

February 10, 2025

The Honorable Rick Billinger, Chairperson
Senate Committee on Ways and Means
300 SW 10th Avenue, Room 548-S
Topeka, Kansas 66612

Dear Senator Billinger:

SUBJECT: Fiscal Note for SB 181 by Senate Committee on Ways and Means

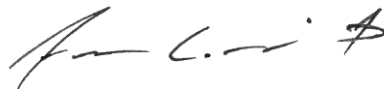
In accordance with KSA 75-3715a, the following fiscal note concerning SB 181 is respectfully submitted to your committee.

SB 181 would limit the amount of expenditures and transfers from the State General Fund (SGF) authorized by the Legislature during the 2026 Legislative Session and in each future Legislative Session that would not exceed the total amount of monies authorized to be expended or transferred from the SGF during the immediately preceding fiscal year multiplied by the inflation factor during the immediately preceding fiscal year plus any percentage change in population in the preceding fiscal year. The inflation factor would use the Consumer Price Index for All Urban Consumers in the Midwest Region as published by the Bureau of Labor Statistics of the U.S. Department of Labor and the population factor would use the population figures available from the U.S. Census Bureau certified to the Secretary of State by the Division of the Budget. The product of this calculation would be the maximum amount of expenditures and transfers from the SGF that could be authorized for that fiscal year by the Legislature. If the multiplier is a negative number, the total amount of monies authorized to be expended or transferred from the SGF for the next fiscal year would not exceed the total amount authorized in the immediately preceding fiscal year. Annually, on or before September 1, the maximum amount for the next fiscal year would be certified by the State Treasurer in consultation with the Director of the Budget and the Director of Legislative Research. Beginning in FY 2027, the Legislature or any committee could not submit legislation reflecting the Legislature's budget that would exceed the maximum amount of expenditures and transfers from the SGF certified by the State Treasurer. Beginning in FY 2027, the Governor would be required to submit a detailed budget plan and legislation that does not exceed the maximum amount of expenditures and transfers from the SGF certified by the State Treasurer.

The fiscal effect of SB 181 is that an annual expenditure and transfer cap would be placed on the State General Fund based on the formula contained in the bill. The Division of the Budget indicates that SB 181 has the potential to prevent a future Governor or Legislature from proposing early debt retirement which could affect long-term interest costs. The bill could prevent a Governor or Legislature from making transfers to the Budget Stabilization Fund or performing other extraordinary measures that could be required to adequately respond to natural disasters, pandemics, or terroristic threats without impacting state operations of selected or all state agencies. The degree to which this might occur would vary on a yearly basis. The Division of the Budget and Kansas Legislative Research Department indicate that the bill would not have a fiscal effect on each of their operations.

The State Treasurer indicates the bill would require it to annually certify, in consultation with the Director of the Budget and the Director of Legislative Research, the maximum amount of expenditures and transfers from the SGF for the next fiscal year. The State Treasurer indicates that the administrative costs to implement the bill are estimated to be negligible and could be absorbed within existing resources.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam C. Proffitt". The signature is fluid and cursive, with a distinct flourish at the end.

Adam C. Proffitt
Director of the Budget

cc: Shirley Morrow, Legislative Research
John Hedges, Office of the State Treasurer
Jeffrey Arpin, Division of the Budget