revenue Increases vs. Demand Transfer Revenue (Adjusted For Levy Rollback)\*

*Source: Johnson County Clerks Office, Kansas League of Municipalities, Kansas Dept. of Revenue*

*Prepared by Rep. Phill Kline's Office*

1-7



Property Tax Revenue Increase
  Sales Tax Revenue Increase
  Demand Transfer Revenue

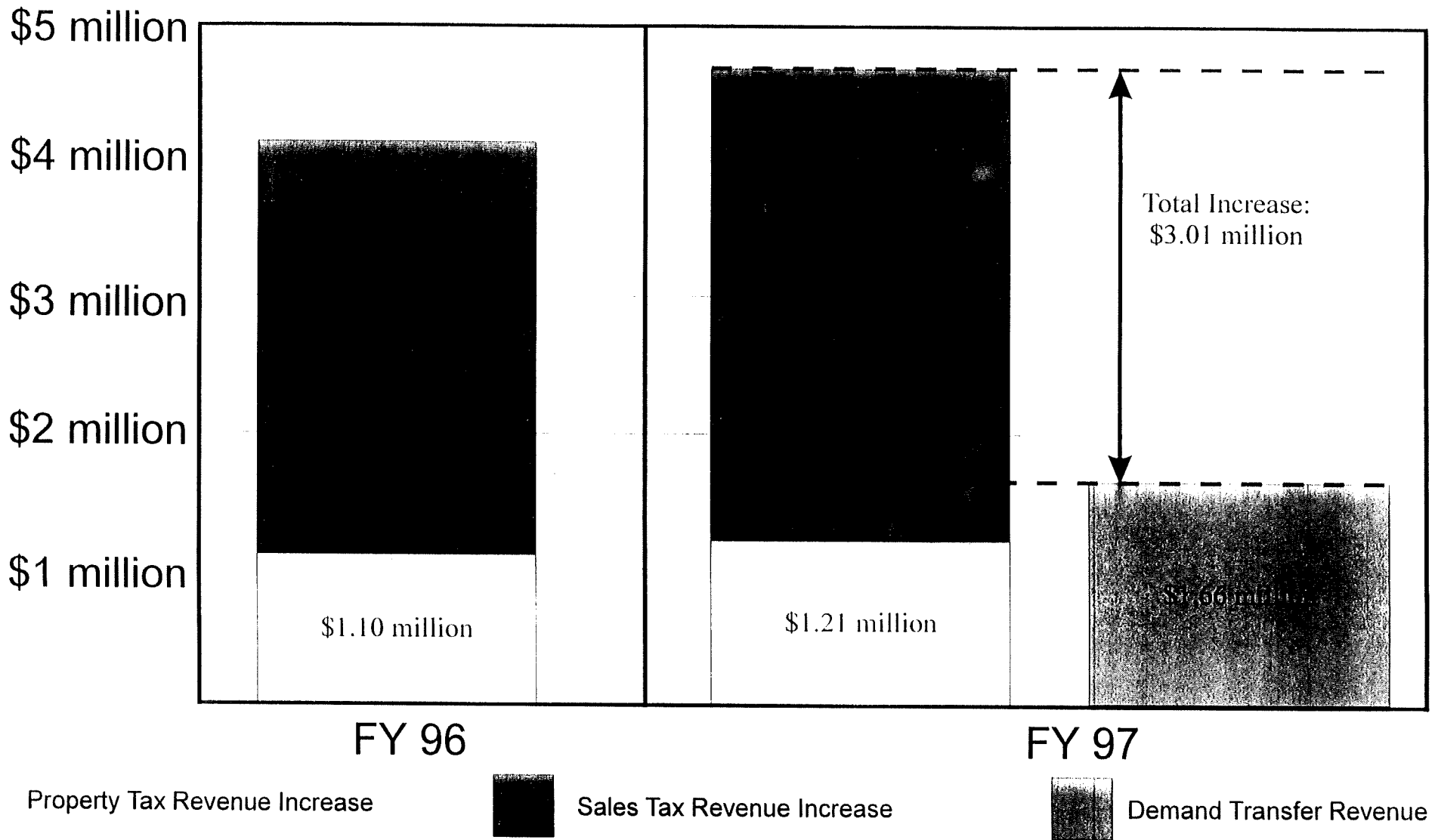
\* - The FY 96 increases were adjusted to consider the levy roll back from FY 95 to FY 96. The individual millage value was calculated on Real FY 96 average county mill levy. FY 97 increased revenue is based on no levy reduction and Real FY 96 dollars multiplied but projected increases based on empirical trends in increases.

# Overland Park Revenue Increases vs. Demand Transfer Revenue (Adjusted For Levy Rollback)\*

Source: Johnson County Clerks Office, Kansas League of Municipalities, Kansas Dept. of Revenue

Prepared by Rep. Phill Kline's Office

8-1



\* The FY 96 increases were adjusted to consider the levy roll back from FY 95 to FY 96. The individual millage value was calculated on Real FY 96 average city mill levy. FY 97 increased revenue is based on no levy reduction and Real FY 96 dollars multiplied but projected increases based on empirical trends in increases.

**Demand Transfers  
Less Than \$500,000**

(Continued)

<b>County</b>	<b>Demand Transfers State Aid Total</b>	<b>County</b>	<b>Demand Transfers State Aid Total</b>
Jefferson	\$477,279	Gray	\$218,607
Kearny	\$469,548	Meade	\$218,031
Linn	\$462,696	Doniphan	\$211,593
Neosho	\$447,836	Barber	\$205,755
Osage	\$428,417	Norton	\$202,150
Marion	\$423,609	Stafford	\$200,397
Bourbon	\$398,583	Ottawa	\$200,253
Allen	\$386,620	Wabaunsee	\$193,053
Rice	\$372,605	Smith	\$183,755
Marshall	\$369,618	Kiowa	\$182,458
Jackson	\$358,206	Ness	\$173,178
Brown	\$343,286	Osborne	\$168,834
Nemaha	\$335,949	Jewell	\$163,656
Wilson	\$332,640	Rush	\$163,017
Morton	\$319,018	Graham	\$161,877
Cloud	\$309,725	Edwards	\$157,784
Haskell	\$298,758	Hamilton	\$149,958
Kingman	\$296,108	Cheyenne	\$149,859
Russell	\$285,511	Woodson	\$149,154
Pratt	\$283,044	Trego	\$148,763
Clay	\$278,276	Chautauqua	\$144,378
Greenwood	\$268,882	Gove	\$143,994
Ellsworth	\$260,812	Decatur	\$141,657
Anderson	\$259,980	Lincoln	\$134,625
Pawnee	\$256,733	Sheridan	\$133,532
Thomas	\$256,347	Logan	\$125,496
Sherman	\$254,378	Rawlins	\$125,332
Phillips	\$245,346	Wichita	\$120,733
Harper	\$240,905	Chase	\$118,391
Washington	\$240,898	Elk	\$117,047
Rooks	\$235,751	Comanche	\$110,709
Mitchell	\$235,409	Clark	\$110,514
Republic	\$232,546	Hodgeman	\$107,653
Morris	\$222,636	Lane	\$106,816
Stanton	\$221,767	Greeley	\$102,983
Scott	\$219,818	Wallace	\$87,144
		<b>Subtotal</b>	<b>\$16,858,675.55</b>

Revenue: FY 1996-FY 2000 from the *Governor's Budget Report*, FY 2001-FY 2005  
 4.5 Percent in Total Taxes; Separate Estimate for Nontax Revenue  
 Expenditures: Elimination of Certain Demand Transfers Beginning in FY 1997; Most  
 Expenditures Increase 2 percent Annually  
 Ending Balance: 7.5 Percent of Expenditures

Rev. Case + Jay  
 3-19-96  
 Attach 2-1

**STATE GENERAL FUND PROFILE**  
 In Millions  
 FY 1996 - FY 2005

	FY 1996	Increase	FY 1997	Increase	FY 1998	Increase	FY 1999	Increase	FY 2000	Increase	FY 2001	Increase
Beginning Balance <sup>a</sup>	\$ 368.1		\$ 261.3		\$ 258.7		\$ 262.6		\$ 267.3		\$ 270.5	
Receipts <sup>b</sup>	3,368.0	4.6%	3,526.9	4.7%	3,672.5	4.1%	3,835.9	4.4%	4,004.5	4.4%	4,180.7	4.4%
LAVTRF Hold Harmless <sup>c</sup>	--		16.8	16.8	16.8	--	16.8	--	16.8	--	16.8	--
All Other Expenditures <sup>c</sup>	3,474.8		3,432.0	(42.8)	3,488.4	56.5	3,550.9	62.5	3,593.5	42.6	3,631.9	38.4
Total Base Expenditures/Increased at Selected Rate and Adjustments <sup>c</sup>	3,474.8	165.0	3,448.8	(26.0) (0.7)%	3,505.2	56.5 1.6%	3,567.7	62.4 1.8%	3,610.3	42.6 1.2%	3,648.7	38.4 1.1%
Available for Other Purposes Above Assumed Expenditure Growth			80.7		163.4		263.5		391.0		529.2	
Ending Balance	261.3		258.7		262.6		267.3		270.5		273.3	
% of Expenditures	7.5%		7.5%		7.5%		7.5%		7.5%		7.5%	
Receipts in Excess of Expend.	(106.8)		78.1		167.3		268.2		394.2		532.0	



	FY 2002	Increase	FY 2003	Increase	FY 2004	Increase	FY 2005	Increase	Cumulative Increase FY97-FY05
Beginning Balance <sup>a</sup>	\$ 273.3		\$ 279.1		290.0		\$ 303.3		
Receipts <sup>b</sup>	4,364.7	4.4%	4,556.7	4.4%	4,757.2	4.4%	4,966.5	4.4%	
LAVTRF Hold Harmless	16.8	--	16.8	--	16.8	--	16.8	--	
All Other Expenditures	3706.0	74.1	3,849.5	143.5	4,026.2	176.7	4,212.6	186.4	
Total Base Expenditures/Increased at Selected Rate and Adjustments <sup>c</sup>	3,722.8	74.1 2.0%	3,866.3	143.5 3.9%	4043.0	176.7 4.6%	4,229.4	196.4% 4.6%	754.6
Available for Other Purposes Above Assumed Expenditure Growth	636.1		679.5		700.9		723.0		4,167.3
Ending Balance	279.1		290.0		303.3		317.4		
% of Expenditures	7.5%		7.5%		7.5%		7.5%		
Receipts in Excess of Expend.	641.9		690.4		714.2		737.1		

**FOOTNOTES:**

- a) FY 1996 beginning balance includes \$1.1 million in released encumbrances.
- b) Receipts for FYs 1996 and 1997 reflect the November, 1995 consensus estimates as adjusted by the Governor for various transfers. The projections for FYs 1998 through 2005 are not consensus estimates of receipts but are based on an annual growth rate of 4.5 percent for total taxes and separate estimates for nontax revenue.
- c) Expenditures for FY 1996 are as reflected in the *Governor's Budget Report* as amended by Governor's Budget Amendments. For FY 1997 as reflected in the *Governor's Budget Report* (as amended by Governor's Budget Amendments) with the following adjustments. For FYs 1997-2005 the demand transfers are adjusted as follows: School District Capital Improvements Fund, Water Plan Fund, and State Fair all reflect current law; State Highway Fund for FY 1997 reflects the Governor's recommendations and for FYs 1998-2005 it is capped at a 2 percent annual increase; level; Local Ad Valorem Tax Reduction Fund, County-City Revenue Sharing Fund and City-County Highway Fund are eliminated beginning in FY 1997. However, a "LAVTRF Hold Harmless" of \$16.8 million is reflected annually for FYs 1997-2005. General and supplemental school aid payments in FY 1996 was revised on October 30, 1995. For FYs 1997 through 2005, projections were based on \$3,626 per pupil and full funding of the correlation weighting factor added by 1995 legislation. All other expenditures are increased 2 percent annually beginning in FY 1998. Base expenditures would include, among other expenditures, the provisions of 1995 S.B. 150 (motor vehicle property tax reduction). The current estimated fiscal note to hold local school districts harmless for the reduction in the motor vehicle property tax is: FY 1996 -- \$3.6 million; FY 1997 -- \$20.0 million; FY 1998 -- \$43.6 million; FY 1999 -- \$68.5 million; and FY 2000 -- \$92.4 million.

Prepared at the Request and Direction of Representative Phill Kline and Senator Stan Clark  
 Kansas Legislative Research Department  
 March 19, 1996

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