



**House Committee on Appropriations
In Support of HB 2734- Budget Stabilization Fund
Presented by Eric Stafford, Vice President of Government Affairs**

Friday, March 18, 2016

Mister Chairman and members of the committee, my name is Eric Stafford, Vice President of Government Affairs for the Kansas Chamber of Commerce. We appreciate the opportunity to testify in support of House Bill 2734 which establishes a budget stabilization fund, or "rainy day" fund for the state of Kansas.

We appreciate the legislature's effort to continue efforts to focus on finding efficiencies in state government through the recommendations presented by the Alvarez and Marsal report. HB 2734 is one of those recommendations found under the Budget process recommendations in the full report.

As this committee heard several weeks ago from representatives from Pew Charitable Trusts, all but four states have some form of a rainy day fund to help manage economic downturns. HB 2734 authorizes an interim review of how other state stabilization funds operate. Representatives from Pew discussed the state of Oregon which has a statutory trigger in their constitution which calls for a tax rebate to taxpayers when state revenues grow more than 2% over the previous year. Pew is researching how this trigger and a rainy day fund could coexist. Since Kansas has a growth trigger of 2.5% (excluding KPERS) for future buy down of income taxes, we are very interested to see the results of this study to ensure the growth trigger and budget stabilization fund can coexist. We would encourage the interim study to review Oregon's law and the Pew report if it's released.

HB 2734 amends the definition of ending balance to include balances in the budget stabilization fund but keeps intact the law requiring the Governor to submit an existing resources budget to the legislature that does not include expenditures of anticipated revenues attributable to legislation that would require a separate legislative enactment or ending balances.

Again, we applaud the legislature for considering and researching ways to deliver essential state services in a more efficient manner and ask for your support of House Bill 2734.



The Kansas Chamber, with headquarters in Topeka, is the leading statewide pro-business advocacy group moving Kansas towards becoming the best state in America to do business. The Chamber represents small, medium and large employers all across Kansas.