

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE

The meeting was called to order by Chairman Melvin Neufeld at 9:00 A.M. on January 11, 2006, in Room 514-S of the Capitol.

All members were present except:  
Representative Pottorff- excused

Committee staff present:  
Alan Conroy, Legislative Research Department  
J. G. Scott, Legislative Research Department  
Becky Krahl, Legislative Research Department  
Matt Spurgin, Legislative Research Department  
Reagan Cussimano, Legislative Research Department  
Michele Alishahi, Legislative Research Department  
Amy Deckard, Legislative Research Department  
Audrey Dunkel, Legislative Research Department  
Julian Efird, Legislative Research Department  
Debra Hollon, Legislative Research Department  
Susan Kannarr, Legislative Research Department  
Carolyn Rampey, Legislative Research Department  
Leah Robinson, Legislative Research Department  
Amy VanHouse, Legislative Research Department  
Jim Wilson, Revisor of Statutes  
Mike Corrigan, Revisor of Statutes  
Nikki Feuerborn, Administrative Assistant  
Shirley Jepson, Committee Secretary

Conferees appearing before the committee:

Others attending:  
See attached list.

Chairman Neufeld introduced and welcomed the new Committee members - Representative Bonnie Huy, Representative Lee Tapanelli and Representative Kevin Yoder.

J. G. Scott, Legislative Research Department, introduced the Fiscal Analyst Staff and distributed a listing of Fiscal Analyst assignments (Attachment 1). Chairman Neufeld introduced his personal staff.

A copy of the Committee rules was distributed to the Committee (Attachment 2). Deadlines for Budget Committee reports were distributed to the Committee (Attachment 3). The Chair emphasized the importance of staying on schedule and meeting the deadlines for Budget Committee reports.

Representative Feuerborn introduced legislation concerning the Governor's budget and other bills to implement the Governor's budget recommendations. The motion was seconded by Representative Sharp. Motion carried.

Representative Hutchins introduced legislation to repeal the Higher Ed in-state tuition and fees for undocumented aliens. The motion was seconded by Representative Weber. Motion carried.

Representative Feuerborn introduced legislation pertaining to motor vehicles - personal information requirements for certain documentation. The motion was seconded by Representative Ballard. Motion carried.

Representative Powell introduced legislation concerning stream-flow gauging for the Smoky Hill River. The motion was seconded by Representative McLeland. Motion carried.

Chairman Neufeld introduced legislation pertaining to the baseline budget appropriation bill for FY

## CONTINUATION SHEET

MINUTES OF THE House Appropriations Committee at 9:00 A.M. on January 11, 2006 in Room 514-S of the Capitol.

2007. The motion was seconded by Representative Landwehr. Motion carried.

Chairman Neufeld distributed and discussed information titled "A Legislator's Guide to Using Performance Information" prepared by the National Conference of State Legislatures and the Urban Institute, pertaining to the basic questions for legislators to ask agencies in budget and program review hearings (Attachment 4).

An agenda for the tour of the National Institute of Aviation Research Center (NIAR) at Wichita State University and the Challenger Center at Wellington on Thursday, January 12, was distributed to the Committee (Attachment 5). It was noted that some members of the Committee could not attend because of prior commitments. Representative Schwartz requested an overview of the tour for those members not able to attend.

Alan Conroy, Legislative Research Department, reviewed the status of the State General Fund (SGF) including actual FY 2005 SGF receipts and expenditures; Consensus Revenue Estimating Group, FY 2006 profile expenditure adjustments; and FY 2007 profile expenditure adjustments (Attachment 6). Mr. Conroy stated that receipts were \$47.5 million above the FY2005 estimate and shows strength in the economy particularly in individual income tax and corporate income tax. It is anticipated that this strength will continue; however, it is not known what impact increased energy costs will have on the economy. Responding to a question from the Committee, Mr. Conroy noted that home heating fuel is exempt from state sales tax. Mr. Conroy stated that smaller increases are expected in FY 2007 because of a slower growth rate in the economy. He also reminded the Committee that a portion of sales tax receipts for FY 2007 will be deposited directly to the State Highway Fund to replace funds borrowed from that fund and directed to the SGF by earlier legislation.

The meeting was adjourned at 9:55 a.m. On January 12, 2006, the Committee will tour the National Institute of Aviation Research in Wichita and the Challenger Learning Center in Wellington. The next scheduled meeting will be held at 9:00 a.m. on January 19, 2006.

  
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Melvin Neufeld, Chairman





## LEGISLATIVE FISCAL ANALYST ASSIGNMENTS—FY 2007

**J. G. SCOTT (6-4397)**

JGScott@klrd.state.ks.us  
 422 Legislative Coordinating Council  
 425 Legislative Research Department  
 428 Legislature  
 540 Division of Post Audit  
 579 Revisor of Statutes

**REAGAN CUSSIMANIO (6-4418)**

ReaganC@klrd.state.ks.us  
 350 Juvenile Justice Authority  
 319 Topeka Juvenile Correctional Facility  
 325 Beloit Juvenile Correctional Facility  
 355 Atchison Juvenile Correctional Facility  
 412 Larned Juvenile Correctional Facility  
 352 Kansas Juvenile Correctional Facility  
 625 Securities Commissioner  
 094 Bank Commissioner  
 159 Department of Credit Unions  
 028 Accountancy Board  
 100 Board of Barbering  
 149 Board of Cosmetology

**JULIAN EFIRD (6-3535)**

JulianE@klrd.state.ks.us  
 173 Department of Administration (Excluding  
 Health Policy and Finance)  
 710 Department of Wildlife and Parks  
 365 Kansas Public Employees Retirement  
 System  
 450 Kansas Lottery  
 553 Racing and Gaming Commission  
 176 Kansas Development Finance  
 Authority  
 Coordinator, Joint Committee on Information  
 Technology

**BECKY KRAHL (6-3184)**

BeckyK@klrd.state.ks.us  
 521 Department of Corrections  
 177 Ellsworth Correctional Facility  
 195 El Dorado Correctional Facility  
 313 Hutchinson Correctional Facility  
 400 Lansing Correctional Facility  
 408 Larned Correctional Facility  
 581 Norton Correctional Facility  
 660 Topeka Correctional Facility  
 712 Winfield Correctional Facility  
 523 Parole Board

**LEAH ROBINSON (6-4447)**

LeahR@klrd.state.ks.us  
 622 Secretary of State  
 331 Insurance Department  
 252 Governor  
 446 Lieutenant Governor  
 Coordinator, Budget Data

**AMY DECKARD (6-4429)**

AmyD@klrd.state.ks.us  
 039 Department on Aging  
 565 Department of Revenue  
 143 Kansas Corporation Commission  
 122 Citizen Utility Ratepayer Board  
 694 Comm. Veterans Affairs/Soldiers  
 Home/Veterans Home  
 261 Kansas Guardianship Program  
 663 Board of Technical Professions  
 247 Governmental Ethics Commission  
 102 Behavioral Sciences Regulatory Board  
 016 Abstracters Board  
 482 Board of Nursing

**DEBRA HOLLON (6-4396)**

DebraH@klrd.state.ks.us  
 561 Board of Regents  
 246 Fort Hays State University  
 379 Emporia State University  
 367 Kansas State University  
 367 KSU-Veterinary Medical Center  
 367 KSU-Agricultural Extension  
 385 Pittsburg State University  
 682 University of Kansas  
 683 University of Kansas Medical Center  
 715 Wichita State University  
 Coordinator, Joint Committee on State  
 Building Construction

**CAROLYN RAMPEY (6-4404)**

CarolynR@klrd.state.ks.us  
 652 Department of Education  
 677 Judicial Branch  
 082 Attorney General

**AMY VANHOUSE (6-4443)**

AmyV@klrd.state.ks.us  
 264 Department of Health and  
 Environment  
 034 Adjutant General  
 280 Highway Patrol  
 083 Attorney General-Kansas Bureau  
 of Investigation  
 709 Kansas Water Office  
 634 State Conservation Commission  
 234 Fire Marshal  
 206 Emergency Medical Services Board  
 626 Sentencing Commission  
 Coordinator, Fiscal Database  
 Coordinator, Water Plan Fund

**MICHELE ALISHAHI (6-4409)**

MicheleA@klrd.state.ks.us  
 276 Department of Transportation  
 604 School for the Blind  
 610 School for the Deaf  
 349 Judicial Council  
 359 Kansas Arts Commission  
 373 Kansas State Fair Board  
 543 Real Estate Appraisal Board  
 549 Real Estate Commission  
 204 Mortuary Arts Board  
 105 Board of Healing Arts

**AUDREY DUNKEL (6-3183)**

AudreyD@klrd.state.ks.us  
 170 Health Policy Authority (Including Dept. of  
 Admin.- Health Policy and Finance)  
 300 Department of Commerce  
 046 Department of Agriculture  
 360 Kansas Inc.  
 371 Kansas Technology Enterprise Corp.  
 434 State Library  
 Coordinator, Economic Development  
 Initiatives Fund

**SUSAN KANNARR (6-3923)**

SusanK@klrd.state.ks.us  
 629 Dept. of Social and  
 Rehabilitation Services  
 410 Larned State Hospital  
 494 Osawatomie State Hospital  
 555 Rainbow Mental Health Facility  
 363 Kansas Neurological Institute  
 507 Parsons State Hospital  
 270 Health Care Stabilization Board  
 of Governors  
 Coordinator, Children's Initiatives Fund

**MATT SPURGIN (6-4442)**

MattS@klrd.state.ks.us  
 296 Department of Labor  
 670 State Treasurer  
 562 Board of Tax Appeals  
 328 Board of Indigents' Defense Services  
 288 State Historical Society  
 058 Commission on Human Rights  
 167 Dental Board  
 055 Animal Health Department  
 700 Board of Vet. Medical Examiners  
 488 Optometry Board  
 531 Board of Pharmacy  
 266 Hearing Aid Examiners

**AGENCY NUMBER LISTED NEXT TO  
AGENCY NAME****HOUSE APPROPRIATIONS**

DATE 1-11-2006  
 ATTACHMENT 1



## LEGISLATIVE FISCAL ANALYST ASSIGNMENTS—FY 2007

Abstracters Board **AMY DECKARD (6-4429)**  
Accountancy Board **REAGAN CUSSIMANIO (6-4418)**  
Adjutant General **AMY VANHOUSE (6-4443)**  
Administration, Department of **JULIAN EFIRD (6-3535)**  
Aging, Department on **AMY DECKARD (6-4429)**  
Agriculture, Department of **AUDREY DUNKEL (6-3183)**  
Animal Health Department **MATT SPURGIN (6-4442)**  
Arts Commission, Kansas **MICHELE ALISHAHI (6-4409)**  
Atchison Juvenile Correctional Facility **REAGAN CUSSIMANIO (6-4418)**  
Attorney General **CAROLYN RAMPEY (6-4404)**

Bank Commissioner **REAGAN CUSSIMANIO (6-4418)**  
Barbering, Board of **REAGAN CUSSIMANIO (6-4418)**  
Behavioral Sciences Regulatory Board **AMY DECKARD (6-4429)**  
Beloit Juvenile Correctional Facility **REAGAN CUSSIMANIO (6-4418)**

Citizen Utility Ratepayer Board **AMY DECKARD (6-4429)**  
Commerce, Department of **AUDREY DUNKEL (6-3183)**  
Corrections, Department of **BECKY KRAHL (6-3184)**  
Cosmetology, Board of **REAGAN CUSSIMANIO (6-4418)**  
Credit Unions, Department of **REAGAN CUSSIMANIO (6-4418)**

Dental Board **MATT SPURGIN (6-4442)**

Education, State Department of **CAROLYN RAMPEY (6-4404)**  
El Dorado Correctional Facility **BECKY KRAHL (6-3184)**  
Ellsworth Correctional Facility **BECKY KRAHL (6-3184)**  
Emergency Medical Services Board **AMY VANHOUSE (6-4443)**  
Emporia State University **DEBRA HOLLON (6-4396)**

Fair Board, Kansas State **MICHELE ALISHAHI (6-4409)**  
Fire Marshal, State **AMY VANHOUSE (6-4443)**  
Fort Hays State University **DEBRA HOLLON (6-4396)**

Governmental Ethics Commission **AMY DECKARD (6-4429)**  
Governor **LEAH ROBINSON (6-4447)**  
Guardianship Program, Kansas **AMY DECKARD (6-4429)**

Healing Arts, Board of **MICHELE ALISHAHI (6-4409)**  
Health and Environment, Department of **AMY VANHOUSE (6-4443)**  
Health Care Stabilization Bd. of Gov. **SUSAN KANNARR (6-3923)**  
Health Policy Authority, Kansas **AUDREY DUNKEL (6-3183)**  
Hearing Aid Examiners **MATT SPURGIN (6-4442)**  
Highway Patrol **AMY VANHOUSE (6-4443)**  
Human Rights, Commission on **MATT SPURGIN (6-4442)**  
Hutchinson Correctional Facility **BECKY KRAHL (6-3184)**

Indigents' Defense Services, Board of **MATT SPURGIN (6-4442)**  
Insurance Department **LEAH ROBINSON (6-4447)**

Judicial Branch **CAROLYN RAMPEY (6-4404)**  
Judicial Council **MICHELE ALISHAHI (6-4409)**  
Juvenile Justice Authority **REAGAN CUSSIMANIO (6-4418)**

Kansas Bureau of Investigation (Attorney Gen.) **AMY VANHOUSE (6-4443)**  
Kansas Corporation Commission **AMY DECKARD (6-4429)**  
Kansas Development Finance Authority **JULIAN EFIRD (6-3535)**  
Kansas Juvenile Correctional Facility **REAGAN CUSSIMANIO (6-4418)**  
Kansas Inc. **AUDREY DUNKEL (6-3183)**  
Kansas Lottery **JULIAN EFIRD (6-3535)**  
Kansas Neurological Institute **SUSAN KANNARR (6-3923)**  
Kansas Public Employees Retirement System **JULIAN EFIRD (6-3535)**  
Kansas State University **DEBRA HOLLON (6-4396)**  
KSU-Agricultural Extension **DEBRA HOLLON (6-4396)**  
KSU-Veterinary Medical Center **DEBRA HOLLON (6-4396)**  
Kansas Technology Enterprise Corp. **AUDREY DUNKEL (6-3183)**

Labor, Department of **MATT SPURGIN (6-4442)**  
Lansing Correctional Facility **BECKY KRAHL (6-3184)**  
Larned Correctional Facility **BECKY KRAHL (6-3184)**  
Larned Juvenile Correctional Facility **REAGAN CUSSIMANIO (6-4418)**  
Larned State Hospital **SUSAN KANNARR (6-3923)**  
Legislative Coordinating Council **J. G. SCOTT (6-4397)**  
Legislative Research Department **J. G. SCOTT (6-4397)**  
Legislature **J. G. SCOTT (6-4397)**  
Lieutenant Governor **LEAH ROBINSON (6-4447)**

Mortuary Arts Board **MICHELE ALISHAHI (6-4409)**

Norton Correctional Facility **BECKY KRAHL (6-3184)**  
Nursing, Board of **AMY DECKARD (6-4429)**

Optometry Board **MATT SPURGIN (6-4442)**  
Osawatomie State Hospital **SUSAN KANNARR (6-3923)**

Parole Board **BECKY KRAHL (6-3184)**  
Parsons State Hospital **SUSAN KANNARR (6-3923)**  
Pharmacy, Board of **MATT SPURGIN (6-4442)**  
Pittsburg State University **DEBRA HOLLON (6-4396)**  
Post Audit, Division of **J. G. SCOTT (6-4397)**

Racing and Gaming Commission **JULIAN EFIRD (6-3535)**  
Rainbow Mental Health Facility **SUSAN KANNARR (6-3923)**  
Real Estate Appraisal Board **MICHELE ALISHAHI (6-4409)**  
Real Estate Commission **MICHELE ALISHAHI (6-4409)**  
Regents, Board of **DEBRA HOLLON (6-4396)**  
Revenue, Department of **AMY DECKARD (6-4429)**  
Revisor of Statutes **J. G. SCOTT (6-4397)**

School for the Blind **MICHELE ALISHAHI (6-4409)**  
School for the Deaf **MICHELE ALISHAHI (6-4409)**  
Secretary of State **LEAH ROBINSON (6-4447)**  
Securities Commissioner **REAGAN CUSSIMANIO (6-4418)**  
Sentencing Commission **AMY VANHOUSE (6-4443)**  
Social and Rehabilitation Services, Dept. of **SUSAN KANNARR (6-3923)**  
State Conservation Commission **AMY VANHOUSE (6-4443)**  
State Historical Society **MATT SPURGIN (6-4442)**  
State Library **AUDREY DUNKEL (6-3183)**  
State Treasurer **MATT SPURGIN (6-4442)**

Tax Appeals, Board of **MATT SPURGIN (6-4442)**  
Technical Professions, Board of **AMY DECKARD (6-4429)**  
Topeka Correctional Facility **BECKY KRAHL (6-3184)**  
Topeka Juvenile Correctional Facility **REAGAN CUSSIMANIO (6-4418)**  
Transportation, Department of **MICHELE ALISHAHI (6-4409)**

University of Kansas **DEBRA HOLLON (6-4396)**  
University of Kansas Medical Center **DEBRA HOLLON (6-4396)**

Veterans Affairs/Soldiers Home/Veterans Home **AMY DECKARD (6-4429)**  
Veterinary Medical Examiners, Board of **MATT SPURGIN (6-4442)**

Water Office, Kansas **AMY VANHOUSE (6-4443)**  
Wichita State University **DEBRA HOLLON (6-4396)**  
Wildlife and Parks, Department of **JULIAN EFIRD (6-3535)**  
Winfield Correctional Facility **BECKY KRAHL (6-3184)**

Kansas Legislative Research Department  
42066(1/10/6(8:49AM))

**COMMITTEE RULES**  
**2006**  
**KANSAS HOUSE APPROPRIATIONS COMMITTEE**

1. In any case where committee rules do not apply, House Rules shall govern. All powers, duties and responsibilities not addressed herein are reserved to the Chairman.
2. Cellular phones are prohibited in the House Appropriations Committee room, unless audible tones or ringers are disabled.
3. A substitute motion is in order, but no additional substitute motion shall be in order until the prior substitute motion is disposed of.
4. Amendments to motions are not in order except upon consent of the member making the motion and his or her second.
5. A motion to table or take from the table shall be in order only when such item is on the agenda or is taken up by the Chairman. The motion requires a simple majority and is, unless otherwise determined by the Chairman, non-debatable.
6. The intent of all motions regarding provisos or policy shall be submitted in writing with copies available for Committee members and staff.
7. Adjournment is reserved to the Chairman.
8. Calling for the question is reserved to the Chairman.

**HOUSE APPROPRIATIONS**

DATE 1-11-2006  
ATTACHMENT 2



**2006 HOUSE BUDGET COMMITTEES**

**Agriculture and Natural Resources Budget Committee:**

**Committee Chairperson:** Representative Sharon Schwartz

**Committee Members:**

Representative Carl Holmes  
 Representative Joann Freeborn  
 Representative Tom Sloan

Representative Vaughn Flora  
 Representative Larry Powell  
 Representative Jerry Williams

Agency	Fiscal Staff	Final Appropriations Committee Action
Dept. of Health and Environment-Environment	VanHouse	February 9
State Bank Commissioner	Cussimano	February 15
Department of Credit Unions	Cussimano	February 15
Securities Commissioner	Cussimano	February 15
Board of Veterinary Examiners	Spurgin	February 15
State Conservation Commission	VanHouse	February 17
Kansas Water Office	VanHouse	February 17
Department of Wildlife and Parks	Efird	February 17
Department of Agriculture	Dunkel	March 3
Animal Health Department	Spurgin	March 3
Kansas State Fair Board	Alishahi	March 3
Kansas Corporation Commission	Deckard	March 7
Citizens' Utility Ratepayer Board	Deckard	March 7

HOUSE APPROPRIATIONS

DATE 1-11-2006  
 ATTACHMENT 3



**Education Budget Committee:**

**Committee Chairperson:** Representative Becky Hutchins

**Committee Members:**

Representative Lana Gordon  
Representative Steve Huebert  
Representative Carl Krehbiel  
Representative Bob Grant

Representative Joe McLeland  
Representative Kevin Yoder  
Representative Bill Feuerborn  
Representative Tom Sawyer

<b>Agency</b>	<b>Fiscal Staff</b>	<b>Final Appropriations Committee Action</b>
State Library	Dunkel	February 10
Kansas Arts Commission	Alishahi	February 10
School for the Blind	Alishahi	February 10
School for the Deaf	Alishahi	February 10
State Historical Society	Spurgin	February 10
Behavioral Sciences Regulatory Board	Deckard	February 15
Board of Healing Arts	Alishahi	February 15
Fort Hays State University	Hollon	February 21
Kansas State University	Hollon	February 21
KSU - Extension Systems and Agricultural Research	Hollon	February 21
KSU - Veterinary Medical Center	Hollon	February 21
Emporia State University	Hollon	February 21
Pittsburg State University	Hollon	February 21
University of Kansas	Hollon	February 21
University of Kansas Medical Center	Hollon	February 21
Wichita State University	Hollon	February 21
Board of Regents	Hollon	February 21
Department of Education	Rampey	March 2

**General Government and Commerce Budget Committee:**

**Committee Chairperson:** Representative JoAnn Pottorff

**Committee Members:**

Representative Richard Carlson  
 Representative David Huff  
 Representative Clark Shultz

Representative Annie Kuether  
 Representative Bonnie Huy  
 Representative Harold Lane

<b>Agency</b>	<b>Fiscal Staff</b>	<b>Final Appropriations Committee Action</b>
Kansas Lottery	Efird	February 8
Kansas Racing and Gaming Commission	Efird	February 8
Office of the Governor	Robinson	February 14
Lieutenant Governor	Robinson	February 14
Attorney General	Rampey	February 14
Secretary of State	Robinson	February 14
State Treasurer	Spurgin	February 14
Insurance Department	Robinson	February 14
Health Care Stabilization Fund Board	Kannarr	February 14
Board of Barbering	Cussimano	February 15
Board of Cosmetology	Cussimano	February 15
Kansas Dental Board	Spurgin	February 15
Board of Mortuary Arts	Alishahi	February 15
Hearing Aid Board of Examiners	Spurgin	February 15
Optometry Board	Spurgin	February 15
Board of Pharmacy	Spurgin	February 15
Real Estate Appraisal Board	Alishahi	February 15
Real Estate Commission	Alishahi	February 15
Department of Labor	Spurgin	February 16
Department of Commerce	Dunkel	February 20
Kansas Inc.	Dunkel	February 20
Kansas Technology Enterprise Corp.	Dunkel	February 20
Commission on Veterans Affairs	Deckard	February 20
Governmental Ethics Commission	Deckard	March 3
Commission on Human Rights	Spurgin	March 8
Kansas Guardianship Program	Deckard	March 8
Department of Administration	Efird	March 9

**Public Safety Budget Committee:**

**Committee Chairperson:** Representative Bill Light

**Committee Members:**

Representative Mitch Holmes  
Representative Josh Svaty  
Representative Lee Tafanelli

Representative Mary Pilcher-Cook  
Representative Bonnie Sharp  
Representative Melvin Neufeld

<b>Agency</b>	<b>Fiscal Staff</b>	<b>Final Appropriations Committee Action</b>
Juvenile Justice Authority	Cussimano	February 13
Atchinson Juvenile Correctional Facility	Cussimano	February 13
Beloit Juvenile Correctional Facility	Cussimano	February 13
Larned Juvenile Correctional Facility	Cussimano	February 13
Kansas Juvenile Correctional Facility	Cussimano	February 13
Abstracters Board of Examiners	Deckard	February 15
Board of Technical Professions	Deckard	February 15
Adjutant General	VanHouse	March 1
State Fire Marshal	VanHouse	March 1
Kansas Parole Board	Krahl	March 1
Highway Patrol	VanHouse	March 1
Kansas Bureau of Investigation	VanHouse	March 1
Emergency Medical Services Board	VanHouse	March 1
Sentencing Commission	VanHouse	March 1
Board of Indigents' Defense Services	Spurgin	March 6
Department of Corrections	Krahl	March 7
Topeka Correctional Facility	Krahl	March 7
Hutchinson Correctional Facility	Krahl	March 7
Lansing Correctional Facility	Krahl	March 7
Ellsworth Correctional Facility	Krahl	March 7
Larned Correctional Mental Health Facility	Krahl	March 7
Winfield Correctional Facility	Krahl	March 7
Norton Correctional Facility	Krahl	March 7
El Dorado Correctional Facility	Krahl	March 7



**Social Services Budget Committee:**

**Committee Chairperson:** Representative Brenda Landwehr

**Committee Members:**

Representative Willa DeCastro  
Representative John Edmonds  
Representative Peggy Mast  
Representative Arlen Siegfried

Representative Louis Ruiz  
Representative Bob Bethell  
Representative Barbara Ballard  
Representative Jerry Henry

<b>Agency</b>	<b>Fiscal Staff</b>	<b>Final Appropriations Committee Action</b>
Dept. of Health and Environment-Health	VanHouse	February 9
Board of Nursing	Deckard	February 15
Kansas Neurological Institute	Kannarr	March 8
Larned State Hospital	Kannarr	March 8
Osawatomie State Hospital	Kannarr	March 8
Parsons State Hospital	Kannarr	March 8
Rainbow Mental Health Facility	Kannarr	March 8
Division of Health Policy and Finance	Dunkel	March 9
Department on Aging	Deckard	March 9
Health Policy Authority	Dunkel	March 9
Social and Rehabilitation Services	Kannarr	March 10

**Tax, Judicial, Transportation, and Retirement Budget Committee:**

**Committee Chairperson:** Representative Bill McCreary

**Committee Members:**

Representative Eric Carter  
Representative John Grange  
Representative Mike O'Neal

Representative Tom Thull  
Representative Doug Gatewood  
Representative Shari Weber

<b>Agency</b>	<b>Fiscal Staff</b>	<b>Final Appropriations Committee Action</b>
Department of Revenue	Deckard	February 10
Board of Tax Appeals	Spurgin	February 14
Board of Accountancy	Cussimano	February 15
Kansas Department of Transportation	Alishahi	February 17
Kansas Public Employers Retirement System (KPERS)	Efird	March 1
Judicial Council	Alishahi	March 6
Judicial Branch	Rampey	March 6

**Legislative Branch Budget Committee:**

**Committee Chairperson:** Representative Melvin Neufeld

**Committee Members:**

Representative Clay Aurand  
Representative Doug Mays  
Representative Ray Merrick  
Representative Dennis McKinney

Representative Jim Ward  
Representative Eber Phelps  
Representative Joe McLeland

<b>Agency</b>	<b>Fiscal Staff</b>	<b>Final Appropriations Committee Action</b>
Legislative Coordinating Council	Scott	February 14
Legislative Research Department	Scott	February 14
Revisor of Statutes	Scott	February 14
Legislature	Scott	February 14
Division of Post Audit	Scott	February 14

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**All Budget Committees review Capital Improvements**

<b>Agency</b>	<b>Fiscal Staff</b>	<b>Final Appropriations Committee Action</b>
Capital Improvements (all agencies)	All Analysts	



## ASKING KEY QUESTIONS:

### A Legislator's Guide to Using Performance Information

#### Basic questions to ask agencies in budget and program review hearings:

1. What is your program's (or agency's) primary purpose? Which citizens are affected?
2. What key results are expected from this use of taxpayers' funds?
3. What key performance indicators do you use to track progress in attaining these results?
4. What were the results in the most recent years?
5. How do these results compare to your targets? Have any results been unexpectedly good or unexpectedly poor?
6. How do the results compare to other benchmarks, e.g., other states?
7. For which citizen groups have the results been less than desired?  
(Examples: Groups by location, gender, income, age, race/ethnicity, disability, etc.)
8. If any targets were missed, why were those targets missed?
9. What is currently being done to improve deficiencies?
10. What actions does your new/proposed budget include that would improve results?
11. How would the results change if funding is increased by 5 percent?  
Decreased by 5 percent?
12. Which groups of citizens might benefit? Which might lose? To what extent?
13. What other programs and agencies are partners in producing desired results?

Source: *Legislating for Results*, Action Brief 9.  
National Conference of State Legislatures and the  
Urban Institute, 2003

HOUSE APPROPRIATIONS

DATE 1-11-2006  
ATTACHMENT 4

House Appropriations Committee  
Meeting

Thursday, January 12, 2006

- 8:00 a.m. - Depart Statehouse Parking Garage -Visitor Level (P2) by elevator
- 10:30 a.m. - Arrive at Wichita State University and tour National Institute of Aviation Research Center
- 11:30 a.m. - Lunch at Wichita State University
- 12:15 p.m. - Depart WSU for Wellington
- 1:00 p.m. - Tour Challenger Center at Wellington
- 3:00 p.m. - Depart for Topeka
- 6:00 p.m. - Arrive Statehouse in Topeka

**STATUS of the STATE GENERAL FUND IN-BRIEF**

- Actual FY 2005 State General Fund receipts and expenditures:
  - Receipts were \$47.5 million or 1.0 percent above the estimate for FY 2005 (including the "informal" estimate of June, 2005); Of the higher than estimated receipts - \$21.1 million was in corporation income; and \$10.6 million in individual income;
  - Corporate estimated only income tax payments in FY 2005 exceeded estimated payments in FY 2004 by \$57 million or 43 percent, while individual estimated income tax payments in FY 2005 were 10.1 percent above FY 2004 payments. FY 2005 individual income tax withholding payments grew at the rate of 6.1 percent above FY 2004. June, 2005 corporate income tax receipts were the strongest June since 2000. Estimated and withholding payments are key to an expanding state economy.
  - Expenditures were \$34.8 million less than the approved amount by the 2005 Legislature;
  - FY 2005 actual ending balance was \$478.7 million or 10.2 percent of expenditures. Highest previous ending balance was in FY 1999 at \$540.7 million.
- The Consensus Revenue Estimating Group met on November 3, 2005 and adjusted:
  - FY 2006 (current year) State General Fund estimated receipts were increased \$221.0 million or 4.5 percent; Largest positive fall current year revision upward since the Consensus Revenue Estimating Group began meeting in 1975 ;
  - Individual income tax estimate was increased \$100 million; corporate income tax was increased \$50 million; and sales and use tax estimates were increased \$15 million each;
  - FY 2007 estimate projected increased receipts of \$60.4 million or 1.2 percent; Small increase influenced by slower growth rate, sales tax receipts deposited directly to the State Highway Fund and increases in net transfers, in part, related to the Comprehensive Transportation Plan;
  - State General Fund receipts through the end of December were \$24.2 million or 1.0 percent above the estimate; State General Fund taxes only receipts were \$32.8 million or 1.3 percent above the estimate through December.
- FY 2006 profile expenditure adjustments:
  - Allowing for revised Aging and Social and Rehabilitation Services caseload estimates and school finance estimates are projecting savings (mainly due to less-than-anticipated military dependents and higher-than-anticipated valuation increases); Projected ending balance of \$488.8 million or 9.5 percent of expenditures.
- FY 2007 profile expenditure adjustments:
  - Allowing for previously authorized demands (KPERs, Comprehensive Transportation Plan, Aging and Social and Rehabilitation Services caseload estimates; annualization of FY 2006 State employee salary increase, etc.), but no Local Ad Valorem Tax Reduction Fund or County-City Revenue Sharing Fund payments; and
  - If you maintain 7.5 percent ending balance (\$396.4 million) then all other expenditures could be increased by **\$68.0 million**; or
  - If the 7.5 percent ending balance is **not** satisfied then the ending balance would be \$283.4 million or 5.2 percent of expenditures, which would be an additional spending of **\$181.0 million**, but your projected ending balance in FY 2008 would zero.

HOUSE APPROPRIATIONS

DATE 1-11-2006  
ATTACHMENT 6



# KANSAS LEGISLATIVE RESEARCH DEPARTMENT

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November 9, 2005

**To:** Governor Kathleen Sebelius and Legislative Budget Committee

**From:** Kansas Legislative Research Department  
Kansas Division of the Budget

**Re:** State General Fund Receipts for FY 2006 (Revised) and FY 2007

Estimates for the State General Fund (SGF) are developed using a consensus process that involves the Legislative Research Department, Division of the Budget, Department of Revenue, and three consulting economists from state universities. This estimate is the base from which the Governor and the Legislature build the annual budget. The Consensus Group met on November 3, 2005, and significantly increased the FY 2006 estimate and developed the first estimate for FY 2007.

For FY 2006, the estimate was increased by \$221.0 million, or 4.5 percent, above the previous estimate (made in June and subsequently adjusted for legislation enacted during the special session). The overall revised estimate of \$5.158 billion represents a 6.5 percent growth forecast above actual FY 2005 SGF receipts.

The initial SGF estimate for FY 2007 is \$5.218 billion, which is \$60.4 million, or 1.2 percent, above the newly revised FY 2006 figure. A number of factors influence the reduced FY 2007 growth rate, including legislation enacted in 2004 that reduces the amount of sales and use tax receipts deposited directly into the SGF; and significant increases in net transfers as a result of loan repayments to the Kansas Department of Transportation and other agencies.

## **Economic Forecast for Kansas**

The Kansas economy is expected to continue to grow at a relatively robust rate for the balance of FY 2006 as the state continues to recover from the recession. Estimates of nominal Kansas Personal Income (KPI) growth for 2005 and 2006 (5.9 and 5.4 percent) are up substantially from the estimates used by the group in the spring (5.5 and 5.1 percent) for the same two calendar years. A healthy overall employment picture and a modest recovery in the aviation manufacturing sector are expected in the short term to continue to cause income tax withholding and consumer spending to grow at levels not seen since the late 1990s. Although economic growth is expected to continue throughout FY 2007 and beyond, the rate of growth will be declining. Estimates are that Kansas Gross State Product will grow by 5.8 percent in 2005, 5.2 percent in 2006, and 4.7 percent in 2007. The Consensus estimates contained herein are based on a number of such assumptions regarding a moderating rate of growth in the national and state economies.

## **Kansas Personal Income**

KPI in 2004 grew by 5.0 percent over the 2003 level. After estimated KPI growth of 5.9 percent for 2005, the growth rate is expected to decelerate to 5.4 percent for 2006; and to decrease again to 5.1 percent for 2007. Current estimates are that overall U.S. personal income growth will be 5.9 percent for 2005, 6.5 percent for 2006, and 5.7 percent for 2007.

## **Employment**

The employment outlook for Kansas remains healthy. The overall Kansas unemployment rate, which was 5.4 percent in FY 2005, is expected to be 5.2 percent in FY 2006 before dropping to 5.1 percent in FY 2007. Year-over-year job growth continued in September, 2005, for the 19<sup>th</sup> consecutive month, and the average annual number of Kansans employed in FY 2006 is expected to exceed 1.4 million for the first time in state history.

## **Agriculture**

The All Farm Products Index of Prices received by Kansas farmers was 107 in September, compared with 104 a year ago. Kansas' 2005 wheat crop, which was 380 million bushels, represents a 21 percent higher yield than the 2004 crop. High levels of corn, sorghum, and soybean production are expected to push the final 2005 total production of Kansas' four major grain crops to 1.09 billion bushels. Beef prices through September were running significantly ahead of the previous year, although fewer cattle had been marketed thus far in 2005. Higher energy costs remain of a major concern for the agricultural sector, as does export capacity following the summer and fall hurricanes.

## **Oil and Gas**

The average price per taxable barrel of Kansas crude oil is estimated to be \$55.00 for FY 2006 and \$50.00 for FY 2007. Gross oil production in Kansas, which generally had been declining steadily for more than a decade until FY 2000, appears to be stabilizing at around 34 million barrels per year. Half of all Kansas oil produced is not subject to severance taxation because of various exemptions in that law. The price of natural gas, which has been at historically high levels over the summer and fall because of hurricanes and other market forces, is expected to average \$7 per mcf for FY 2006 before declining to \$6.25 per mcf for FY 2007, based on an industry source's analysis of futures markets. Notwithstanding these high prices, production is expected to continue to decline for the foreseeable future as natural gas reserves, especially those in the Hugoton field, are depleted. Natural gas production in FY 2005 of 394 million cubic feet represented a continuing decrease from the recent peak of 730 million cubic feet in FY 1996. The current forecast is for 360 million cubic feet for FY 2006 and 335 million cubic feet for FY 2007.

## **Inflation Rate**

The Consumer Price Index for all Urban consumers (CPI-U) is expected to increase by 3.5 percent in 2005. Unexpected energy price increases attributable to hurricanes and their disruption of energy supplies have caused this figure to be revised upward from the 2.4 percent estimate used last spring. The national forecasts for both 2006 and 2007 call for inflation to return to more moderate levels, 2.8 percent and 2.5 percent, respectively, once the energy supply disruptions have ended.



### Interest Rates

The Pooled Money Investment Board is authorized to make investments in U.S. Treasury and Agency securities, highly rated commercial paper, repurchase agreements, and certificates of deposit of Kansas banks. In FY 2005, the state earned 2.27 percent on its SGF portfolio. The average rate of return forecasted for FY 2006 is 3.57 percent. For FY 2007, the forecasted rate is expected to continue to increase to 4.53 percent.

### Economic Forecasts

	CY 04	CY 05*	CY 06*	CY 07*
KPI Growth	5.0%	5.9%	5.4%	5.1%
Inflation (CPI-U)	2.7%	3.5%	2.8%	2.5%
		FY 05	FY 06*	FY 07*
SGF Interest		2.27%	3.57%	4.53%
Oil and Gas				
Oil Price per bbl	\$	44.46 \$	55.00 \$	50.00
Gross Prod. (000)		33,485	34,000	34,000
Gas Price per mcf	\$	5.13 \$	7.00 \$	6.25
Gas Taxable Value		1,863,574	2,318,400	1,926,250

\* Estimated

### Attached Tables

Table 1 compares the revised FY 2006 and new FY 2007 estimates with actual receipts from FY 2005. Table 2 shows the changes in the FY 2006 estimates relative to the June 14 estimates as subsequently adjusted for legislation enacted during the special session.

### State General Fund Receipts Estimates

**FY 2006.** The revised estimate of SGF receipts for FY 2006 is \$5.158 billion, an increase of \$221.0 million from the previous estimate. It should be noted that the June informal revision for FY 2006 had added \$86 million to the previous estimate made in April. Thus, the new estimate – which factors in all legislation approved during the veto and special sessions – is \$307.0 million more than the April estimate. As noted previously, the overall revised SGF estimate represents a 6.5 percent growth forecast above final FY 2005 receipts. Details of the revised estimate are reflected in Tables 1 and 2.

Each individual SGF source was reevaluated independently and consideration was given to revised and updated economic forecasts, collection information from the Departments of Revenue and Insurance, and year-to-date receipts.



The estimate of total taxes was increased by \$214.7 million, while the estimate of "other revenue" was increased by \$6.3 million. Five tax sources – individual income, corporation income, sales, compensating use, and severance – accounted for \$208.9 million of the increase.

The estimate for individual income taxes was increased by \$100 million. A number of factors contributed to this upward revision, including the increased KPI growth projection, significant growth in withholding tax receipts, and the fact that receipts through October were running \$46 million above the prior fiscal-year-to-date estimate. Final FY 2005 receipts for this source grew by 8.6 percent over the previous year and finished \$10.6 million above the final (June) estimate and \$53.9 million ahead of the April estimate. The revised FY 2006 forecast represents 8.8 percent growth above the actual FY 2005 figure.

The estimate for corporation income taxes, which were running almost \$29 million ahead of the prior fiscal-year-to-date estimate through October, was increased by \$50 million. Continued strong corporate profit forecasts for the balance of 2005, coupled with the overall rebound in the Kansas economy and employment, are among the factors contributing to the recovery in receipts from this source -- now estimated to be \$260 million for FY 2006. Corporation income tax receipts were less than \$94 million as recently as FY 2002.

The sales and use tax estimates were each increased by \$15.0 million, based on strong fiscal-year-to-date receipts. The Department of Revenue reported that more than 80 retailers have voluntarily registered to collect use taxes since October 1, a fact that also contributed to the increase in that estimate. The sales tax growth rate is expected to moderate over the winter relative to the early months of this fiscal year because of the energy price increases and the fact that purchases of motor fuel and residential utility services are exempt from the sales tax.

The overall severance tax estimate was increased by \$28.9 million, with \$20.7 million from the revised natural gas estimate and \$8.2 million from the new oil tax estimate. As noted previously, the change is primarily attributable to the historically high prices for both of these commodities.

The insurance premiums tax estimate also was increased by \$6.0 million. Receipts from this source exceeded the final FY 2005 estimate by more than \$4.8 million.

The aforementioned higher SGF interest rate and increased balances led to an increase of \$8.8 million in interest earnings.

On the negative side, the estimate for agency earnings was decreased by about \$6.2 million; and the estimates for the motor carrier property tax, the estate tax, and the corporation franchise tax were decreased by a combined \$4.0 million.

**FY 2007.** SGF receipts are estimated to be \$5.218 billion in FY 2007, an increase of \$60.4 million or 1.2 percent when compared to the newly revised FY 2006 figure. The growth would have been \$52.7 million more if not for legislation enacted in 2004 that reduced the share of sales and use taxes earmarked for the SGF. The aforementioned loan repayments accounted for \$32.5 million of the increase in transfers out of the SGF. In fact, the reduced growth rate in overall SGF receipts from FY 2006 to FY 2007 is heavily influenced by the more than \$100 million negative change in the net transfers forecast. Severance tax receipts also are expected to decline by almost \$20 million because of slightly lower than expected prices of both oil and gas and decreased production of gas. The individual income tax forecast takes into consideration more modest growth in the economy and in KPI. Corporation income tax receipts are expected to remain at the same level as the previous year, based in part on estimates of little or no growth in corporate profits during 2006. Details of the FY 2007 estimate are shown in Table 1.

**FY 2008 and thereafter.** Although the Consensus Group will not make its initial estimate for FY 2008 until next fall, worthy of note is the fact that a number of provisions in previously enacted legislation will reduce SGF receipts beginning in FY 2008. The 2004 legislation relating to the amount of sales and use taxes deposited in the SGF will be expected to reduce FY 2008 receipts from these sources by a combined \$43.5 million below FY 2007 receipts. Given a 3.5 percent growth assumption, FY 2008 SGF receipts will be \$168.0 million less than they would have been if the 2004 legislation had not been enacted. Legislation enacted in 2002 that conforms the Kansas estate tax exemption threshold with the federal exemption threshold is expected to reduce receipts by \$8.5 million in FY 2008; \$11.2 million in FY 2009; and \$14.7 million in FY 2010. Legislation enacted in 2002 that also increased the tax credit for property taxes paid on commercial and industrial machinery and equipment is expected to reduce receipts by \$5.0 million in FY 2008; \$5.8 million in FY 2009; and \$6.7 million in FY 2010. Legislation enacted in 2005 will reduce the amount of water tax receipts deposited in the SGF by \$2.6 million in both FY 2008 and FY 2009; and by \$2.7 million in FY 2010. Additional legislation enacted in 2005 will reduce severance tax receipts to the SGF by \$5.2 million in FY 2009 and \$7.5 million in FY 2010.

### **Accuracy of Consensus Revenue Estimates**

For 31 years, SGF revenue estimates for Kansas have been developed using the consensus revenue estimating process. Besides the three state agencies identified on the first page, the economists currently involved in the process are Joe Sicilian from the University of Kansas, Ed Olson from Kansas State University, and John Wong from Wichita State University. Each of the entities and individuals involved in the process prepared independent estimates and met on November 3, 2005, to discuss estimates and come to a consensus for each fiscal year.



### STATE GENERAL FUND ESTIMATES

Fiscal Year	Adjusted Original Estimate*	Adjusted Final Estimate**	Actual Receipts	Difference from Original Estimate*		Difference from Final Estimate**	
				Amount	Percent	Amount	Percent
1975	--	\$614.9	\$627.6	--	--	\$12.7	2.1%
1976	\$676.3	699.7	701.2	\$24.9	3.7%	1.4	0.2
1977	760.2	760.7	776.5	16.3	2.1	15.8	2.1
1978	830.1	861.2	854.6	24.5	3.0	(6.5)	(0.8)
1979	945.2	1,019.3	1,006.8	61.6	6.5	(12.5)	(1.2)
1980	1,019.3	1,095.9	1,097.8	78.5	7.7	1.9	0.2
1981	1,197.1	1,226.4	1,226.5	29.4	2.5	0.1	0.0
1982	1,351.3	1,320.0	1,273.0	(78.3)	(5.8)	(47.0)	(3.6)
1983	1,599.2	1,366.9	1,363.6	(235.6)	(14.7)	(3.2)	(0.2)
1984	1,596.7	1,539.0	1,546.9	(49.8)	(3.1)	7.9	0.5
1985	1,697.7	1,679.7	1,658.5	(39.2)	(2.3)	(21.3)	(1.3)
1986	1,731.2	1,666.4	1,641.4	(89.8)	(5.2)	(25.0)	(1.5)
1987	1,903.1	1,764.7	1,778.5	(124.6)	(6.5)	13.8	0.8
1988	1,960.0	2,031.5	2,113.1	153.1	7.8	81.6	4.0
1989	2,007.8	2,206.9	2,228.3	220.5	11.0	21.4	1.0
1990	2,241.2	2,283.3	2,300.5	59.3	2.6	17.2	0.8
1991	2,338.8	2,360.6	2,382.3	43.5	1.9	21.7	0.9
1992	2,478.7	2,454.5	2,465.8	(12.9)	(0.5)	11.3	0.5
1993	2,913.4	2,929.6	2,932.0	18.6	0.6	2.4	0.1
1994	3,040.1	3,126.8	3,175.7	135.6	4.5	48.9	1.6
1995	3,174.4	3,243.9	3,218.8	44.4	1.4	(25.1)	(0.8)
1996	3,428.0	3,409.2	3,448.3	20.3	0.6	39.0	1.1
1997	3,524.8	3,642.4	3,683.8	159.0	4.5	41.4	1.1
1998	3,714.4	3,971.0	4,023.7	309.3	8.3	52.7	1.3
1999	3,844.7	4,051.9	3,978.4	133.7	3.5	(73.4)	(1.8)
2000	4,204.1	4,161.0	4,203.1	(1.0)	0.0	42.1	1.0
2001	4,420.7	4,408.7	4,415.0	(5.7)	(0.1)	6.4	0.1
2002	4,674.5	4,320.6	4,108.9	(565.6)	(12.1)	(211.7)	(4.9)
2003	4,641.0	4,235.6	4,245.6	(395.4)	(9.3)	9.9	0.2
2004	4,605.5	4,450.5	4,518.7	(86.8)	(1.9)	68.2	1.5
2005	4,490.5	4,793.8	4,841.3	350.8	7.8	47.5	1.0

\* The adjusted original estimate is the estimate made in November or December prior to the start of the next fiscal year in July and adjusted to account for legislation enacted, if any, which affected receipts to the SGF.

\*\* The final estimate made in March, April or June is the adjusted original estimate plus or minus changes subsequently made by the Consensus Estimating Group. It also includes the estimated impact of legislation on receipts.

The table (above) presents estimates compared to actual receipts since FY 1975, the fiscal year for which the current process was initiated. First, the adjusted original estimate is compared to actual collections and then the final estimate is compared to actual receipts.



As might be expected, there has usually been a smaller difference between actual receipts and the final estimate because only three months remained in the fiscal year when the final estimate was made. In the last 15 fiscal years, the most significant shortfall in receipts relative to the final estimate was FY 2002 (4.9 percent); while the largest percentage underestimate occurred in FY 1994 (1.6 percent).

### **Concluding Comments**

Consensus revenue estimates are based on current federal and state laws and their current interpretation. The Consensus Group will meet again in April to revise these estimates. Developments which occur between the November and April meeting will be taken into account at that time.

**Table 1**  
**State General Fund Receipts**  
*(Dollars In Thousands)*

	Consensus Estimates, November 3, 2005					
	FY 2005 (Actual)		FY 2006 (Revised)		FY 2007	
	Amount	Percent Change	Amount	Percent Change	Amount	Percent Change
<b>Property Tax:</b>						
Motor Carrier	\$20,454	4.9 %	\$22,000	7.6 %	\$23,000	4.5 %
Motor Vehicle	1,801	(96.1)	25	--	--	--
Ad Valorem	538	16.9	775	--	--	--
Total	\$22,793	(34.4) %	\$22,800	0.0 %	\$23,000	0.9 %
<b>Income Taxes:</b>						
Individual	\$2,050,562	8.6 %	\$2,230,000	8.8 %	\$2,360,000	5.8 %
Corporation	226,072	60.1	260,000	15.0	260,000	--
Financial Inst.	22,063	(13.3)	23,000	4.2	24,000	4.3
Total	\$2,298,697	11.9 %	\$2,513,000	9.3 %	\$2,644,000	5.2 %
Estate Tax	\$51,853	7.9 %	\$51,000	(1.6) %	\$52,000	2.0 %
<b>Excise Taxes:</b>						
Retail Sales	\$1,647,663	2.2 %	\$1,715,000	4.1 %	\$1,729,000	0.8 %
Compensating Use	244,755	14.1	265,000	8.3	268,000	1.1
Cigarette	118,979	(0.7)	118,000	(0.8)	117,000	(0.8)
Tobacco Products	5,039	5.0	5,000	(0.8)	5,000	--
Cereal Malt Bev.	2,077	(4.1)	2,000	(3.7)	2,000	--
Liquor Gallonage	15,736	(0.7)	16,000	1.7	16,000	--
Liquor Enforcement	41,904	4.1	44,000	5.0	45,500	3.4
Liquor Drink	7,444	4.1	7,700	3.4	7,900	2.6
Corp. Franchise	47,095	28.0	45,000	(4.4)	46,000	2.2
Severance	103,390	22.2	131,100	26.8	111,800	(14.7)
Gas	75,415	14.2	93,400	23.8	77,600	(16.9)
Oil	27,975	50.5	37,700	34.8	34,200	(9.3)
Total	\$2,234,082	4.5 %	\$2,348,800	5.1 %	\$2,348,200	-- %
<b>Other Taxes:</b>						
Insurance Prem.	\$106,828	-- %	\$110,000	3.0 %	\$112,000	1.8 %
Miscellaneous	4,291	(2.2)	4,300	0.2	4,300	--
Total	\$111,119	(0.1) %	\$114,300	2.9	\$116,300	1.7 %
Total Taxes	\$4,718,544	7.6 %	\$5,049,900	7.0 %	\$5,183,500	2.6 %
<b>Other Revenues:</b>						
Interest	\$23,257	67.7 %	\$62,800	170.0 %	\$87,300	39.0 %
Net Transfers	23,562	40.9	(14,800)	--	(115,000)	--
Agency Earnings	75,908	(24.8)	60,000	(21.0)	62,500	4.2
Total	\$122,727	(6.7) %	\$108,000	(12.0) %	\$34,800	42.0 %
Total Receipts	\$4,841,271	7.1 %	\$5,157,900	6.5 %	\$5,218,300	1.2 %

Table 2

**State General Fund Receipts – Comparison of Estimates for FY 2006**  
**Made on June 14, 2005, as adjusted, with those made on November 3, 2005**  
*(Dollars in Thousands)*

	Estimate* 6/14/05	Revised Estimate 11/3/05	Difference	
			Amount	Percent Change
<b>Property Tax:</b>				
Motor Carrier	\$24,000	\$22,000	\$(2,000)	(8.3) %
Motor Vehicle	--	25	25	--
Ad Valorem	--	775	775	--
<b>Total</b>	<b>\$24,000</b>	<b>\$22,800</b>	<b>\$(1,200)</b>	<b>(5.0) %</b>
<b>Income Taxes:</b>				
Individual	\$2,130,000	\$2,230,000	\$100,000	4.7 %
Corporation	210,000	260,000	50,000	23.8
Financial Inst.	22,000	23,000	1,000	4.5
<b>Total</b>	<b>\$2,362,000</b>	<b>\$2,513,000</b>	<b>\$151,000</b>	<b>6.4 %</b>
Estate Tax	\$52,000	\$51,000	\$(1,000)	(1.9) %
<b>Excise Taxes:</b>				
Retail Sales	\$1,700,000	\$1,715,000	\$15,000	0.9 %
Compensating Use	250,000	265,000	15,000	6.0
Cigarette	116,500	118,000	1,500	1.3
Tobacco Products	5,000	5,000	--	--
Cereal Malt Beverage	2,000	2,000	--	--
Liquor Gallonage	15,500	16,000	500	3.2
Liquor Enforcement	44,000	44,000	--	--
Liquor Drink	7,700	7,700	--	--
Corp. Franchise	46,000	45,000	(1,000)	(2.2)
Severance	102,200	131,100	28,900	28.3
Gas	72,700	93,400	20,700	28.5
Oil	29,500	37,700	8,200	27.8
<b>Total</b>	<b>\$2,288,900</b>	<b>\$2,348,800</b>	<b>\$59,900</b>	<b>2.6 %</b>
<b>Other Taxes:</b>				
Insurance Premium	\$104,000	\$110,000	\$6,000	5.8 %
Miscellaneous	4,300	4,300	--	--
<b>Total</b>	<b>\$108,300</b>	<b>\$114,300</b>	<b>\$6,000</b>	<b>5.5 %</b>
<b>Total Taxes</b>	<b>\$4,835,200</b>	<b>\$5,049,900</b>	<b>\$214,700</b>	<b>4.4 %</b>
<b>Other Revenues:</b>				
Interest	\$54,000	\$62,800	\$8,800	16.3 %
Net Transfers	(18,432)	(14,800)	3,632	--
Agency Earnings	66,152	60,000	(6,152)	(9.3)
<b>Total Other Revenue</b>	<b>\$101,720</b>	<b>\$108,000</b>	<b>\$6,280</b>	<b>6.2 %</b>
<b>Total Receipts</b>	<b>\$4,936,920</b>	<b>\$5,157,900</b>	<b>\$220,980</b>	<b>4.5 %</b>

\* As adjusted for legislation enacted during the 2005 Special Session.



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January 6, 2006

To: Legislative Budget Committee

## STATE GENERAL FUND (SGF) RECEIPTS July through December, FY 2006

This is the second monthly report based on the revised estimate of SGF receipts in FY 2006 made by the Consensus Revenue Estimating Group on November 3, 2005. The figures in both the "Estimate" and "Actual" columns under FY 2006 on the following table include actual amounts received in July-October. Thus, the report essentially deals with the difference between the estimated and actual receipts in November and December.

**Total receipts through December of FY 2006 were \$24.2 million, or 1.0 percent, above the estimate.** The component of SGF receipts from taxes only was \$31.8 million, 1.3 percent, above the estimate. Total receipts through November of FY 2006 were \$6.9 million, or 0.3 percent, above the estimate and taxes only were \$0.5 million, or 0.0 percent, above the estimate.

Generally, a comparison of only two months is of little value in identifying a trend for the remainder of the year, as the timing and processing of receipts substantially can affect comparisons of the estimate with actual receipts over such a short period of time. In addition, receipts through the end of January will include sales tax receipts on Christmas business and individual income tax estimated payments due in January. Both of these factors will make the January report more helpful in ascertaining a picture of SGF receipts.

Taxes that **exceeded** the estimate by more than \$1.0 million were: corporate income (\$29.4 million, or 25.6 percent); insurance premiums (\$2.8 million, or 6.6 percent); estate (\$2.0 million, or 8.4 percent); and severance (\$1.6 million, or 2.5 percent). December is an estimated corporate income tax payment month, and the amount of such payments last month represented the highest December amount in over 20 years. The estate tax receipts were influenced by one payment in excess of \$1.5 million.

Taxes that fell **below** the estimate by more than \$1.0 million were individual income (\$1.9 million, or 0.2 percent) and retail sales (\$1.6 million, or 0.2 percent).

Interest earnings and agency earnings both fell below the estimate by \$1.4 million and \$7.5 million, respectively. Net receipts from unclaimed property, part of agency earnings, were less than anticipated. Net transfers were \$1.4 million greater than expected.

**Total SGF receipts through December of FY 2006 were \$215.0 million, or 9.5 percent, above FY 2005 for the same period. Tax receipts only for the same period exceeded FY 2005 by \$214.4 million, or 9.7 percent.** Individual income and corporate income taxes increased by

\$90.4 million (9.7 percent) and \$53.2 million (58.4 percent), respectively, when comparing this period to the same period in FY 2005. Retail sales taxes increased by \$38.2 million (4.6 percent), again, when comparing the July through December receipts of FY 2006 to FY 2005.

This report excludes the July 1 deposit to the SGF of \$450 million pursuant to issuance of a certificate of indebtedness. That certificate will be discharged prior to the end of the fiscal year.

**STATE GENERAL FUND RECEIPTS**  
**July-December, FY 2006**  
(dollar amounts in thousands)

	Actual FY 2005	FY 2006			Percent increase relative to:	
		Estimate*	Actual	Difference	FY 2005	Estimate
<b>Property Tax:</b>						
Motor Carriers	\$ 12,350	\$ 13,000	\$ 13,283	\$ 283	7.6%	2.2%
General Property	438	25	24	(1)	(94.6)	(5.1)
Motor Vehicle	924	775	983	208	6.3	26.8
<b>Total</b>	<b>\$ 13,712</b>	<b>\$ 13,800</b>	<b>\$ 14,289</b>	<b>\$ 489</b>	<b>4.2%</b>	<b>3.5%</b>
<b>Income Taxes:</b>						
Individual	\$ 928,678	\$ 1,021,000	\$ 1,019,070	\$ (1,930)	9.7%	(0.2)%
Corporation	91,001	114,800	144,225	29,425	58.5	25.6
Financial Inst.	7,996	11,800	11,922	122	49.1	1.0
<b>Total</b>	<b>\$ 1,027,676</b>	<b>\$ 1,147,600</b>	<b>\$ 1,175,216</b>	<b>\$ 27,616</b>	<b>14.4%</b>	<b>2.4%</b>
<b>Estate Tax</b>	<b>\$ 32,535</b>	<b>\$ 24,000</b>	<b>\$ 26,020</b>	<b>\$ 2,020</b>	<b>(20.0)%</b>	<b>8.4%</b>
<b>Excise Taxes:</b>						
Retail Sales	\$ 827,253	\$ 867,000	\$ 865,428	\$ (1,572)	4.6%	(0.2)%
Comp. Use	117,896	135,000	134,048	(952)	13.7	(0.7)
Cigarette	59,192	60,000	59,342	(658)	0.3	(1.1)
Tobacco Prod.	2,599	2,550	2,519	(31)	(3.1)	(1.2)
Cereal Malt Bev.	1,108	1,085	1,083	(2)	(2.3)	(0.2)
Liquor Gallonage	8,103	8,350	8,710	360	7.5	4.3
Liquor Enforce.	20,997	22,100	21,687	(413)	3.3	(1.9)
Liquor Drink	3,626	3,850	3,859	9	6.4	0.2
Corp. Franchise	12,930	10,000	10,150	150	(21.5)	1.5
Severance	49,650	62,700	64,290	1,590	29.5	2.5
Gas	36,273	44,500	46,930	2,430	29.4	5.5
Oil	13,377	18,200	17,360	(840)	29.8	(4.6)
<b>Total</b>	<b>\$ 1,103,356</b>	<b>\$ 1,172,635</b>	<b>\$ 1,171,117</b>	<b>\$ (1,518)</b>	<b>6.1%</b>	<b>(0.1)%</b>
<b>Other Taxes:</b>						
Insurance Prem.	\$ 41,626	\$ 43,300	\$ 46,145	\$ 2,845	10.9%	6.6%
Miscellaneous	1,858	2,000	2,330	330	25.4	16.5
<b>Total</b>	<b>\$ 43,483</b>	<b>\$ 45,300</b>	<b>\$ 48,475</b>	<b>\$ 3,175</b>	<b>11.5%</b>	<b>7.0%</b>
<b>Total Taxes</b>	<b>\$ 2,220,762</b>	<b>\$ 2,403,335</b>	<b>\$ 2,435,118</b>	<b>\$ 31,783</b>	<b>9.7%</b>	<b>1.3%</b>
<b>Other Revenue:</b>						
Interest	\$ 9,914	\$ 27,700	\$ 26,254	\$ (1,446)	164.8%	(5.2)%
Transfers (net)	\$ (17,491)	\$ (13,940)	\$ (12,587)	\$ 1,353	(28.0)	-
Agency Earnings and Misc.	\$ 51,063	\$ 38,000	\$ 30,484	\$ (7,516)	(40.3)	(19.8)
<b>Total</b>	<b>\$ 43,486</b>	<b>\$ 51,760</b>	<b>\$ 44,151</b>	<b>\$ (7,609)</b>	<b>1.5%</b>	<b>(14.7)%</b>
<b>TOTAL RECEIPTS</b>	<b>\$ 2,264,248</b>	<b>\$ 2,455,095</b>	<b>\$ 2,479,269</b>	<b>\$ 24,174</b>	<b>9.5%</b>	<b>1.0%</b>

\* Consensus estimate as of November 3, 2005.

Excludes \$450 million to State General Fund due to issuance of a certificate of indebtedness.

NOTES: Details may not add to totals due to rounding.



6-14

**FY 2007 - \$68 million Increase**

**STATE GENERAL FUND RECEIPTS, EXPENDITURES AND BALANCES  
AS PROJECTED FY 2004-FY 2008  
In Millions**

**(Reflects the Estimates of the Consensus Revenue Estimating Group as of November 3, 2005)**

	Actual FY 2004	Actual FY 2005	Revised FY 2006	Projected FY 2007	Projected FY 2008
Beginning Balance	\$ 122.7	\$ 327.4	\$ 481.0	\$ 488.8	\$ 396.4
Released Encumbrances	2.4	2.4	0.0	0.0	0.0
Receipts (November 2005 Consensus)	4,518.9	4,841.3	5,157.9	5,218.3	5,279.9
Adjusted Receipts	4,518.9	4,841.3	5,157.9	5,218.3	5,279.9
Total Available	\$ 4,644.0	\$ 5,171.1	\$ 5,638.9	\$ 5,707.1	\$ 5,676.3
Reserve for Additional Expenditures or Revenue Reduction	-	-	-	68.0	68.0
Less All Other Expenditures	4,316.6	4,690.1	5,150.1	5,242.7	5,382.3
Total Expenditures	4,316.6	4,690.1	5,150.1	5,310.7	5,450.3
Ending Balance	\$ 327.4	\$ 481.0	\$ 488.8	\$ 396.4	\$ 226.0
Ending Balance as a Percentage of Expenditures	7.6%	10.3%	9.5%	7.5%	4.1%

1) Actual FY 2005 and FY 2006 expenditures as approved by the 2005 Legislature, including \$31.6 million in expenditures shifted forward from FY 2005 to FY 2006. FY 2006 and FY 2007 estimated expenditures also reflect the SRS, Aging and Department of Administration consensus caseload adjustments of October 28, 2005 and the latest school finance estimates of November 16, 2005.

2) FY 2006 revised receipts and FY 2007 projected receipts reflect the estimates of the Consensus Revenue Estimating Group as of November 3, 2005.

3) FY 2008 base receipts assume a four percent growth; and expenditures include out-year significant obligations (i.e., SRS and Aging caseloads).

4) Additional school finance expenditures as authorized by the 2005 Session of the Legislature and the 2005 Special Session of the Legislature.

6-15

**FY 2007 - \$181 million Increase**

**STATE GENERAL FUND RECEIPTS, EXPENDITURES AND BALANCES  
AS PROJECTED FY 2004-FY 2008  
In Millions  
(Reflects the Estimates of the Consensus Revenue Estimating Group as of November 3, 2005)**

	Actual FY 2004	Actual FY 2005	Revised FY 2006	Projected FY 2007	Projected FY 2008
Beginning Balance	\$ 122.7	\$ 327.4	\$ 481.0	\$ 488.8	\$ 283.4
Released Encumbrances	2.4	2.4	0.0	0.0	0.0
Receipts (November 2005 Consensus)	4,518.9	4,841.3	5,157.9	5,218.3	5,279.9
Adjusted Receipts	4,518.9	4,841.3	5,157.9	5,218.3	5,279.9
Total Available	\$ 4,644.0	\$ 5,171.1	\$ 5,638.9	\$ 5,707.1	\$ 5,563.3
Reserve for Additional Expenditures or Revenue Reduction	-	-	-	<b>181.0</b>	181.0
Less All Other Expenditures	4,316.6	4,690.1	5,150.1	5,242.7	5,382.3
Total Expenditures	4,316.6	4,690.1	5,150.1	5,423.7	5,563.3
Ending Balance	\$ 327.4	\$ 481.0	\$ 488.8	\$ 283.4	\$ <b>0.0</b>
Ending Balance as a Percentage of Expenditures	7.6%	10.3%	9.5%	5.2%	<b>0.0%</b>

1) Actual FY 2005 and FY 2006 expenditures as approved by the 2005 Legislature, including \$31.6 million in expenditures shifted forward from FY 2005 to FY 2006. FY 2006 and FY 2007 estimated expenditures also reflect the SRS, Aging and Department of Administration consensus caseload adjustments of October 28, 2005 and the latest school finance estimates of November 16, 2005.

2) FY 2006 revised receipts and FY 2007 projected receipts reflect the estimates of the Consensus Revenue Estimating Group as of November 3, 2005.

3) FY 2008 base receipts assume a four percent growth; and expenditures include out-year significant obligations (i.e., SRS and Aging caseloads).

4) Additional school finance expenditures as authorized by the 2005 Session of the Legislature and the 2005 Special Session of the Legislature.