

SESSION OF 2010

**SUPPLEMENTAL NOTE ON SENATE CONCURRENT
RESOLUTION NO. 1614**

As Amended by House Committee of the Whole

Brief*

SCR 1614 would amend Article 11 of the *Kansas Constitution* by establishing a Budget Stabilization Fund and a Debt Prepayment Fund in the state treasury. The concurrent resolution, if approved by two-thirds of the House and Senate, would submit the constitutional amendment to the people of Kansas in the general election in 2010 or at a time chosen by the Legislature.

The constitutional amendment would require an amount up to 1.0 percent of state tax receipts be deposited in the Budget Stabilization Fund when state tax receipts for a fiscal year increase by more than 3.0 percent over state tax receipts for the preceding fiscal year. The constitutional amendment would also require any increase in excess of 4.0 percent up to the next 0.5 percent of state tax receipts collected be deposited in the Debt Prepayment Fund. Deposits into either fund would not be required if the Budget Stabilization Fund balance or the Debt Prepayment Fund balance exceeds 15.0 percent of the preceding fiscal year's state tax receipts.

Withdrawals from the Budget Stabilization Fund would occur in the current fiscal year only when the current fiscal year's estimated state tax receipts are less than the amount of actual state tax receipts collected or received in the preceding fiscal year. However, the withdrawal would be reduced by the amount of the current fiscal year's estimated state tax receipts not collected or received as a result of any kind of tax reduction legislation enacted by the Legislature and approved by the

*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>

Governor in the current or preceding year. The Attorney General would be responsible for certifying whether any kind of tax reduction legislation was enacted by the Legislature and approved by the Governor; if yes, the Governor would then certify the amount of the reduction. The withdrawal would be provided by law in a separate bill that does not include any other matter except a statement that the conditions causing the withdrawal exist and the authority to transfer a specific amount from the Budget Stabilization Fund to the State General Fund.

Withdrawals from the Debt Prepayment Fund would occur to pay for redeeming selected bonds for which debt service is paid by appropriations from the State General Fund. The Governor would be responsible for determining and selecting which bonds would produce the greatest debt savings to the State General Fund, and the Attorney General would be responsible for certifying that those selected bonds are available for optional redemption. The withdrawal would be provided by law in a separate bill that does not include any other matter except a statement that the conditions causing the withdrawal exist and the authority to transfer a specific amount from the Debt Prepayment Fund to the State General Fund.

The amendment defines "state tax receipts" as receipts from any state income tax, sales tax, compensating use tax, estate or inheritance tax, or any other excise tax. State tax receipts would not include receipts from property taxes or motor fuels taxes.

Background

The concurrent resolution was introduced by several members of the Senate.

Senate President Steve Morris and Senate Majority Leader Derek Schmidt provided testimony in support of SCR 1614 to the Senate Committee on Ways and Means. No opponents to the bill presented testimony to the Senate Committee.

Representative Mike Burgess provided testimony in support of SCR 1614 to the House Committee on Appropriations. Representative Burgess introduced an amendment that stated amounts would be transferred to the Budget Stabilization Fund when the actual state revenues for the current year increase over 3.0 percent over the actual state revenues for the prior year. The amendment also established a maximum amount that could be transferred from the Budget Stabilization Fund. The amendment was adopted by the House Committee on Appropriations.

The Kansas Chamber of Commerce and the Americans for Prosperity provided written testimony in favor of SCR 1614 to the House Committee on Appropriations.

The House Committee of the Whole amended the resolution by changing the conditions upon which a transfer could occur. The amendment would transfer up to 1.0 percent to the Budget Stabilization Fund if state tax receipts increased by more than 3.0 percent from the preceding fiscal year. However, if tax reduction legislation was enacted into law in the current or preceding fiscal year, then a withdrawal from the Budget Stabilization Fund in the current fiscal year would be reduced by the amount of state tax receipts not collected as a result of the tax reduction legislation. The amendment also created the Debt Prepayment Fund, in which transfers up to 0.5 percent would occur if state tax receipts increased by more than 4.0 percent from the preceding fiscal year. Withdrawals made from either fund must be provided by law in a separate bill containing no other subject matter, with a statement that the conditions causing the withdrawal exist and the authority to transfer a specific amount from the fund to the State General Fund.