

SENATOR, 18TH DISTRICT
234 SW Greenwood Ave.
TOPEKA, KANSAS 66606-1228
(785) 357-5304

STATE CAPITOL, ROOM 125-E
TOPEKA, KANSAS 66612
(785) 296-7365
laura.kelly@senate.ks.gov



SENATOR LAURA KELLY
ASSISTANT MINORITY LEADER

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Testimony on SCR 1611
Senate Ways and Means
February 7, 2012

SCR 1611, should it pass the Legislature and be approved by Kansas voters in November, 2012, would establish a constitutionally-mandated contingency reserve fund, known less formally as a Rainy Day Fund, effective July 1, 2013.

How would it work?

- Every fiscal year when state tax receipts (defined on page 2, lines 33-38) increase by more than 3% over the previous fiscal year, the excess over 3% up to 1%, will automatically be deposited in the Rainy Day Fund.
- When the RDF balance exceeds 15% of the preceding year's receipts, no additional funds have to be deposited. They can be, but don't have to be.
- The legislature can decide to deposit other monies in the RDF (any or all of the first 3% of excess, any or all of the excess over 4%) but only the excess between the 3% and 4% is mandated.
- Withdrawals from the Rainy Day Fund may be made by a simple majority vote of the Legislature and signature of the Governor whenever state tax receipts for the current fiscal year are less than receipts for the previous fiscal year.
- Withdrawals are capped at the amount of the deficit. Any deficit caused by tax reduction legislation passed in the previous or current fiscal year must be subtracted from the total deficit to determine the amount that can be withdrawn from the RDF.
- The Attorney General would certify the amount of any tax reduction.
- Withdrawals would be presented to the Legislature in a separate, unique bill that could contain no other matter.

Kansas is one of three states without a Rainy Day Fund (Arkansas and Montana, the others). In preparing SCR 1611, other states' rainy day funds were studied, research from the Washington DC-based Institute on Taxation and Economic Policies, and the Center on Budget and Policy Priorities was reviewed. The final product represents "best practice" as outlined by these organizations.

There is no better time than the present to create a Rainy Day Fund for Kansas. Revenues are up and the scars of the recession are still fresh. There is nothing better we could do for our state than to protect it from the inevitable next economic downturn.

Senate Ways and Means
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