

Approved: 3 - 23 - 99
Date

MINUTES OF THE SENATE ASSESSMENT AND TAXATION.

The meeting was called to order by Chairperson Senator Audrey Langworthy at 11:15 a.m. on March 18, 1999, in Room 519-S of the Capitol.

All members were present except:

Committee staff present: Chris Courtwright, Legislative Research Department
April Holman, Legislative Research Department
Don Hayward, Revisor of Statutes Office
Bruce Kinzie, Revisor of Statutes Office
Shirley Higgins, Committee Secretary

Conferees appearing before the committee: Senator Dave Kerr

Others attending: See attached list.

HB 2071-Transportation; providing for a comprehensive transportation program; concerning the financing.

Bruce Kinzie, Revisor of Statutes Office, distributed copies of balloon of the bill reflecting the amendments as recommended by the Senate planning group which were adopted at a prior meeting. Senator Langworthy informed the Committee that it would be necessary to make some changes in the new language and called upon Senator Dave Kerr for an explanation of the necessary changes.

At the outset, Senator Kerr noted that the changes are minor. He distributed copies of the revised Senate planning group proposal for a comprehensive transportation plan. (Attachment 1) He said the previous run was not run on the exact basis which he used for his explanation. He explained that all the runs on the vehicle registration fees were rounded to the nearest five dollars, and that generated a bit more money than what was previously explained to the Committee. The revised proposal sets a dollar amount for registration fees rather than using a percentage. The size of the plan stays exactly the same so any change in revenue flows to protecting the state general fund by just a few million dollars more than what the previous plan did. He called attention to the figures under "Revenues/Resources" on page three of his hand out, noting that the sales tax transfer caps out at 13.75 percent instead of 14 percent as he originally indicated. He pointed out that on page seven, \$55 million is reflected for FY 2001 instead of the original \$50 million. In conclusion, Senator Kerr emphasized that the program remains identical, and the suggested changes are only in one area of revenue source.

Senator Bond moved to amend HB 2071 in light of the corrections explained by Senator Kerr, Senator Goodwin seconded the motion. The motion carried.

Senator Hardenburger expressed her concern about the five cents fuel tax being maintained after the end of the bonding period which ends in 2020.

Senator Hardenburger moved to amend HB 2071 to sunset the five cents fuel tax increase in the year 2020, seconded by Senator Steineger. The motion carried.

Senator Stephens began a discussion of the concept of a one-tenth percent sales tax increase committed to the bonds to generate \$35 million in 2000 and moving to \$50 million by 2009, for a ten year total of \$428 million. (Attachment 2) He referred to the concept as a "truth in spending bill." He commented that most communities have been successful in passing sales tax increases, and an increase of one-tenth percent in sales and use tax would protect the general fund more.

CONTINUATION SHEET

MINUTES OF THE SENATE ASSESSMENT AND TAXATION COMMITTEE, Room 519-S Statehouse, at 11:15 a.m. on March 18, 1999.

Senator Bond responded that he is opposed to a statewide increase in sales tax as it would damage the ability of cities and counties to maintain a major source of revenue, and it might have an impact in terms of shifting property tax. He went on to observe that even a small increase such as one-tenth of a percent would cause the bill to lose some buoyancy in both the House and Senate as it is clearly a tax increase. He commended Senator Stephens for his plan, but he feels many will vote for user fees but not for a sales tax increase. In terms of success of the measure, Senator Bond reiterated his belief that a statewide sales increase would create problems. Senator Donovan also expressed his opposition to a statewide increase in sales tax. Senator Lee felt Senator Stephens' plan would be a possible alternative if the current proposal is not agreed upon by the House and Senate.

For the purpose of clarifying Legislative intent, Senator Bond moved to amend **HB 2071** to specify the dollar amount of revenue to be expended for system enhancements over the life of the program as was suggested at a previous meeting by Patrick Hurley, seconded by Senator Steffes.

A question arose as to if the same provision was in the 1989 proposal. Mr. Hurley stood to confirm that the same practice was followed in 1989.

On a call for a vote on Senator Bond's motion, the motion carried.

Senator Donovan moved to report **HB 2071** favorably as amended, seconded by Senator Hardenburger. The motion carried with Senators Lee and Stephens passing and Senator Steineger voting "No."

The meeting was adjourned at 11:45 a.m.

The next meeting is scheduled for March 23, 1999.

SENATE ASSESSMENT AND TAXATION COMMITTEE GUEST LIST

DATE: March 18, 1999

NAME	REPRESENTING
MARK A. BURGHART	WESTERN ASSN.
STEVE KEARNEY	PMCA OF KANSAS
TOM PALACE	PMCA OF KANSAS
Mary Dick	Kansans Beyond
Paul Stover	City - Dulic + Hill
Bob Burke	Highway 69 Assn.
Chris McKee	League of Ks. Municipalities
Don Miller	LHM
Don Cowby	DOB
Bill Watts	KDOT
Robert Haley	KDOT
KEVIN W. JAVIS	KDOT
NORISNE MANN	ABATE of KS
KEVIN McNEILL	ABATE OF KS
Matt Hubson	Pittsburg State Univ & Rep. Bob Grant
DON HILL	KANSAS HIGHWAY ADVISORY COMMISSION
Shane Hagelorn	Sen. Stephens staff
Kelly Kuetala	City of Overland Park
Judy Miller	Ks. Assn of Counties

SENATE ASSESSMENT AND TAXATION COMMITTEE
GUEST LIST

DATE: March 18, 1999

NAME	REPRESENTING
Patrick D. Hurley	Economic Development
Nana Fason	Johnson County
Bob Tokka	Ks Contractors Association
Alex Kobyanetz	Retired KDOT
Chris Wilson	Ks Taxpayers Network
Bill Fuller	Kansas Farm Bureau
Tom Schaefer	City of Lenexa
if ?	City of Lenexa
Ashley Sherard	Overland Park Chamber
Christy Caldwell	Topeka Chamber of Commerce
Ron Burns	Ks Public Transit
Steve Kishner	Yellow Corporation
Greg Brown	min. - on Unemployed
Tom Whitaker	Ks Motor Carriers Assn
Gene Caldwell	Legislative
Wendy M. Harms	Ks Ready Mixed Concrete Assn
Tom Bruno	Allen & Assoc
Scott Schneider	MOGA
Marcia Xis	Sedgwick County

Don Seifert
Woody Moss

City of Olathe
KCAPA - KCMCA

Revised Senate Planning Group Proposal Comprehensive Transportation Plan

The only adjustment made to the previous materials presented to the Senate Assessment and Taxation Committee relates to car and pickup truck registration fees. The initial proposal had motor vehicles increasing 15.0 percent on January 1, 2000 and then another 5.0 percent on January 1, 2004, both rounded to the nearest \$5.00 increase. The revised proposal for motor vehicle registration fees is:

- Cars that are currently paying a \$25 registration fee would increase to \$30 or a \$5.00 increase on January 1, 2000 and then increase to \$32.50 or another \$2.50 increase on January 1, 2004.
- Cars and pickups that are currently paying a \$35 registration fee would increase to \$42.50 or a \$7.50 increase on January 1, 2000 and then increase to \$45 or another \$2.50 increase on January 1, 2004.
- The registration fees on all other motor vehicles, including trucks would increase 15.0 percent on January 1, 2000 and then another 5.0 percent on January 1, 2004.

Prepared at the Request and Direction of Senator Dave Kerr
Kansas Legislative Research Department
March 18, 1999

*Senate Assessment & Taxation
3-18-99
Attachment 1*

Revised Senate Planning Group Proposal Comprehensive Transportation Plan

- 10 year plan
- \$100 million in system enhancements above the Governor
- Same amount for major modifications and priority bridges as the Governor
- \$990 million in 20-year bonds
- \$0.05 motor fuel tax increase effective FY 2000
- Registration fee for trucks increase of 15% on January 1, 2000 and another 5.0% on January 1, 2004; for cars that currently pay \$25 registration fee there would be a \$5.00 increase on January 1, 2000 and then an additional \$2.50 increase (up to a total increase of \$7.50) on January 1, 2004; for cars and pickups that are currently paying a \$35 registration fee there would be a \$7.50 increase on January 1, 2000 and then an additional \$2.50 increase (up to a total increase of \$10.00) on January 1, 2004.
- Increase in the State General Fund demand transfer to the State Highway Fund; capping the transfer in FY 2000 and FY 2001 and then increasing to a maximum of 14.0% in FY 2007
- State General Fund Profile assumes:
 - Tax Reductions - adoption, machinery and equipment, and Corbin/Lee income tax credit for oil wells - prospective
 - Demand transfers are treated as a revenue transfer
 - Additional State General Fund expenditures above the Governor in FY 2000 for:
 - Base state aid per pupil (\$9.0 million-\$15 per pupil)
 - In-service education (\$1.0 million)
 - Juvenile Justice Authority (\$10.0 million)
 - Foster care support (\$5.0 million)
 - Additional faculty salaries (\$1.0 million)

Prepared at the Request and Direction of Senator Dave Kerr
Kansas Legislative Research Department
March 18, 1999

Brief Description of information

10-year Comparison

Additional System Enhancements

Potential additional System Enhancements

FY 2008-2010 \$ 100

This is outside of the 10-year program

Program

System Enhancements

Total \$ 1,100

Special City & County HF

Distribution % 35.15%

Average \$160 million

Major Modifications & Priority Bridge

FY 00-07 average \$ 399

FY 08-09 match federal aid only

Revenues/Resources

Sales Tax Transfer

FY 2000 - 1.7% cap 7.628% \$ 89,394

FY 2001 - 1.7% cap 7.628% \$ 90,913

FY 2002 9.510% \$ 147,713

FY 2003 11.000% \$ 177,691

FY 2004 11.250% \$ 188,998

FY 2005 12.250% \$ 214,030

FY 2006 13.250% \$ 240,762

FY 2007 13.750% \$ 259,841

FY 2008 13.750% \$ 270,235

FY 2009 13.750% \$ 281,044

Motor Fuel Tax

FY 2000 \$ 0.05

Registration Fees

FY 2000 Jan 1 15.0% Cars \$5 & 7.50

FY 2004 Jan1 5.0% Cars +\$2.50

Revenue Transfer

Bonds

Principal \$ 990

Issue Costs (15)

Interest Earnings 31

Net \$ 1,006

Debt Service in period 533

Proceeds Available \$ 474

Life 20

Legislative Research - Request March 18 #2 10-year

	Governor's Comprehensive Transportation Program		Transportation Program		Difference	
	FY 00-09 Avg	FY 00-09 Total	FY 00-09 Avg	FY 00-09 Total	FY 00-09 Avg	FY 00-09 Total
Program Totals						
Maintenance:						
Routine Maintenance	\$ 123	\$ 1,226	\$ 123	\$ 1,226	\$ -	\$ -
Substantial Maintenance	206	2,062	206	2,062	-	-
Construction:						
Major Modification & Priority Bridge	391	3,910	391	3,910	-	-
System Enhancement (FY 2000 - FY 2010)	100	1,000	110	1,100	10	100
Modes:						
Aviation	3	30	3	30	-	-
Public Transit (Includes both State & Federal Funds)	10	100	10	100	-	-
Rail (Includes both State & Federal Funds)	3	32	3	32	-	-
Local:						
Special City and County Highway Fund	160	1,600	160	1,600	-	-
Local Federal Aid Projects (Includes Local Match)	80	800	80	800	-	-
Local Partnership (Includes Local Match)	25	249	25	249	-	-
KLINK Maintenance Payments	3	34	3	34	-	-
Management and Other	73	730	73	730	-	-
Transfers Out	49	489	49	489	-	-
Debt Service (Existing CHP debt)	85	853	85	853	-	-
	<u>\$ 1,311</u>	<u>13,115</u>	<u>\$ 1,321</u>	<u>13,215</u>	<u>\$ 10</u>	<u>100</u>
Revenue Enhancements						
Motor Fuel Tax	\$ -	\$ -	\$ 91	\$ 905	\$ 91	\$ 905
Registration Fees	-	-	26	261	26	261
SGF (Sales Tax Transfer) increase to current statute	35	347	30	304	(4)	(43)
SGF (Sales Tax Transfer) increase above current statute	40	395	69	689	29	294
Retail Sales and Compensating Tax (Direct)	-	-	-	-	-	-
Other Revenues	-	-	-	-	-	-
Interest on Funds	27	267	26	257	(1)	(10)
Subtotal Revenue Enhancements	\$ 101	\$ 1,009	\$ 242	\$ 2,416	\$ 141	\$ 1,406
Bonds (net of issue costs)	\$ 214	\$ 2,135	\$ 98	\$ 975	\$ (116)	\$ (1,160)
Interest on Bond Proceeds	6	62	3	31	(3)	(30)
Net from Bond Sales	\$ 220	\$ 2,197	\$ 101	\$ 1,006	\$ (119)	\$ (1,190)
Total Enhanced Resources	\$ 321	\$ 3,206	\$ 342	\$ 3,422	\$ 22	\$ 216
Increase in Debt Service	79	786	53	533	(25)	(254)
Net Resources for Program	<u>\$ 242</u>	<u>\$ 2,420</u>	<u>\$ 289</u>	<u>\$ 2,889</u>	<u>\$ 47</u>	<u>\$ 469</u>
Ending Balance Shortfall		\$ 321		\$ (5)		\$ (327)
		<u>\$ 2,741</u>		<u>\$ 2,884</u>		<u>\$ 143</u>

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KANSAS DEPARTMENT OF TRANSPORTATION

Legislative Research - Request March 18 #2 10-year

Principal Issued \$ 990,000

Interest Rate 4.75%

Term 20

(In Thousands)

FY Ending 6/30	Current Debt		Additional Bonds	New Debt Service			Combined Debt Service
	Out- Standing	Debt Service		Principal	Interest	Total	
99	\$ 832,035	\$ 73,747					73,747
00		85,340	500,000	-	23,750	23,750	109,090
1		85,333	490,000	-	47,025	47,025	132,358
2		85,314	-	10,660	47,025	57,685	142,999
3		85,321	-	11,160	46,519	57,679	142,999
4		85,286	-	11,725	45,989	57,714	142,999
5		85,290	-	12,280	45,432	57,712	143,002
6		85,256	-	12,895	44,848	57,743	143,000
7		85,225	-	13,540	44,236	57,776	143,001
8		85,233		14,175	43,593	57,768	143,001
9		85,222		14,860	42,919	57,779	143,001
10		85,156		15,630	42,213	57,843	143,000
11		85,155		16,375	41,471	57,846	143,001
12		85,204		17,105	40,693	57,798	143,002
13		60,466		42,655	39,881	82,536	143,002
14		24,181		80,965	37,855	118,820	143,000
15		12,351		96,640	34,009	130,649	142,999
16				113,580	29,418	142,998	142,998
17				118,975	24,023	142,998	142,998
18				124,630	18,372	143,002	143,002
19				130,550	12,452	143,002	143,002
20				131,600	6,251	137,851	137,851
21				-	-	-	-
22				-	-	-	-
23				-	-	-	-
24				-	-	-	-
25				-	-	-	-
26				-	-	-	-
27				-	-	-	-
28				-	-	-	-
29				-	-	-	-
30				-	-	-	-
31				-	-	-	-
Total	\$ 832,035	\$ 1,279,080	\$ 990,000	\$ 990,000	\$ 757,974	\$ 1,747,974	\$ 3,027,054

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Kansas Department of Transportation
All Agency Funds
 (\$000)

Legislative Research - Request March 18 #2 10-year

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	Total FY 00-09	Average FY 00-09
BEGINNING BALANCE	688,185	581,949	475,943	867,537	1,195,290	1,070,359	945,707	797,174	674,435	565,591	427,225	285,006	249,374	475,943	47,594
Current Resources															
Current Revenues:															
State Revenues															
Motor Fuel Taxes	317,873	324,500	331,500	331,500	331,500	331,500	331,500	331,500	331,500	331,500	331,500	331,500	331,500	3,315,000	331,500
SGF (Sales Tax) Transfer	85,839	87,899	89,394	90,913	92,595	94,216	95,864	97,542	99,249	100,986	102,753	104,551	106,381	968,063	96,806
Sales & Compensating Tax (1/4 cent)	82,567	86,022	89,247	92,817	96,530	100,391	104,407	108,583	112,926	117,443	122,141	127,027	132,108	1,071,513	107,151
Registration Fees	117,280	128,000	127,000	128,000	129,000	130,000	131,000	132,000	133,000	134,000	135,000	136,000	137,000	1,315,000	131,500
Interest (current program)	50,657	41,838	15,912	10,949	7,597	4,543	3,057	3,084	3,110	3,138	3,142	3,144	3,146	57,676	5,768
Miscellaneous Revenues	10,935	15,460	10,857	10,193	10,540	10,928	11,358	11,831	12,282	12,760	13,244	13,616	13,751	117,608	11,761
Statutory Transfers In	14,881	14,568	14,753	14,949	15,148	15,351	15,557	15,766	15,980	16,197	16,418	16,643	16,872	156,762	15,676
Subtotal	680,033	696,285	678,663	679,321	682,910	686,929	692,743	700,306	708,047	716,024	724,198	732,481	740,757	7,001,622	700,162
Federal & Local Receipts															
Federal Aid Reimbursement	195,034	315,405	275,892	282,180	289,900	274,724	270,853	275,144	279,473	284,067	287,587	292,964	293,455	2,812,783	281,278
Local Receipts	26,624	20,100	20,654	20,978	20,546	19,708	19,277	19,474	19,652	19,829	20,026	20,026	20,026	200,170	20,017
Subtotal Fed & Local	221,658	335,504	296,546	303,158	310,446	294,432	290,130	294,618	299,125	303,896	307,613	312,990	313,481	3,012,953	301,295
Total Current Revenues	901,691	1,031,789	975,209	982,479	993,356	981,362	982,873	994,924	1,007,172	1,019,920	1,031,811	1,045,470	1,054,238	10,014,575	1,001,457
Resource Enhancements:															
State Revenues															
Motor Fuel Taxes	-	-	90,500	90,500	90,500	90,500	90,500	90,500	90,500	90,500	90,500	90,500	90,500	905,000	90,500
Sales & Compensating Tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SGF Transfer increase to 7.628%	-	-	(44)	(89)	25,885	29,004	32,284	35,732	39,356	43,163	47,162	51,361	55,767	303,815	30,381
SGF Transfer increase from 7.628%	-	-	-	-	29,232	54,470	60,849	80,755	102,156	115,691	120,318	125,131	130,136	688,602	68,860
Registration Fees	-	-	11,620	23,880	24,030	24,180	27,000	29,685	29,785	29,985	30,185	30,385	30,585	260,735	26,074
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest (increase)	-	-	25,126	46,503	44,150	42,032	37,135	30,823	25,073	17,915	11,787	7,879	7,830	288,424	28,842
Subtotal	-	-	127,202	160,794	213,798	240,187	247,768	267,495	286,870	297,254	299,953	305,256	314,818	2,446,576	244,658
Bond Proceeds	-	-	492,500	482,650	-	-	-	-	-	-	-	-	-	975,150	97,515
Total Resource Enhancements	-	-	619,702	643,444	213,798	240,187	247,768	267,495	286,870	297,254	299,953	305,256	314,818	3,421,726	342,173
TOTAL RECEIPTS	901,691	1,031,789	1,594,911	1,625,923	1,207,153	1,221,548	1,230,641	1,262,419	1,294,041	1,317,174	1,331,764	1,350,726	1,369,056	13,436,301	1,343,630
AVAILABLE RESOURCES	1,589,876	1,613,738	2,070,853	2,493,460	2,402,444	2,291,907	2,176,349	2,059,593	1,968,476	1,882,766	1,758,988	1,635,732	1,618,430	13,912,244	1,391,224
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	Total FY 00-09	Average FY 00-09

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Legislative Research - Request March 18 #2 10-year

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	Total FY 00-09	Average FY 00-09
EXPENDITURES:															
State Highway Maintenance															
Routine Maintenance:	100,075	99,983	107,315	110,213	113,188	116,358	119,732	123,444	127,394	131,598	136,072	140,835	145,764	1,226,149	122,615
Substantial Maintenance	132,592	144,866	190,705	179,671	185,018	191,122	197,208	204,048	214,236	223,380	233,064	243,280	253,995	2,061,731	206,173
Total	232,667	244,849	298,020	289,883	298,206	307,480	316,940	327,492	341,630	354,978	369,136	384,115	399,759	3,287,880	328,788
Sate Highway Construction															
Major Modifications & Priority Bridge	288,331	428,165	367,649	379,041	382,651	377,576	389,955	403,634	413,307	433,703	400,867	353,076	317,075	3,901,458	390,146
System Enhancements	105,944	40,326	42,478	91,202	111,508	118,009	122,440	106,655	95,088	108,245	144,490	84,790	49,082	1,024,905	102,491
Total	394,275	468,491	410,127	470,243	494,159	495,585	512,395	510,288	508,395	541,948	545,357	437,866	366,157	4,926,363	492,636
Modes	5,107	6,161	15,454	16,014	16,325	16,733	17,071	17,548	17,929	18,324	16,430	16,405	16,538	168,233	16,823
Local Assistance															
Special City & County Highway Fund	139,476	141,761	156,093	159,667	159,866	160,069	160,275	160,484	160,697	160,914	161,135	161,360	161,588	1,600,561	160,056
Local Federal Aid Projects	64,646	77,250	82,250	84,750	82,250	79,750	77,250	77,250	77,250	77,250	77,250	77,250	77,250	792,500	79,250
Partnership Programs	17,143	18,180	19,555	21,735	22,799	23,572	24,418	25,216	26,402	27,609	28,812	29,250	29,707	249,367	24,937
KLINK Maintenance Payments	2,240	2,240	3,360	3,360	3,360	3,360	3,360	3,360	3,360	3,360	3,360	3,360	3,360	33,600	3,360
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	223,505	239,431	261,258	269,513	268,275	266,751	265,302	266,310	267,709	269,133	270,557	271,220	271,905	2,676,028	267,603
Management and other Transfers Out	55,622	63,748	62,246	76,600	67,384	70,665	77,146	71,730	73,873	76,147	75,723	78,090	80,540	729,604	72,960
Debt Service - CHP Bonds	39,686	41,369	47,121	43,559	44,735	45,987	47,321	48,788	50,349	52,011	53,779	55,661	57,610	489,312	48,931
Debt Service - CTP Bonds	57,064	73,747	85,340	85,333	85,314	85,321	85,286	85,290	85,256	85,225	85,233	85,222	85,156	852,821	85,282
Debt Service - CTP Bonds	-	-	23,750	47,025	57,685	57,679	57,714	57,712	57,743	57,776	57,768	57,779	57,843	532,630	53,263
TOTAL EXPENDITURES	1,007,927	1,137,796	1,203,316	1,298,170	1,332,085	1,346,200	1,379,175	1,385,159	1,402,885	1,455,541	1,473,982	1,386,359	1,335,508	13,662,870	1,366,287
ENDING BALANCE	581,949	475,943	867,537	1,195,290	1,070,359	945,707	797,174	674,435	565,591	427,225	285,006	249,374	282,923	249,374	24,937
Required Ending Balance	93,159	112,205	127,809	133,777	134,371	134,661	134,932	144,773	228,912	362,804	216,275	244,123	206,666	244,123	
Ending Balance over required	488,790	363,738	739,728	1,061,514	935,988	811,046	662,242	529,662	336,680	64,421	68,731	5,251	76,256	5,251	
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	Total FY 00-09	Average FY 00-09

NOTE: Required Ending Balances reflected.

1. Amounts required to satisfy bond debt service requirements
2. Funds allocated by statute for distribution to specific programs
3. A calculation of a necessary reserve to complete CTP projects
4. An amount necessary to provide for orderly payment of agency bills.

Bond Assumptions:

Interest Rate: 4.75%
 Term: 20 years
 Issue Costs: 1.50%

Inflation Assumptions

Agency operations: CPI-U as forecast by DRI-McGraw Hill
 Construction Costs: CPI-U plus 1.0%

Note: These numbers are estimates of "cash flow." For example, a construction project financed with bond proceeds is shown as an expenditure when project payments are made. Debt Service is also shown as an expenditure when payments are made. The Kansas "budget basis" would not reflect the project expenditure because the Kansas "budget basis" reflects only debt service. In addition, the "budget basis" and "program expenditures" reflect the full cost of a project as an expenditure when the construction contract is awarded. Projects, such as system enhancement projects, which are let in the FY 2000 through FY 2007 period will be shown as "program expenditure" but will have cash payouts after the period.

**State General Fund Profile
FY 1998 - FY 2004**

Governor's Recommendation Except:
State Highway Fund Demand Transfer Capped FY 00 and FY 01 Then Increases
No Governor's Recommended Car Tax Reduction
Tax Reductions: Machinery & Equip.; Adoption; Corbin/Lee on Oil Wells
Additional Funding for JJA; Foster Care; Faculty Salaries; Education
All Demand Transfers as a Revenue Transfer

	Actual FY 1998	Increase	Revised FY 1999	Increase	Projected FY 2000	Increase	Projected FY 2001	Increase	Projected FY 2002	Increase	Projected FY 2003	Increase	Projected FY 2004	Increase
Beginning Balance(a)	\$528.6		\$756.7		\$611.8		\$435.9		\$346.7		\$322.5		\$333.0	
RECEIPTS:(b)	4,027.2	9.3%	4,075.7	1.2%	4,230.6	3.8%	4,401.5	4.0%	4,582.1	4.1%	4,779.6	4.3%	4,985.1	4.3%
Tobacco Settlement	0.0	0.0	4.0	4.0	10.6	6.6	11.4	0.8	13.8	2.4	14.0	0.2	11.6	(2.4)
Adoption Tax Credit	0.0	0.0	0.0	0.0	(1.3)	(1.3)	(1.3)	0.0	(1.3)	0.0	(1.3)	0.0	(1.3)	0.0
Machinery and Equipment Credit to 20.0 Percent	0.0	0.0	0.0	0.0	(6.5)	(6.5)	(10.5)	(4.0)	(11.3)	(0.8)	(12.2)	(0.9)	(13.2)	(1.0)
Income Tax Credit for Oil Wells - Corbin/Lee - Prospective ONLY	0.0	0.0	0.0	0.0	(8.0)	(8.0)	(8.0)	0.0	(8.0)	0.0	(8.0)	0.0	(8.0)	0.0
Revenue Transfer for Demand Transfers	0.0	0.0	0.0	0.0	(229.0)	(229.0)	(234.8)	(5.8)	(296.3)	(61.5)	(332.1)	(35.8)	(349.3)	(17.2)
Other Revenue Adjustments	0.0	0.0	(1.6)	(1.6)	4.4	6.0	0.1	(4.3)	1.6	1.5	0.0	(1.6)	0.0	0.0
Adjusted Receipts	4,027.2	343.4 9.3%	4,078.1	50.9 1.3%	4,000.8	(77.3) -1.9%	4,158.4	157.6 3.9%	4,280.6	122.2 2.9%	4,440.0	159.4 3.7%	4,624.9	184.9 4.2%
EXPENDITURES:														
Base General and Supplemental School Aid (c)	1,384.0	19.7 1.5%	1,419.1	35.1 2.5%	1,436.4	17.3 1.2%	1,419.9	(16.5) -1.1%	1,400.6	(19.3) -1.4%	1,380.0	(20.6) -1.5%	1,358.7	(21.3) -1.5%
Additional Base Aid (\$15.00 in FY 2000)	0.0	0.0	0.0	0.0	9.0	9.0	9.0	0.0	9.0	0.0	9.1	0.1	9.1	0.0
Approved Property Tax Relief:														
Approved Mill Levy Reduction (35/20 mills; \$20,000 homestead)	108.7	108.7	266.1	157.4	321.3	55.2	331.6	10.3	342.2	10.6	353.1	10.9	364.3	11.2
Approved Motor Vehicle Property Tax Relief	46.3	24.7	75.5	29.2	103.8	28.3	125.9	22.1	131.8	5.9	137.1	5.3	142.6	5.5
Subtotal - Approved Property Tax Relief	155.0	133.4	341.6	186.6	425.1	83.5	457.5	32.4	474.0	16.5	490.2	16.2	506.9	16.7
Subtotal - Approved General and Supplemental School Aid (c)	1,539.0	153.1 11.2%	1,760.7	221.7 14.4%	1,870.5	109.8 6.2%	1,886.4	15.9 0.9%	1,883.6	(2.8) -0.1%	1,879.3	(4.3) -0.2%	1,874.7	(4.6) -0.2%
Demand Transfers: (e)	205.1	5.4	219.6	14.5	0.0	(219.6)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Additional In-Service Education Support	0.0	0.0	0.0	0.0	1.0	1.0	1.0	0.0	1.0	0.0	1.0	0.0	1.0	0.0
Additional Juvenile Justice Authority Support	0.0	0.0	0.0	0.0	10.0	10.0	10.0	0.0	10.0	0.0	10.0	0.0	10.0	0.0
Additional Foster Care Support	0.0	0.0	0.0	0.0	5.0	5.0	5.0	0.0	5.0	0.0	5.0	0.0	5.0	0.0
Additional Faculty Salaries	0.0	0.0	0.0	0.0	1.0	1.0	1.0	0.0	1.0	0.0	1.0	0.0	1.0	0.0
All Other Expenditures(d)	2,055.0	103.6	2,242.7	187.7	2,289.2	46.5	2,289.2	0.0	2,344.2	55.0	2,404.2	60.0	2,533.2	129.0
TOTAL All Other Expenditures	2,055.0	103.6 5.3%	2,242.7	187.7 9.1%	2,306.2	63.5 2.8%	2,306.2	0.0 0.0%	2,361.2	55.0 2.4%	2,421.2	60.0 2.5%	2,550.2	129.0 5.3%
Available for Other Purposes(g)	0.0	0.0	0.0	0.0	0.0	0.0	55.0	55.0	60.0	5.0	129.0	69.0	187.0	58.0
TOTAL Expenditures	3,799.1	263.3 7.4%	4,223.0	423.9 11.2%	4,176.7	(46.3) -1.1%	4,247.6	70.9 1.7%	4,304.8	57.2 1.3%	4,429.5	124.7 2.9%	4,611.9	182.4 4.1%
Percent Increase														
Ending Balance(f)	756.7		611.8		435.9		346.7		322.5		65.0		333.0	
Percent of Expenditures	19.9%		14.5%		10.4%		8.2%		7.5%		34.7		7.5%	2.5
Receipts in Excess of Expenditures	228.1		(144.9)		(175.9)		(89.2)		(24.2)		10.5		13.0	

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FOOTNOTES:

- a) Includes released encumbrances in FY 1998 and FY 1999.
- b) Receipts are actual for FY 1998. Receipts for FY 1999 and FY 2000 reflect the November 5, 1998 consensus revenue estimates as adjusted by the Governor. The adjustments include the tobacco settlement and various tax reductions (business and machinery - 20 percent; adoption; Corbin/Lee oil income tax credit - prospective only). No Governor's car tax proposal. Additional revenue transfer to the State Highway Fund. The Governor also makes several other minor adjustments in receipts (Project 2000 in the Department of Revenue, Lottery, oil and gas well plugging transfer in the KCC, Winfield Veteran's Home, and a transfer to the State Emergency Fund). Beginning in FY 2000 a revenue transfer is assumed for all demand transfers. The projections for FYs 2001 - 2004 are not consensus estimates of receipts but are based on a growth rate of 4.0 percent in FY 2001; 4.1 percent in FY 2002; 4.3 percent in FY 2003; and 4.3 percent in FY 2004.
- c) Base estimate of general and supplemental school aid payments in FY 1998 (actual), estimates for FY 1999 (revised), and FY 2001 - FY 2002 were made by the Department of Education, Division of the Budget, and the Legislative Research Department. For FY 2000 the Governor's recommendation reflects an increase in the base per pupil amount of \$35 from \$3,720 to \$3,755, an additional correlation weighting adjustment from 1,750 FTE students to 1,725 FTE students, and the reduction in the uniform property tax rate from 27 to 20 mills and a homestead exemption of \$20,000. The FY 2000 - FY 2004 estimates assume a uniform school mill levy of 20 mills and a \$20,000 homestead and a base aid per pupil amount of \$3,755. FY 2003 and FY 2004 are estimated by the Legislative Research Department. An additional base increase in FY 2000 of \$15.00 in the base aid amount above the Governor, or a total of \$3,770.
- d) FY 1998 actual all other expenditures. The FY 1999 and FY 2000 amounts are as recommended by the Governor, plus the following adjustments. Additional amounts in FY 2000 for in-service education (\$1.0 million); Juvenile Justice Authority (\$10.0 million); foster care (\$5.0 million); and faculty salaries (\$1.0 million). For FY 2001 - FY 2003 all other expenditures generally reflect the prior year's all other expenditures, plus the prior year's amount that is available for other purposes.
- e) Demand transfers for the School District Capital Improvement Fund, Water Plan Fund, State Fair and the Local Ad Valorem Tax Reduction Fund (FY 1999 - FY 2004) all reflect current law. The County-City Revenue Sharing Fund and the City-County Highway Fund for FY 1999 reflect a cap of 2.4 percent; FY 2000 a cap of 1.75 percent; FY 2001 the amounts are frozen; FY 2002 a cap of 0.6 percent; and for FY 2003 and FY 2004 a cap of 2.6 percent. For the State Highway Fund the FY 2000 and FY 2001 the amounts reflect a capped increase of 1.7 percent; the rate increases to 9.510 percent in FY 2002; 11.000 percent in FY 2003; and 11.250 percent in FY 2004. Beginning in FY 2000, all demand transfers are treated as revenue transfers.
- f) Current law minimum ending balance requirement is 7.5 percent of expenditures.
- g) Available for other purposes such as additional expenditures or tax reductions.

Prepared at the Request and Direction of Senator Dave Kerr
Kansas Legislative Research Department
March 18, 1999

(\$ IN MILLIONS)

1. Each 1/10th Percent Sales and Use Tax

(effective June 1, 1999)

FY 2000	\$35.699
FY 2001	\$37.127
FY 2002	\$38.612
FY 2003	\$40.157
FY 2004	\$41.763
FY 2005	\$43.433
FY 2006	\$45.171
FY 2007	\$46.977
FY 2008	\$48.857
FY 2009	\$50.811
10 yr total	\$428.606

Senate Assessment & Taxation
3-18-99
Attachment 2