

SESSION OF 2012

**SUPPLEMENTAL NOTE ON SENATE CONCURRENT
RESOLUTION NO. 1611**

As Recommended by Senate Committee on
Ways and Means

Brief*

SCR 1611 would add 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 require that every fiscal year, when state tax receipts increase by more than 3.0 percent over the previous fiscal year, the excess over 3.0 percent (up to 1.0 percent), would automatically be deposited in the Contingency Reserve Fund. When the fund's balance exceeds 15.0 percent of the preceding year's receipts, no additional funds are required to be deposited, although the Legislature would be authorized to deposit additional amounts of state tax receipts.

By separate act of the Legislature, withdrawals from the Contingency Reserve Fund could be made by a simple majority vote of the Legislature whenever state tax receipts for the current fiscal year are less than receipts for the previous fiscal year. Withdrawals could not exceed the difference between the current fiscal year's estimated tax receipts and the amount of actual state tax receipts collected in the preceding fiscal year. That difference also would be reduced by the amount of the current fiscal year's estimated 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.

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

In an ensuing fiscal year, withdrawals could be made 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 The amount withdrawn could not exceed the difference between the ensuing fiscal year's estimated tax receipts and the amount of estimated state tax receipts in the current fiscal year. That difference would also be reduced by the amount of the ensuing fiscal year's estimated 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 would be responsible for whether tax reduction legislation was enacted and approved, and the Governor would be responsible for certifying the amount of the reduction.

SCR 1611 also provides amounts in the Contingency Reserve Fund could be invested, as provided by law, and the earnings retained in the fund.

In addition, the Resolution defines "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 specifically excludes 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 2012, unless a special election is called at a sooner date by Concurrent Resolution of the Legislature.

Background

Senator Laura Kelly testified in support of SCR 1611.

The Kansas Chamber of Commerce submitted written testimony in opposition to the Resolution.

The Division of the Budget does not submit fiscal notes on Concurrent Resolutions. Information provided by the Secretary of State's office estimates state costs of \$79,145 for publishing the Resolution and estimates costs to the counties of \$76,000 for ballot programming.