

## House Concurrent Resolution No. 5011

By Committee on Government Efficiency

2-8

1 A PROPOSITION to amend article 11 of the constitution of the state of  
2 Kansas by adding a new section thereto, concerning a contingency  
3 reserve fund and a debt prepayment fund in the state treasury.  
4

5 *Be it resolved by the Legislature of the State of Kansas, two-thirds of*  
6 *the members elected (or appointed) and qualified to the House of*  
7 *Representatives and two-thirds of the members elected (or appointed)*  
8 *and qualified to the Senate concurring therein:*

9 Section 1. The following proposition to amend the constitution of  
10 the state of Kansas shall be submitted to the qualified electors of the state  
11 for their approval or rejection: Article 11 of the constitution of the state of  
12 Kansas is hereby amended by adding a new section thereto to read as  
13 follows:

14 **§ 14. Contingency Reserve Fund and Debt Prepayment Fund.**

15 (a) On July 1, 2013, a contingency reserve fund and a debt  
16 prepayment fund shall be established and maintained in the state treasury.

17 (b) When state tax receipts for a fiscal year increase by more than  
18 three percent over state tax receipts for the preceding fiscal year: (1) Any  
19 increase in excess of three percent up to the next one percent of state tax  
20 receipts collected shall be deposited in the contingency reserve fund; and

21 (2) Any increase in excess of four percent up to the next one-half  
22 percent of state tax receipts collected shall be deposited in the debt  
23 prepayment fund. Nothing in this subsection shall require state tax  
24 receipts to be deposited in the contingency reserve fund when the  
25 contingency reserve fund balance exceeds fifteen percent of the preceding  
26 fiscal year's state tax receipts. Nothing in this subsection shall require  
27 state tax receipts to be deposited in the debt prepayment fund when the  
28 debt prepayment fund balance exceeds fifteen percent of the preceding  
29 fiscal year's total amount of principal of bonded indebtedness services by  
30 appropriations from the state general fund.

31 (c) The legislature may provide, by law, for additional amounts of  
32 state tax receipts to be deposited in the contingency reserve fund and the  
33 debt prepayment fund.

34 (d) (1) Withdrawals from the contingency reserve fund may occur  
35 in the current fiscal year only when the current fiscal year's estimated  
36 state tax receipts are less than the amount of actual state tax receipts

1 collected or otherwise received in the preceding fiscal year. The amount  
2 subject to withdrawal shall not exceed the difference between the current  
3 fiscal year's estimated state tax receipts and the amount of actual state tax  
4 receipts collected or otherwise received in the preceding fiscal year  
5 except that such difference shall be reduced by the amount of the current  
6 fiscal year's estimated state tax receipts not collected or otherwise  
7 received as a result of any kind of tax reduction legislation enacted by the  
8 legislature and approved by the governor in the current or preceding  
9 fiscal year.

10 (2) Withdrawals from the contingency reserve fund may occur in the  
11 ensuing fiscal year only when the ensuing fiscal year's estimated state tax  
12 receipts are less than the amount of estimated state tax receipts in the  
13 current fiscal year. The amount subject to withdrawal shall not exceed the  
14 difference between the ensuing fiscal year's estimated state tax receipts  
15 and the amount of estimated state tax receipts in the current fiscal year  
16 except that such difference shall be reduced by the amount of the ensuing  
17 fiscal year's estimated state tax receipts not collected or otherwise  
18 received as a result of any kind of tax reduction legislation enacted by the  
19 legislature and approved by the governor in the current or preceding  
20 fiscal year.

21 (3) For the purposes of subsections (d)(1) and (d)(2), the attorney  
22 general shall be responsible for certifying whether any kind of tax  
23 reduction legislation was enacted by the legislature and approved by the  
24 governor and if so, the governor shall certify the amount of such  
25 reduction. Any withdrawal authorized by this subsection shall be  
26 provided for by law enacted in a separate bill that does not include any  
27 other matter except a statement that the conditions prescribed by this  
28 subsection exist and the authority to transfer a specific amount of money  
29 from the contingency reserve fund to the state general fund.

30 (e) (1) Withdrawals from the debt prepayment fund may occur  
31 only to provide for calling and redeeming selected bonds for which debt  
32 service is paid by appropriations from the state general fund in  
33 accordance with their terms on or after their first optional redemption  
34 date and prior to maturity.

35 (2) Prior to any withdrawal from the debt prepayment fund  
36 authorized by this subsection, the governor shall be responsible for  
37 determining and selecting which bonds will produce the greatest debt  
38 service savings to the state general fund, and the attorney general shall be  
39 responsible for certifying that the selected bonds are available for  
40 optional redemption. Any withdrawal authorized by this subsection shall  
41 be provided for by law enacted in a separate bill that does not include any  
42 other matter except a statement that the conditions prescribed by this  
43 subsection exist and the authority to transfer a specific amount of money

1 from the debt prepayment fund to the state general fund for the purpose  
2 of calling and redeeming selected bonds.

3 (f) Amounts in the contingency reserve fund and the debt  
4 prepayment fund may be invested as provided by law and the earnings  
5 thereon shall be retained in the contingency reserve fund and the debt  
6 prepayment fund.

7 (g) As used in this section, "state tax receipts" means receipts from  
8 any state income tax, sales tax, compensating use tax or other excise tax  
9 or tax in the nature of an excise tax, or estate or inheritance tax, or tax in  
10 the nature of an estate or inheritance tax, but shall not include receipts  
11 from any property tax, or tax in the nature of a property tax, or any tax on  
12 motor fuels.

13 (h) The legislature may enact laws to carry out the purposes of this  
14 section.

15 Sec. 2. The following statement shall be printed on the ballot with  
16 the amendment as a whole:

17 "*Explanatory statement.* The purpose of this amendment is to  
18 establish a contingency reserve fund, commonly known as the "rainy day  
19 fund," and a debt prepayment fund in the state treasury.

20 "A vote for this amendment will:

21 (1) Establish a contingency reserve fund and a debt prepayment  
22 fund in the state treasury. Each year, if state tax receipts increase by more  
23 than 3% over the amount of the preceding year, a portion of the increase  
24 would be deposited in the contingency reserve fund and, if the increase  
25 exceeds 4%, a portion of the increase would be deposited in the debt  
26 prepayment fund. Additional amounts could be deposited in these funds  
27 by act of the legislature.

28 (2) Provide that amounts could be withdrawn from the contingency  
29 reserve fund when state tax receipts are less than the amount for the  
30 preceding year, other than amounts resulting from any tax reduction  
31 legislation.

32 (3) Provide that amounts could be withdrawn from the debt  
33 prepayment fund to redeem state bonds payable from the state general  
34 fund that are selected to produce the greatest debt service savings.

35 (4) Provide that any withdrawal from either fund must be a separate  
36 bill containing only a statement that the conditions exist for the  
37 withdrawal and the authority to withdraw and deposit in the state general  
38 fund.

39 "A vote against this amendment would make no changes in current  
40 law concerning the state's finance."

41 Sec. 3. This resolution, if approved by two-thirds of the members  
42 elected (or appointed) and qualified to the House of Representatives, and  
43 two-thirds of the members elected (or appointed) and qualified to the

1 Senate shall be entered on the journals, together with the yeas and nays.  
2 The secretary of state shall cause this resolution to be published as  
3 provided by law and shall cause the proposed amendment to be submitted  
4 to the electors of the state at the general election in the year 2012 unless a  
5 special election is called at a sooner date by concurrent resolution of the  
6 legislature, in which case it shall be submitted to the electors of the state  
7 at the special election.