

MINUTES OF THE HOUSE COMMITTEE ON TAXATION..

The meeting was called to order by Chairperson Phill Kline at 9:00 a.m. on January 21, 1997 in the Old Supreme Court Room of the Capitol.

All members were present except:

Committee staff present: Chris Courtwright, Legislative Research Department
Tom Severn, Legislative Research Department
Shirley Sicilian, Department of Revenue
Don Hayward, Revisor of Statutes
Ann McMorris, Committee Secretary

Conferees appearing before the committee:
Alan Conroy, Chief Fiscal Analyst, Legislative Research

Others attending: See attached list

Chair called the meeting to order. Opened hearings on two bills

HB 2030 - Property Tax Relief Act of 1997
HB 2031 - School district property tax levy reduced

Profiles on the state general fund were passed out to the committee - (1) profile relating to the Governor's recommendation; (2) profile relating to the Governor's recommendation without school finance revenue transfer and (3) state general fund profile running through 2001. (Attachment 1) Two fiscal notes were provided on the school property and car tax model - relating to **HB 2030** and Gov. proposal as it relates to **HB 2031**. (Attachment 2)

Chris Courtwright explained the fiscal notes and profiles and answered questions from the committee.

Alan Conroy, chief fiscal analyst of Legislative Research Department, then reviewed the state general fund profile for FY 1996 thru FY 2001 (Attachment 3).

Chair summarized the provisions of the two bills. Hearing and possible action on **HB 2030** scheduled for January 22.

The next meeting is scheduled for January 22, 1997.

Adjournment.

Attachments - 3

TAXATION COMMITTEE GUEST LIST

DATE: JANUARY 21, 1997

NAME	REPRESENTING
Donald Snodgrass	KANSAS FOOD DEALERS ASSN
Harold Pitts	OBSERVER
Bill Anderson	Water DIST #1 of Jo Co
Diane Gjerstad	Wichita Public Schools
Don Rezac	Kan Valley 321
Pat James	Wichita Chamber of Commerce
Jacque Daves	SQE
Bruce Dimmitt	Independent
Christy Caldwell	Topeka Chamber of Comm
Kevin Fredson	KANSAS LOGGING ASSN.
Jon Freed	Sen. Stan Clark
Weinert Apts	USTA
Craig Grant	HNFA
Gerald Henderson	USA of KS
Judy Moler	KAC
Blyde Graben	Governors Office
Janet Stubbs	KBIA
Rosa A. Basso	LEGISLATIVE INTERSHIP
James Carville	Clinton White House

TAXATION COMMITTEE GUEST LIST

DATE: 1-21-97

NAME	REPRESENTING
ED SCHAB	WESTERN RESOURCES
Ashley Sheard	Overland Park Chamber
Joyce Coker	Johnson County Board
Kelly Kuitala	City of Overland Park
Rolin Lehman	Olathe USD 233
Pat Lehman	Olathe USD 233
Doug Waterworth	Division of the Budget
Art Brown	Mid-Am Furnace
Karen Meyer	MSB
Bill Jagers	BOEING
Bob Corkins	KCCI
Brenda Parks Jonathan Small	Koch
Harriet Lange	Ks Assn B'casters
Don Schmaehl	ICIOGA

STATE GENERAL FUND PROFILE
In Millions

	FY 1996	Increase	FY 1997	Increase	FY 1998	Increase	FY 1999	Increase	FY 2000	Increase	FY 2001	Increase
Beginning Balance	\$ 367.0		\$ 379.2		\$ 417.5		\$ 283.4		\$ 288.5		\$ 299.5	
Released Encumbrances ⁽¹⁾	3.2		0.1									
Receipts	\$ 3,448.3	\$ 229.5 7.1%	\$ 3,615.3	\$ 167.0 4.8%	\$ 3,755.1	\$ 139.8 3.9%	\$ 3,935.1	\$ 180.0 4.8%	\$ 4,101.0	\$ 165.9 4.2%	\$ 4,275.2	\$ 174.2 4.2%
Tax Reductions	--	--	--	--	(66.1)	(66.1)	(85.9)	(19.8)	(100.0)	(14.1)	(105.9)	(5.9)
School Finance Revenue Transfer	--	--	--	--	(70.0)	(70.0)	--	70.0	--	--	--	--
Adjusted Receipts ⁽²⁾	\$ 3,448.3	\$ 229.5 7.1%	\$ 3,615.3	\$ 167.0 4.8%	\$ 3,619.0	\$ 3.7 0.1%	\$ 3,849.2	\$ 230.2 6.4%	\$ 4,001.0	\$ 151.8 3.9%	\$ 4,169.3	\$ 168.3 4.2%
Expenditures												
Gen. and Supp. School Aids ⁽³⁾	\$ 1,370.4	\$ 33.2	\$ 1,387.0	\$ 16.6	\$ 1,504.9	\$ 117.9	\$ 1,534.6 ⁽⁴⁾	\$ 29.7	\$ 1,647.4	\$ 42.8	\$ 1,653.1	\$ 5.7
Demand Transfer to:												
SDCIF	15.6	4.6	17.0	1.4	19.0	2.0	20.0	1.0	21.0	1.0	22.0	1.0
SHF	83.2	1.7	84.4	1.2	86.5	2.1	87.7	1.2	89.5	1.8	93.2	3.7
LAVTRF	46.3	1.7	46.9	0.6	48.1	1.2	48.8	0.7	49.8	1.0	51.8	2.0
CCRSF	34.6	1.2	35.1	0.5	36.0	0.9	36.5	0.5	37.3	0.8	38.8	1.5
CCHF	10.4	0.4	10.6	0.2	10.8	0.2	11.0	0.2	11.2	0.2	11.7	0.5
WPF	6.0	0.1	6.0	--	6.0	--	6.0	--	6.0	--	6.0	--
State Fair	0.2	0.1	0.1	(0.1)	0.1	--	0.1	--	0.1	--	0.1	--
All Other Expend.	1,872.5	86.4	1,990.0	117.5	2,041.7	51.7	2,099.4	57.7	2,127.7	98.3	2,280.2	152.5
Total	\$ 3,439.2	\$ 129.4 3.9%	\$ 3,577.1	\$ 137.9 4.0%	\$ 3,753.1	\$ 176.0 4.9%	\$ 3,844.1	\$ 91.0 2.4%	\$ 3,990.0	\$ 145.9 3.8%	\$ 4,156.9	\$ 166.9 4.2%
Percent Increase		3.9%		4.0%		4.9%		2.4%		3.8%		4.2%
Ending Balance	379.2		417.5		283.4		288.5		299.5		311.9	
% of Expenditures	11.0%		11.7%		7.5%		7.5%		7.5%		7.5%	
Adj. Receipts in Excess of Expend.	\$ 9.1		\$ 38.2		\$ (134.1)		\$ 5.1		\$ 11.0		\$ 12.4	

Demand Transfers

<p>SDCIF -- School District Capital Improvements Fund. SHF -- State Highway Fund LAVTRF -- Local Ad Valorem Tax Reduction Fund CCRSF -- County-City Revenue Sharing Fund CCHF -- City-County Highway Fund WPF -- Water Plan Fund</p>	<p>Demand transfers for FY 1996 were capped at no greater than a 3.7 percent increase above the FY 1995 levels with the exception of the SDCIF and the State Fair; in addition, a 1.5 percent reduction applied to the SHF transfer. For FY 1997, the demand transfers are capped at 1.4 percent growth (except SDCIF, WPF, and State Fair). For FYs 1998-2001, the transfers are capped (except SDCIF, WPF, and State Fair) at the following rate of increase: FY 1998—2.5 percent; FY 1999—1.4 percent; FY 2000—2.1 percent; and FY 2001—4.1 percent.</p>
---	---

1-2

FOOTNOTES:

- 1) Actual FY 1996 released encumbrance.
- 2) Receipts are actual for FY 1996. Receipts for FY 1997 reflect the November, 1996 consensus estimates. Receipts for FY 1998 reflect the consensus estimates as adjusted by the Governor's recommendations for tax relief (excluding the local school mill levy reduction) for remodeling sales tax, income tax equity, business machinery, Homestead tax rebates, food sales tax credit, adoption tax credit, and insurance annuity tax, all as detailed in the FY 1998 Governor's Budget Report. In addition, a \$70 million revenue transfer as recommended by the Governor (to be used in future years to offset the ongoing expense of providing property tax relief) is reflected in FY 1998. The projections for FYs 1999 through 2001 are not consensus estimates of receipts but are based on an annual growth rate of 4.3 percent for total taxes and separate estimates for nontax revenue.
- 3) Estimate of general and supplemental school aid payments in FY 1997 were made on November 8, 1996 by the Department of Education, Division of the Budget, and the Legislative Research Department. For FY 1998 the amount reflects an increase in the base per pupil amount of \$22 from \$3,648 to \$3,670, an additional \$9.8 million to accelerate the final year of correlation weighting, and \$4.0 million in connection with an increase in at-risk weight from .05 to .06, and the reduction in the uniform property tax rate from 33 to 29 mills. The FY 1999 estimate assumes a further reduction in the uniform property tax mill rate to 25 mills.
- 4) Assumes \$70 million expenditure in FY 1999 from the Education Property Tax Relief Fund for general and supplemental school aid.

Kansas Legislative Research Department
January 17, 1997

1-3

STATE GENERAL FUND PROFILE
In Millions

	FY 1996	Increase	FY 1997	Increase	FY 1998	Increase	FY 1999	Increase	FY 2000	Increase	FY 2001	Increase
Beginning Balance	\$ 367.0		\$ 379.2		\$ 417.5		\$ 353.3		\$ 293.2		\$ 299.6	
Released Encumbrances	3.2		0.1									
Receipts	\$ 3,448.3	\$ 229.5 7.1%	\$ 3,615.3	\$ 167.0 4.8%	\$ 3,755.1	\$ 139.8 3.9%	\$ 3,935.1	\$ 180.0 4.8%	\$ 4,101.0	\$ 165.9 4.2%	\$ 4,275.2	\$ 174.2 4.2%
Tax Reductions	--	--	--	--	(66.1)	(66.1)	(85.9)	(19.8)	(100.0)	(14.1)	(105.9)	(5.9)
School Finance Revenue Transfer	--	--	--	--	--	--	--	--	--	--	--	--
Adjusted Receipts	\$ 3,448.3	\$ 229.5 7.1%	\$ 3,615.3	\$ 167.0 4.8%	\$ 3,689.0	\$ 73.7 2.0%	\$ 3,849.2	\$ 160.2 4.3%	\$ 4,001.0	\$ 151.8 3.9%	\$ 4,169.3	\$ 168.3 4.2%
Expenditures												
Gen. and Supp. School Aids	\$ 1,370.4	\$ 33.2	\$ 1,387.0	\$ 16.6	\$ 1,504.9	\$ 117.9	\$ 1,604.6	\$ 99.7	\$ 1,647.4	\$ 42.8	\$ 1,653.1	\$ 5.7
Demand Transfer to:												
SDCIF	15.6	4.6	17.0	1.4	19.0	2.0	20.0	1.0	21.0	1.0	22.0	1.0
SHF	83.2	1.7	84.4	1.2	86.5	2.1	87.7	1.2	89.5	1.8	93.2	3.7
LAVTRF	46.3	1.7	46.9	0.6	48.1	1.2	48.8	0.7	49.8	1.0	51.8	2.0
CCRSF	34.6	1.2	35.1	0.5	36.0	0.9	36.5	0.5	37.3	0.8	38.8	1.5
CCHF	10.4	0.4	10.6	0.2	10.8	0.2	11.0	0.2	11.2	0.2	11.7	0.5
WPF	6.0	0.1	6.0	--	6.0	--	6.0	--	6.0	--	6.0	--
State Fair	0.2	0.1	0.1	(0.1)	0.1	--	0.1	--	0.1	--	0.1	--
All Other Expend.	1,872.5	86.4	1,990.0	117.5	2,041.7	51.7	2,094.6	52.9	2,127.7	33.1	2,280.2	152.5
Total	\$ 3,439.2	\$ 129.4 3.9%	\$ 3,577.1	\$ 137.9 4.0%	\$ 3,753.1	\$ 176.0 4.9%	\$ 3,909.3	\$ 156.2 4.2%	\$ 3,990.0	\$ 80.7 2.1%	\$ 4,156.9	\$ 166.9 4.2%
Percent Increase												
Ending Balance	379.2		417.5		353.3		293.2		299.6		311.9	
% of Expenditures	11.0%		11.7%		9.4%		7.5%		7.5%		7.5%	
Adj. Receipts in Excess of Expend.	\$ 9.1		\$ 38.2		\$ 64.1		\$ 5.1		\$ 11.0		\$ 12.4	

Demand Transfers

SDCIF -- School District Capital Improvements Fund.
SHF -- State Highway Fund
LAVTRF -- Local Ad Valorem Tax Reduction Fund
CCRSF -- County-City Revenue Sharing Fund
CCHF -- City-County Highway Fund
WPF -- Water Plan Fund

Demand transfers for FY 1996 were capped at no greater than a 3.7 percent increase above the FY 1995 levels with the exception of the SDCIF and the State Fair; in addition, a 1.5 percent reduction applied to the SHF transfer. For FY 1997, the demand transfers are capped at 1.4 percent growth (except SDCIF, WPF, and State Fair). For FYs 1998-2001, the transfers are capped (except SDCIF, WPF, and State Fair) at the following rate of increase: FY 1998—2.5 percent; FY 1999—1.4 percent; FY 2000—2.1 percent; and FY 2001—4.1 percent.

Demand Transfers: 1.5 Percent Growth
Ending Balance of at Least 7.5 Percent

School Aid and Property Tax Relief/Revenue Transfer
Additional School Support of Approximately \$30 Million Annually

4-1

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	FY 2002	Increase	FY 2003	Increase	FY 2004	Increase	FY 2005	Increase
Beginning Balance ^a	\$ 370.2		\$ 379.2		\$ 441.1		\$ 354.2		\$ 241.2		\$ 191.1		\$ 225.1		\$ 357.6		\$ 594.5		\$ 949.4	
Receipts ^b	3,448.3	7.1%	3,615.3	4.8%	3,755.1	3.9%	3,935.0	4.8%	4,101.0	4.2%	4,275.0	4.2%	4,454.6	4.2%	4,641.7	4.2%	4,836.7	4.2%	5,039.8	4.2%
General/Supp. School Aid/Revenue Transfer	0.0	0.0	0.0	0.0	(1,437.7)	(1,437.7)	(1,500.9)	(63.2)	(1,526.2)	(25.3)	(1,528.6)	(2.4)	(1,518.1)	10.5	(1,507.7)	10.4	(1,489.9)	17.8	(1,475.1)	14.8
Additional School Aid/Revenue Transfer	0.0	0.0	0.0	0.0	(28.8)	(28.8)	(58.8)	(30.0)	(89.3)	(30.5)	(119.9)	(30.6)	(149.9)	(30.0)	(179.9)	(30.0)	(209.9)	(30.0)	(239.9)	(30.0)
Property Tax Relief/Revenue Transfer ^{ff}	0.0	0.0	0.0	0.0	(166.1)	(166.1)	(265.2)	(99.1)	(268.5)	(3.3)	(280.4)	(11.9)	(296.2)	(15.8)	(312.6)	(16.4)	(329.7)	(17.1)	(347.5)	(17.8)
TOTAL Receipts	3,448.3	229.5	3,615.3	167.0	2,122.5	(1,492.8)	2,110.1	(12.4)	2,217.0	106.9	2,346.1	129.1	2,490.4	144.3	2,641.5	151.1	2,807.2	165.7	2,977.3	170.1
Expenditures:																				
Gen. and Supp. School Aids ^c	1,370.4	\$33.2	1,387.0	\$16.6	0.0	(\$1,387.0)	0.0	\$0.0	0.0	\$0.0	0.0	\$0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Subtotal Gen. and Supp. School Aids	1,370.4	\$33.2	1,387.0	\$16.6	0.0	(\$1,387.0)	0.0	\$0.0	0.0	\$0.0	0.0	\$0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Demand Transfers: ^e																				
School District Capital Improvements Fund	15.6	4.6	17.0	1.4	18.0	1.0	19.0	1.0	20.0	1.0	21.0	1.0	22.0	1.0	23.0	1.0	24.0	1.0	25.0	1.0
State Highway Fund	83.2	1.7	84.4	1.2	85.7	1.3	87.0	1.3	88.3	1.3	89.6	1.3	90.9	1.3	92.3	1.4	93.7	1.4	95.1	1.4
Local Ad Valorem Tax Reduction Fund	46.3	1.7	46.9	0.6	47.6	0.7	48.3	0.7	49.0	0.7	49.8	0.8	50.5	0.7	51.3	0.8	52.1	0.8	52.9	0.8
County-City Revenue Sharing Fund	34.6	1.2	35.1	0.5	35.6	0.5	36.2	0.6	36.7	0.5	37.3	0.6	37.9	0.6	38.5	0.6	39.1	0.6	39.7	0.6
City-County Highway Fund	10.4	0.4	10.6	0.2	10.8	0.2	10.9	0.1	11.1	0.2	11.3	0.2	11.5	0.2	11.7	0.2	11.9	0.2	12.1	0.2
Water Plan Fund	6.0	0.1	6.0	0.0	6.0	0.0	6.0	0.0	6.0	0.0	6.0	0.0	6.0	0.0	6.0	0.0	6.0	0.0	6.0	0.0
State Fair	0.2	0.1	0.1	(0.1)	0.1	0.0	0.1	0.0	0.1	0.0	0.1	0.0	0.1	0.0	0.1	0.0	0.1	0.0	0.1	0.0
All Other Expenditures ^d	1,872.5	86.4	1,966.3	93.8	2,005.6	39.3	2,015.6	10.0	2,055.9	40.3	2,097.0	41.1	2,139.0	42.0	2,181.7	42.7	2,225.4	43.7	2,269.9	44.5
TOTAL Expenditures	3,439.2	129.4	3,553.4	114.2	2,209.4	(1,344.0)	2,223.1	13.7	2,267.1	44.0	2,312.1	45.0	2,357.9	45.8	2,404.6	46.7	2,452.3	47.7	2,500.8	48.5
Percent Increase		3.9%		3.3%		(37.8)%		0.6%		2.0%		2.0%		2.0%		2.0%		2.0%		2.0%
Ending Balance ^g	379.2		441.1		354.2		241.2		191.1		225.1		357.6		594.5		949.4		1,425.9	
Percent of Expenditures	11.0%		12.4%		16.0%		10.9%		8.4%		9.7%		15.2%		24.7%		38.7%		57.0%	
Receipts in Excess of Expenditures	9.1		61.9		(86.9)		(113.0)		(50.1)		34.0		132.5		236.9		354.9		476.5	

5-1

udes actual released encumbrances.

- b) Receipts are actual for FY 1996. Receipts for FY 1997 and FY 1998 reflect the revised November 18, 1996 consensus estimates. The projections for FYs 1998 through 2001 are not consensus estimates of receipts but are based on an annual growth rate of 4.8 percent in FY 1999 and 4.2 percent in FY 2000 and FY 2001. General and supplemental school aid is treated as a revenue transfer.
- c) Preliminary estimates of general and supplemental school aid payments in FYs 1997 - 2000 were made on November 8, 1996. For FY 2001 through FY 2005, the projections is by the Research Department. The FY 1997 estimate is based on \$3,648 base per pupil aid; full funding of the correlation weighting factor added by the 1995 Legislature; the provisions of 1995 S.B. 150 (motor vehicle property tax reductions); 35 mills levied for the general fund of school districts in 1996, 33 mills in 1997, and 31 mills in 1998 and thereafter. An additional amount is provided each year of the profile for additional state support (FY 1998 - \$28.8 million; FY 1999 - \$30.0 million; FY 2000 - \$30.5 million; FY 2001 - \$30.6 million; and for FY 2002 through FY 2005 an additional \$30 million each year).
- d) FY 1997 all other expenditures as approved by the 1996 Legislature and for shifting of \$18.9 million in expenditures from FY 1996 (excluding \$11.1 million reappropriated for general state aid to school districts).
- e) Demand transfers for the School District Capital Improvement Fund, Water Plan Fund and State Fair all reflect current law. For the State Highway Fund, Local Ad Valorem Tax Reduction Fund, County-City Revenue Sharing Fund, and the City-County Highway Fund are capped at 1.4 percent in FY 1997 and for FY 1998 through FY 2005 are capped at 1.5 percent growth.
- f) Property tax relief is treated as a revenue transfer; all single family residential and mobile homes would be exempt from the local school mill levy beginning in CY 1997; all other classes of property would have a uniform property tax mill levy of 25 mills, also beginning in CY 1997.

Prepared at the Request and Direction of Representative Phill Kline
Kansas Legislative Research Department
January 17, 1997

STATE GENERAL FUND PROFILE
In Millions

	FY 1996	Increase	FY 1997	Increase	FY 1998	Increase	FY 1999	Increase	FY 2000	Increase	FY 2001	Increase
Beginning Balance	\$ 367.0		\$ 379.2		\$ 417.5		\$ 353.3		\$ 293.2		\$ 299.6	
Released Encumbrances	3.2		0.1									
		7.1%		4.8%		3.9%		4.8%		4.2%		4.2%
Receipts	\$ 3,448.3	\$ 229.5	\$ 3,615.3	\$ 167.0	\$ 3,755.1	\$ 139.8	\$ 3,935.1	\$ 180.0	\$ 4,101.0	\$ 165.9	\$ 4,275.2	\$ 174.2
Tax Reductions	--	--	--	--	(66.1)	(66.1)	(85.9)	(19.8)	(100.0)	(14.1)	(105.9)	(5.9)
School Finance Revenue Transfer	--	--	--	--	--	--	--	--	--	--	--	--
Adjusted Receipts	\$ 3,448.3	\$ 229.5	\$ 3,615.3	\$ 167.0	\$ 3,689.0	\$ 73.7	\$ 3,849.2	\$ 160.2	\$ 4,001.0	\$ 151.8	\$ 4,169.3	\$ 168.3
		7.1%		4.8%		2.0%		4.3%		3.9%		4.2%
Expenditures												
Gen. and Supp. School Aids	\$ 1,370.4	\$ 33.2	\$ 1,387.0	\$ 16.6	\$ 1,504.9	\$ 117.9	\$ 1,604.6	\$ 99.7	\$ 1,647.4	\$ 42.8	\$ 1,653.1	\$ 5.7
Demand Transfer to:												
SDCIF	15.6	4.6	17.0	1.4	19.0	2.0	20.0	1.0	21.0	1.0	22.0	1.0
SHF	83.2	1.7	84.4	1.2	86.5	2.1	87.7	1.2	89.5	1.8	93.2	3.7
LAVTRF	46.3	1.7	46.9	0.6	48.1	1.2	48.8	0.7	49.8	1.0	51.8	2.0
CCRSF	34.6	1.2	35.1	0.5	36.0	0.9	36.5	0.5	37.3	0.8	38.8	1.5
CCHF	10.4	0.4	10.6	0.2	10.8	0.2	11.0	0.2	11.2	0.2	11.7	0.5
WPF	6.0	0.1	6.0	--	6.0	--	6.0	--	6.0	--	6.0	--
State Fair	0.2	0.1	0.1	(0.1)	0.1	--	0.1	--	0.1	--	0.1	--
All Other Expend.	1,872.5	86.4	1,990.0	117.5	2,041.7	51.7	2,094.6	52.9	2,127.7	33.1	2,280.2	152.5
Total	\$ 3,439.2	\$ 129.4	\$ 3,577.1	\$ 137.9	\$ 3,753.1	\$ 176.0	\$ 3,909.3	\$ 156.2	\$ 3,990.0	\$ 80.7	\$ 4,156.9	\$ 166.9
Percent Increase		3.9%		4.0%		4.9%		4.2%		2.1%		4.2%
Ending Balance	379.2		417.5		353.3		293.2		299.6		311.9	
% of Expenditures	11.0%		11.7%		9.4%		7.5%		7.5%		7.5%	
Adj. Receipts in Excess of Expend.	\$ 9.1		\$ 38.2		\$ 64.1		\$ 5.1		\$ 11.0		\$ 12.4	

Demand Transfers

SDCIF -- School District Capital Improvements Fund.
SHF -- State Highway Fund
LAVTRF -- Local Ad Valorem Tax Reduction Fund
CCRSF -- County-City Revenue Sharing Fund

Demand transfers for FY 1996 were capped at no greater than a 3.7 percent increase above the FY 1995 levels with the exception of the SDCIF and the State Fair; in addition, a 1.5 percent reduction applied to the SHF transfer. For FY 1997, the demand transfers are capped at 1.4 percent growth (except SDCIF, WPF, and State Fair). For FYs 1998-2001, the transfers are capped (except SDCIF, WPF, and State Fair) at 1.4 percent.

STATE GENERAL FUND PROFILE
In Millions

	FY 1996	Increase	FY 1997	Increase	FY 1998	Increase	FY 1999	Increase	FY 2000	Increase	FY 2001	Increase
Beginning Balance	\$ 367.0		\$ 379.2		\$ 417.5		\$ 283.4		\$ 288.5		\$ 299.5	
Released Encumbrances ⁽¹⁾	3.2		0.1									
Receipts	\$ 3,448.3	\$ 229.5 7.1%	\$ 3,615.3	\$ 167.0 4.8%	\$ 3,755.1	\$ 139.8 3.9%	\$ 3,935.1	\$ 180.0 4.8%	\$ 4,101.0	\$ 165.9 4.2%	\$ 4,275.2	\$ 174.2 4.2%
Tax Reductions	--	--	--	--	(66.1)	(66.1)	(85.9)	(19.8)	(100.0)	(14.1)	(105.9)	(5.9)
School Finance Revenue Transfer	--	--	--	--	(70.0)	(70.0)	--	70.0	--	--	--	--
Adjusted Receipts ⁽²⁾	\$ 3,448.3	\$ 229.5 7.1%	\$ 3,615.3	\$ 167.0 4.8%	\$ 3,619.0	\$ 3.7 0.1%	\$ 3,849.2	\$ 230.2 6.4%	\$ 4,001.0	\$ 151.8 3.9%	\$ 4,169.3	\$ 168.3 4.2%
Expenditures												
Gen. and Supp. School Aids ⁽³⁾	\$ 1,370.4	\$ 33.2	\$ 1,387.0	\$ 16.6	\$ 1,504.9	\$ 117.9	\$ 1,534.6 ⁽⁴⁾	\$ 29.7	\$ 1,647.4	\$ 42.8	\$ 1,653.1	\$ 5.7
Demand Transfer to:												
SDCIF	15.6	4.6	17.0	1.4	19.0	2.0	20.0	1.0	21.0	1.0	22.0	1.0
SHF	83.2	1.7	84.4	1.2	86.5	2.1	87.7	1.2	89.5	1.8	93.2	3.7
LAVTRF	46.3	1.7	46.9	0.6	48.1	1.2	48.8	0.7	49.8	1.0	51.8	2.0
CCRSF	34.6	1.2	35.1	0.5	36.0	0.9	36.5	0.5	37.3	0.8	38.8	1.5
CCHF	10.4	0.4	10.6	0.2	10.8	0.2	11.0	0.2	11.2	0.2	11.7	0.5
WPF	6.0	0.1	6.0	--	6.0	--	6.0	--	6.0	--	6.0	--
State Fair	0.2	0.1	0.1	(0.1)	0.1	--	0.1	--	0.1	--	0.1	--
All Other Expend.	1,872.5	86.4	1,990.0	117.5	2,041.7	51.7	2,099.4	57.7	2,127.7	98.3	2,280.2	152.5
Total	\$ 3,439.2	\$ 129.4 3.9%	\$ 3,577.1	\$ 137.9 4.0%	\$ 3,753.1	\$ 176.0 4.9%	\$ 3,844.1	\$ 91.0 2.4%	\$ 3,990.0	\$ 145.9 3.8%	\$ 4,156.9	\$ 166.9 4.2%
Percent Increase												
Ending Balance	379.2		417.5		283.4		288.5		299.5		311.9	
% of Expenditures	11.0%		11.7%		7.5%		7.5%		7.5%		7.5%	
Adj. Receipts in Excess of Expend.	\$ 9.1		\$ 38.2		\$ (134.1)		\$ 5.1		\$ 11.0		\$ 12.4	

Demand Transfers

SDCIF -- School District Capital Improvements Fund.
SHF -- State Highway Fund
LAVTRF -- Local Ad Valorem Tax Reduction Fund
CCRSF -- County-City Revenue Sharing Fund
CCHF -- City-County Highway Fund

Demand transfers for FY 1996 were capped at no greater than a 3.7 percent increase above the FY 1995 levels with the exception of the SDCIF and the State Fair; in addition, a 1.5 percent reduction applied to the SHF transfer. For FY 1997, the demand transfers are capped at 1.4 percent growth (except SDCIF, WPF, and State Fair). For FYs 1998-2001, the transfers are capped (except SDCIF, WPF, and State Fair) at the following rate of increase: FY 1998--2.5 percent; FY 1999--1.4 percent; FY

Demand Transfers 1.5 Percent Growth
Ending Balance of at Least 7.5 Percent

School Aid and Property Tax Relief/Revenue Transfer
Additional School Support of Approximately \$30 Million Annually

8-1

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	FY 2002	Increase	FY 2003	Increase	FY 2004	Increase	FY 2005	Increase
Beginning Balance ^a	\$ 370.2		\$ 379.2		\$ 441.1		\$ 354.2		\$ 241.2		\$ 191.1		\$ 225.1		\$ 357.6		\$ 594.5		\$ 949.4	
Receipts ^b	3,448.3	7.1%	3,615.3	4.8%	3,755.1	3.9%	3,935.0	4.8%	4,101.0	4.2%	4,275.0	4.2%	4,454.6	4.2%	4,641.7	4.2%	4,836.7	4.2%	5,039.8	4.2%
General/Supp. School Aid/Revenue Transfer	0.0	0.0	0.0	0.0	(1,437.7)	(1,437.7)	(1,500.9)	(63.2)	(1,526.2)	(25.3)	(1,528.6)	(2.4)	(1,518.1)	10.5	(1,507.7)	10.4	(1,489.9)	17.8	(1,475.1)	14.8
Additional School Aid/Revenue Transfer	0.0	0.0	0.0	0.0	(28.8)	(28.8)	(58.8)	(30.0)	(89.3)	(30.5)	(119.9)	(30.6)	(149.9)	(30.0)	(179.9)	(30.0)	(209.9)	(30.0)	(239.9)	(30.0)
Property Tax Relief/Revenue Transfer ^d	0.0	0.0	0.0	0.0	(166.1)	(166.1)	(265.2)	(99.1)	(268.5)	(3.3)	(280.4)	(11.9)	(296.2)	(15.8)	(312.6)	(16.4)	(329.7)	(17.1)	(347.5)	(17.8)
TOTAL Receipts	3,448.3	229.5	3,615.3	167.0	2,122.5	(1,492.8)	2,110.1	(12.4)	2,217.0	106.9	2,346.1	129.1	2,490.4	144.3	2,641.5	151.1	2,807.2	165.7	2,977.3	170.1
Expenditures:																				
Gen. and Supp. School Aids ^c	1,370.4	\$33.2	1,387.0	\$16.6	0.0	(\$1,387.0)	0.0	\$0.0	0.0	\$0.0	0.0	\$0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0
Subtotal Gen. and Supp. School Aids	1,370.4	\$33.2	1,387.0	\$16.6	0.0	(\$1,387.0)	0.0	\$0.0	0.0	\$0.0	0.0	\$0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Demand Transfers ^e																				
School District Capital Improvements Fund	15.6	4.6	17.0	1.4	18.0	1.0	19.0	1.0	20.0	1.0	21.0	1.0	22.0	1.0	23.0	1.0	24.0	1.0	25.0	1.0
State Highway Fund	83.2	1.7	84.4	1.2	85.7	1.3	87.0	1.3	88.3	1.3	89.6	1.3	90.9	1.3	92.3	1.4	93.7	1.4	95.1	1.4
Local Ad Valorem Tax Reduction Fund	46.3	1.7	46.9	0.6	47.6	0.7	48.3	0.7	49.0	0.7	49.8	0.8	50.5	0.7	51.3	0.8	52.1	0.8	52.9	0.8
County-City Revenue Sharing Fund	34.6	1.2	35.1	0.5	35.6	0.5	36.2	0.6	36.7	0.5	37.3	0.6	37.9	0.6	38.5	0.6	39.1	0.6	39.7	0.6
City-County Highway Fund	10.4	0.4	10.6	0.2	10.8	0.2	10.9	0.1	11.1	0.2	11.3	0.2	11.5	0.2	11.7	0.2	11.9	0.2	12.1	0.2
Water Plan Fund	6.0	0.1	6.0	0.0	6.0	0.0	6.0	0.0	6.0	0.0	6.0	0.0	6.0	0.0	6.0	0.0	6.0	0.0	6.0	0.0
State Fair	0.2	0.1	0.1	(0.1)	0.1	0.0	0.1	0.0	0.1	0.0	0.1	0.0	0.1	0.0	0.1	0.0	0.1	0.0	0.1	0.0
All Other Expenditures ^d	1,872.5	86.4	1,966.3	93.8	2,005.6	39.3	2,015.6	10.0	2,055.9	40.3	2,097.0	41.1	2,139.0	42.0	2,181.7	42.7	2,225.4	43.7	2,269.9	44.5
TOTAL Expenditures	3,439.2	129.4	3,553.4	114.2	2,209.4	(1,344.0)	2,223.1	13.7	2,267.1	44.0	2,312.1	45.0	2,357.9	45.8	2,404.6	46.7	2,452.3	47.7	2,500.8	48.5
Percent Increase		3.9%		3.3%		(37.8)%		0.6%		2.0%		2.0%		2.0%		2.0%		2.0%		2.0%
Ending Balance ^a	379.2		441.1		354.2		241.2		191.1		225.1		357.6		594.5		949.4		1,425.9	
Percent of Expenditures	11.0%		12.4%		16.0%		10.9%		8.4%		9.7%		15.2%		24.7%		38.7%		57.0%	
Receipts in Excess of Expenditures	9.1		61.9		(86.9)		(113.0)		(50.1)		34.0		132.5		236.9		354.9		476.5	

School Property and Car Tax Model

all single family residential and mob homes exempt from levy (which is 25 mills)
Mill Levy Goes to 25 in 1997 and thereafter

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	16,194,057,543	--	16,194,057,543	35.0	35.0
1996	16,650,000,000	--	16,650,000,000	35.0	35.0
1997	17,149,500,000	5,772,263,800	11,377,236,200	33.0	25.0
1998	17,663,985,000	6,227,015,188	11,436,969,812	31.0	25.0
1999	18,193,904,550	6,701,659,689	11,492,244,861	31.0	25.0
2000	18,739,721,687	7,197,390,891	11,542,330,796	31.0	25.0
2001	19,301,913,337	7,715,473,994	11,586,439,343	31.0	25.0
2002	19,880,970,737	8,257,250,114	11,623,720,623	31.0	25.0
2003	20,477,399,859	8,824,140,831	11,653,259,029	31.0	25.0
2004	21,091,721,855	9,417,653,020	11,674,068,835	31.0	25.0
2005	21,724,473,511	10,039,383,972	11,685,089,539	31.0	25.0
2006	22,376,207,716	10,691,026,810	11,685,180,906	31.0	25.0

Fiscal Year	Current Law Property Tax	Proposal Property Tax	Current Law Car Tax	Proposal Car Tax	Total Fiscal Note
1996	\$526,919,633	\$526,919,633	\$79,077,529	\$79,077,529	--
1997	564,871,385	564,871,385	\$71,200,839	\$71,200,839	--
1998	561,173,265	395,086,734	\$52,171,719	\$52,171,719	(166,086,531)
1999	543,788,351	279,623,358	\$31,942,472	\$30,878,794	(265,228,671)
2000	546,324,093	281,021,067	\$13,163,017	\$9,971,983	(268,494,060)
2001	562,713,816	282,298,767	--	--	(280,415,049)
2002	579,595,230	283,437,706	--	--	(296,157,525)
2003	596,983,087	284,417,663	--	--	(312,565,424)
2004	614,892,580	285,216,847	--	--	(329,675,733)
2005	633,339,357	285,811,791	--	--	(347,527,566)

School Property and Car Tax Model

Gov's Proposal

Note: Assumes technical adjustment in car tax law.

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	16,194,057,543	--	16,194,057,543	35.0	35.0
1996	16,650,000,000	--	16,650,000,000	35.0	35.0
1997	17,149,500,000	--	17,149,500,000	33.0	29.0
1998	17,663,985,000	--	17,663,985,000	31.0	25.0
1999	18,193,904,550	--	18,193,904,550	31.0	25.0
2000	18,739,721,687	--	18,739,721,687	31.0	25.0
2001	19,301,913,337	--	19,301,913,337	31.0	25.0
2002	19,880,970,737	--	19,880,970,737	31.0	25.0
2003	20,477,399,859	--	20,477,399,859	31.0	25.0
2004	21,091,721,855	--	21,091,721,855	31.0	25.0
2005	21,724,473,511	--	21,724,473,511	31.0	25.0
2006	22,376,207,716	--	22,376,207,716	31.0	25.0

Fiscal Year	Current Law Property Tax	Proposal Property Tax	Current Law Car Tax	Proposal Car Tax	Total Fiscal Note
1996	\$526,919,633	\$526,919,633	\$79,077,529	\$79,077,529	--
1997	564,871,385	564,871,385	\$71,200,839	\$71,200,839	--
1998	561,173,265	520,700,445	\$52,171,719	\$52,171,719	(40,472,820)
1999	543,788,351	454,504,624	\$31,942,472	\$31,942,818	(89,283,381)
2000	546,324,093	440,583,946	\$13,163,017	\$13,164,053	(105,739,111)
2001	562,713,816	453,801,464	--	--	(108,912,351)
2002	579,595,230	467,415,508	--	--	(112,179,722)
2003	596,983,087	481,437,973	--	--	(115,545,114)
2004	614,892,580	495,881,113	--	--	(119,011,467)
2005	633,339,357	510,757,546	--	--	(122,581,811)

House Taxation
1-21-97 3-1

STATE GENERAL FUND PROFILE
 In Millions

	FY 1996	Increase	FY 1997	Increase	FY 1998	Increase	FY 1999	Increase	FY 2000	Increase	FY 2001	Increase
Beginning Balance	\$ 367.0		\$ 379.2		\$ 441.1		\$ 292.8		\$ 295.0		\$ 306.7	
Released Encumbrances	3.2 ^(a)											
Receipts*	3,448.3	7.1%	3,615.3	4.8%	3,755.1	3.9%	3,935.1	4.8%	4,101.0	4.2%	4,275.2	4.2%
		\$229.5		\$167.0		\$139.8		\$180.0		\$165.9		\$174.2
Expenditures												
Gen. and Supp. School Aids**	1,370.4	\$ 33.2	1,387.0	\$ 16.6	1,437.7	\$ 50.7	1,500.9	\$ 63.2	1,526.2	\$ 25.3	1,528.6	\$ 2.4
Demand Transfer to:												
SDCIF	15.6	4.6	17.0	1.4	18.0	1.0	19.0	1.0	20.0	1.0	21.0	1.0
SHF	83.2	1.7	84.4	1.2	97.4	13.0	101.3	3.9	105.4	4.1	109.6	4.2
LAVTRF	46.3	1.7	46.9	0.6	50.6	3.7	52.7	2.1	54.8	2.1	57.0	2.2
CCRSF	34.6	1.2	35.1	0.5	38.6	3.5	40.1	1.5	41.8	1.7	43.4	1.6
CCHF	10.4	0.4	10.6	0.2	16.4	5.8	17.1	0.7	17.8	0.7	18.5	0.7
WPF	6.0	0.1	6.0	--	6.0	--	6.0	--	6.0	--	6.0	--
State Fair	0.2	0.1	0.1	(0.1)	0.1	--	0.1	--	0.1	--	0.1	--
All Other Expend.	1,872.5	86.4	1,966.3	93.8	2,238.6	272.3	2,195.7	(42.9)	2,317.2	121.5	2,478.0	160.8
Total	3,439.2	129.4	3,553.4 ^(b)	114.2	3,903.4	350.0	3,932.9	29.5	4,089.3	156.4	4,262.2	172.9
Percent Increase		3.9%		3.3%		9.8%		0.8%		4.0%		4.2%
Ending Balance	379.2		441.1		292.8		295.0		306.7		319.7	
% of Expenditures	11.0%		12.4%		7.5%		7.5%		7.5%		7.5%	
Receipts in Excess of Expend.	9.1		61.9		(148.3)		2.2		11.7		13.0	

Demand Transfers

<p>SDCIF -- School District Capital Improvements Fund. SHF -- State Highway Fund LAVTRF -- Local Ad Valorem Tax Reduction Fund CCRSF -- County-City Revenue Sharing Fund CCHF -- City-County Highway Fund WPF -- Water Plan Fund</p>	<p>Demand transfers for FY 1996 were capped at no greater than a 3.7 percent increase above the FY 1995 levels with the exception of the SDCIF and the State Fair; in addition, a 1.5 percent reduction applied to the SHF transfer. For FY 1997, the demand transfers are capped at 1.4 percent growth (except SDCIF, WPF, and State Fair). For FYs 1998-2001, the transfers are projected based on <u>current law</u> with no caps.</p>
---	---

3-2

FOOTNOTES:

- * Receipts are actual for FY 1996. Receipts for FY 1997 and FY 1998 reflect the November 7, 1996 consensus estimates. The projections for FYs 1998 through 2001 are not consensus estimates of receipts but are based on an annual growth rate of 4.3 percent for total taxes and separate estimates for nontax revenue.
- ** Estimates of general and supplemental school aid payments in FYs 1997-2000 were made on November 8, 1996 by the Department of Education, Division of the Budget, and the Legislative Research Department. For FY 2001, the projection is by the Research Department. All estimates assume \$3,648 base state aid per pupil; full funding of the correlation weighting factor added by 1995 legislation; the provisions of 1995 S.B. 150 (motor vehicle property tax reductions); 35 mills levied for the general fund of school districts in 1996, 33 mills in 1997, and 31 mills in 1998 and thereafter.
- a) Actual FY 1996 released encumbrances.
- b) As approved by the 1996 Legislature and for shifting of \$18.9 million in expenditures from FY 1996 (excluding \$11.1 million reappropriated for general state aid to school districts), plus the latest estimates for general and supplemental school aid payments and the School District Capital Improvements Fund.

Kansas Legislative Research Department
December 13, 1996