

MINUTES

JOINT LEGISLATIVE BUDGET COMMITTEE

December 11, 2014
Room 548-S—Statehouse

Members Present

Senator Ty Masterson-Chairperson
Senator Jim Denning
Representative Marvin Kleeb
Representative Jerry Henry
Representative Ron Ryckman, Jr.
Representative Gene Suellentrop

Members Absent

Senator Laura Kelly
Senator Anthony Hensley, (appointed substitute member to the committee)

Staff Present

Raney Gilliland, Kansas Legislative Research Department
J G Scott, Kansas Legislative Research Department
Bobbi Mariani, Kansas Legislative Research Department
Dylan Dear, Kansas Legislative Research Department
Shirley Morrow, Kansas Legislative Research Department
Amy Decker, Kansas Legislative Research Department
Aaron Klaassen, Kansas Legislative Research Department
David Fye, Kansas Legislative Research Department
Ben Wilhelm, Kansas Legislative Research Department
Andy Chiamopoulos, Kansas Legislative Research Department
Mark Skoglund, Kansas Legislative Research Department
Dezeree Hodish, Kansas Legislative Research Department
Jen Ouellette, Kansas Legislative Research Department
Chris Courtwright, Kansas Legislative Research Department
Mark Savoy, Kansas Legislative Research Department
Debbie Luper, Office of Revisor of Statutes
Jill Wolters, Office of Revisor of Statutes
Nobuko Folmsbee, Office of Revisor of Statutes
Daniel Yoza, Office of Revisor of Statutes
David Wiese, Office of Revisor of Statutes
Dee Heideman, Committee Assistant

The meeting was called to order by Chairperson Ty Masterson at 10:03 am.

After calling the meeting to order, Chairperson Masterson introduced two new members to the Joint Legislative Budget Committee, Representatives Ryckman Jr, and Kleeb. He informed the Committee members, Senator Hensley would be attending the meeting in the absence of Senator Kelly, who was unable to attend.

Chairperson Masterson reported the purpose of the interim Joint Legislative Budget Committee meeting was to gather information in order to gauge where the state stands financially concerning consensus estimates versus actual figures and to formulate a plan for the remaining six months of the FY 2014 fiscal year and going forward into FY 2015.

Chris Courtwright, Principal Economist, Kansas Legislative Research Department (KLRD) explained the consensus revenue adjustments and how consensus estimates are developed. He stated the process involves the Legislative Research Department, Division of Budget, Department of Revenue, and three consulting economists from state universities. He explained several tables that compared the consensus estimates with the actual to-date figures ([Attachment 1](#)).

Chairperson Masterson asked why the FY 2014 revenue estimates were so inaccurate. Mr Courtwright replied, the shortfall in revenues was likely due to the looming fiscal cliff and the possibility of an increase in income tax rates. Capital gains, bonuses, commissions and some other kinds of income were accelerated back into FY 2013 in order to avoid the possible tax increases, thus, causing the shortfall in income tax receipts in FY 2014.

Senator Hensley referred to Mr Courtwright's handout under the heading Kansas Income Tax Law, and asked the meaning of the sentence, "The fully annualized impact of \$730 million for tax year 2013, changes was reflected for the first time in FY 2014." Mr Courtwright distributed a spreadsheet, Combined Impact (\$ in millions) of S Sub HB2117 (2012) and HB2059 (2013) which showed an in- depth breakdown of the changes these two bills had on Kansas income taxes which, also, answered Senator Hensley's question ([Attachment 2](#)).

Steve Stotts, Kansas Department of Revenue, explained Kansas individual income tax components. He distributed a table with a breakdown of withholding and income tax receipts by fiscal year ([Attachment 3](#)).

Dezeree Hodish, Fiscal Analyst, KLRD, gave an overview of the expanded lottery act, actual and estimated revenues for FY 2014 through FY 2017 ([Attachment 4](#)).

Bobbi Mariani, Managing Fiscal Analyst, KLRD, explained the fall 2014, Human Services Consensus Caseload Estimates for FY 2015, FY 2016, and FY 2017 ([Attachment 5](#)).

J G Scott, Assistant Director for Fiscal Affairs, KLRD, distributed a table that summarized K-12 State Aid ([Attachment 6](#)).

Shirley Morrow, Principal Fiscal Analyst, KLRD, reported on career technical education which is a new innovative program launched in 2012, to accelerate career technical education in Kansas and authorized under SB155 ([Attachment 7](#)).

Representative Kleeb requested a breakdown of SB155 incentives by geographical region for 2014. The information was distributed to the committee ([Attachment 8](#)).

Mr. Scott, gave a report and explained Governor Brownback's Allotment Plan ([Attachment 9](#)).

Chairperson Masterson recessed the meeting at 12:15 pm.

The Joint Legislative Budget Committee Meeting was reconvened at 1:49 pm by Chairman Masterson.

Mr. Scott, presented a detailed overview of the State General Fund for FY 2014 through FY 2017, adjusted according to the Governor's Allotment Plan ([Attachment 10](#)).

Jared Waltner, Kansas Retirement System for Public Employees (KPERs), explained the KPERs Request for Proposals for securities litigation counsel ([Attachment 11](#)).

After all questions were answered, Chairperson Masterson adjourned the Joint Legislative Budget Committee meeting at 2:10 pm.

Prepared by Kathy Holscher
Edited by Bobbi Mariani

Approved by the Committee on:

August 3, 2015
(Date)