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MEMORANDUM

To: Senate Committee on Ways and Means
From: Jill Ann Wolters, Senior Assistant Revisor
Date: January 31, 2012
Subject: Senate Concurrent Resolution No. 1611, contingency reserve fund

Senate Concurrent Resolution No. (SCR) 1611 adds a new section 14, to article 11 of the Kansas constitution establishing a contingency reserve fund in the state treasury on July 1, 2013.

SCR 1611 would:

(1) Require that annually, when state tax receipts for a fiscal year increase by more than 3% over the state tax receipts for the preceding fiscal year, up to the next 1% of state tax receipts collected in excess of 3% shall be deposited in the contingency reserve fund. Nothing in the amendment would require state tax receipts to be deposited in the contingency reserve fund when the contingency reserve fund balance exceeds 15% of the preceding fiscal year's state tax receipts.

(2) Allow the legislature, by law, to provide for additional amounts of state tax receipts to be deposited in the contingency reserve fund.

(3) Allow, by a separate act of the legislature, withdrawals from the contingency reserve fund to occur:

(A) In the current fiscal only when the current fiscal year's estimated state tax receipts are less than the amount of actual state tax receipts collected or otherwise received in the preceding fiscal year. The amount withdrawn shall not exceed the difference between the current fiscal year's estimated state tax receipts and the amount of actual state tax receipts collected in the preceding fiscal year except that such difference shall be reduced by the amount of the current fiscal year's estimated state tax receipts not collected as a result of any kind of tax reduction legislation enacted by the legislature and approved by the governor in the current or preceding fiscal year; or

(B) in the ensuing fiscal year only when the ensuing fiscal year's estimated state tax receipts are less than the amount of estimated state tax receipts in the current fiscal year. The amount withdrawn shall not exceed the difference between the ensuing fiscal year's estimated state tax receipts and the amount of estimated state tax receipts in the current fiscal year except that such difference shall be reduced by the amount of the ensuing fiscal year's estimated state tax receipts not collected as a result of any kind of tax reduction legislation enacted by the legislature and approved by the governor in the current or preceding fiscal year.

The attorney general is responsible for determining whether tax reduction

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Attachment: 1

legislation was enacted and approved and the governor is responsible for certifying the amount of such reduction.

(4) Provide that amounts in the contingency reserve fund may be invested as provided by law and the earnings retained in the contingency reserve fund.

(5) Define "state tax receipts" to mean receipts from any state income tax, sales tax, compensating use tax or other excise tax or tax in the nature of an excise tax, or estate or inheritance tax, or tax in the nature of an estate or inheritance tax, but shall not include receipts from any property tax, or tax in the nature of a property tax, or any tax on motor fuels.

The resolution, if approved by two-thirds of the members of the House and Senate, would be submitted to the electors of the state at the general election in the year 2012 unless a special election is called at a sooner date by concurrent resolution of the legislature, in which case it shall be submitted to the electors of the state at the special election.

This amendment is similar to 2011 HCR 5011, which is currently referred to House Taxation Committee. That resolution also created a debt prepayment fund. Also, in 2010, SCR 1614 created a budget stabilization fund and debt prepayment fund. That resolution died in conference committee.