

KANSAS OFFICE of
REVISOR of STATUTES

LEGISLATURE of THE STATE of KANSAS
Legislative Attorneys transforming ideas into legislation.

300 SW TENTH AVENUE • SUITE 24-E • TOPEKA, KS 66612 • (785) 296-2321

MEMORANDUM

To: Chairman Waymaster and members of the House Appropriations Committee
From: Jill A. Wolters, First Assistant Revisor
Date: April 4, 2017
Subject: HB2419, State finances; transfers to and expenditures from the budget stabilization fund

During the 2016 Session, the Legislature established the budget stabilization fund, K.S.A. 2016 Supp. 75-6706. The law authorized the legislative budget committee to study and review the policy concerning the balance of, transfers to and expenditures from the budget stabilization fund, including:

- (A) Risk-based budget stabilization fund practices utilized in other states.
- (B) The appropriate number of years to review the state general fund:
 - (i) Revenue variances from projections; and
 - (ii) expenditure variances from budgets.
- (C) The entity to certify the amount necessary in the budget stabilization fund to maintain the appropriate risk-based balance.
- (D) Plan to fund the budget stabilization fund.
- (E) Process and circumstances to reach the appropriate risk-based balance, including the amount of risk that is acceptable.
- (F) Circumstances under which expenditures may be made from the fund.

HB2419 addresses transfers to and expenditures from the budget stabilization fund. Commencing with the fiscal year ending June 30, 2019, the director of the budget, in consultation with the director of legislative research, shall certify, at the end of each fiscal year, the amount of actual estimated tax revenue receipts that is in excess of, or is less than, the average estimated tax revenue receipts for the preceding three fiscal years, and shall transmit such certification to the director of accounts and reports. The director of accounts and reports shall transfer such certified excess amount, if any, from the state general fund to the budget stabilization fund. If such transfer would cause total revenues available to the state general fund on July 1 of the current fiscal year to be less than total revenues on July 1 of the previous fiscal year, then no transfer to the budget stabilization fund shall be made. No transfer shall be made under this section if the amount of actual estimated tax revenue receipts is less than the average estimated tax revenue receipts for the preceding three fiscal years.

When determining the amount of actual estimated tax revenue receipts for any fiscal year, the amount shall be reduced by the amount of the current fiscal year's actual estimated tax revenue receipts collected or otherwise received as a result of any kind of tax increase legislation enacted in the current or preceding fiscal year.

KANSAS OFFICE of
REVISOR of STATUTES
LEGISLATURE of THE STATE of KANSAS

Nothing in the bill requires actual estimated tax revenue receipts to be transferred to the budget stabilization fund when the budget stabilization fund balance exceeds 8% of the preceding fiscal year's state tax receipts.

"Actual estimated tax revenue receipts" is defined as receipts received from individuals who can reasonably expect to owe, after withholding and credits, tax of at least \$500 and who expects their withholding and credits to be less than: (A) 90% of the tax shown on the return for the current year or (B) 100% of the tax shown for the preceding tax year; and "state tax receipts" is defined as receipts from any state income tax, sales tax, compensating use tax or other excise tax, estate or inheritance tax, and shall not include receipts from any property tax or any tax on motor fuels.

K.S.A. 2016 Supp. 75-6706 is amended to provide that moneys credited to the budget stabilization fund shall be expended or transferred for only the following purposes:

(1) If a decrease in state general fund revenue occurs in the current fiscal year compared to the previous fiscal year.

(2) If a decrease occurs in actual tax receipt revenues receipts to the state general fund compared to the estimated tax receipt revenues receipts on which the budget was based pursuant to the joint estimate of revenue.

(3) To provide relief and assistance from the effects of a disaster emergency declared under K.S.A. 48-924.