

January 28, 2011

The Honorable Jean Schodorf, Chairperson
Senate Committee on Education
Statehouse, Room 236-E
Topeka, Kansas 66612

Dear Senator Schodorf:

SUBJECT: Fiscal Note for SB 28 by Legislative Educational Planning Committee

In accordance with KSA 75-3715a, the following fiscal note concerning SB 28 is respectfully submitted to your committee.

SB 28 would require that the interest earnings from the Johnson County Education Research Triangle sales tax be transferred from the State General Fund to the Johnson County Education Research Triangle Fund of the University of Kansas, the University of Kansas Medical Center, and Kansas State University. The Department of Revenue currently collects the Johnson County Education Research Triangle sales tax at the same time and manner that other state and local sales taxes are collected and the revenue collected is deposited in the state treasury and paid out at least on a quarterly basis. This bill would require that the interest earnings from these deposits be transferred by the tenth day of each month, and would be determined by the average daily balance in each of the respective funds in the preceding month, and the net earnings rate for the Pooled Money Investment Board (PMIB) portfolio for the preceding month.

The Board of Regents estimates that SB 28 would decrease State General Fund revenues by approximately \$4,320 in FY 2012 and would also have a corresponding increase in revenue to the Johnson County Education Research Triangle Fund of the University of Kansas, the University of Kansas Medical Center, and Kansas State University. To formulate these estimates, the Board of Regents reviewed data on the average daily balances of these funds and the estimated net earnings rate for the PMIB portfolio. For FY 2012, each of these three funds are estimated to have an average daily balance of approximately \$60,000 and the net earnings rate for the PMIB portfolio is estimated to be 0.24 percent, which would produce a total of \$4,320 in interest earnings ($\$60,000 \times 3 \text{ funds} \times 0.24 \text{ percent}$).

The Department of Administration indicates that the costs associated with calculating and transferring interest earnings on a monthly basis would be negligible and could be absorbed

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within existing resources. Any fiscal effect associated with SB 28 is not reflected in *The FY 2012 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Steven J. Anderson", with a long horizontal flourish extending to the right.

Steven J. Anderson, CPA, MBA
Director of the Budget

cc: Steve Neske, Revenue
Melissa Wangemann, KS Association of Counties
Diane Duffy, Board of Regents
Pat Higgins, Administration