March 12, 2019

The Honorable Carolyn McGinn, Chairperson
Senate Committee on Ways and Means
Statehouse, Room 545-S
Topeka, Kansas  66612

Dear Senator McGinn:

SUBJECT: Fiscal Note for SB 190 by Senate Committee on Ways and Means

In accordance with KSA 75-3715a, the following fiscal note concerning SB 190 is respectfully submitted to your committee.

Under current law, transfers from the State General Fund to the Local Ad Valorem Tax Reduction Fund (LAVTRF) are suspended for FY 2019 and FY 2020. SB 190 would continue the moratorium on transfers from the State General Fund to the LAVTRF from FY 2020 to FY 2030. During FY 2020 through FY 2030, a county may submit a plan for new construction of a road or bridge to the Secretary of Transportation. If the Secretary approves the plan, the county would receive the county’s share of the LAVTRF during the fiscal years necessary to complete the project. The bill would also eliminate the provision allowing transfers in certain fiscal years to be considered revenue transfers. Under current law, transfers from the State General Fund to the LAVTRF are considered demand transfers.

Current law also suspends transfers from the State General Fund to the County and City Revenue Sharing Fund (CCRSF) in FY 2019 and FY 2020. The bill would continue the moratorium on transfers from the State General Fund to the CCRSF from FY 2020 to FY 2030. During FY 2020 through FY 2030, a county may submit a plan for new construction of a road or bridge to the Secretary of Transportation. If the Secretary approves the plan, the county would receive the county’s share of the CCRSF during the fiscal years necessary to complete the project.

From FY 2020 to FY 2030, the Secretary of Transportation would be required to certify to the Director of Accounts and Reports on June 15 of each fiscal year the aggregate amount of monies approved for local transportation projects. The Director of Accounts and Reports would be required to transfer from the State General Fund to the LAVTRF and CCRSF the certified amounts. Copies of the certification would be required to be sent to the Director of the Budget and the Director of Legislative Research.
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The precise fiscal effect on State General Fund revenues from SB 190 cannot be determined because the number of plans for new construction that would be approved by the Secretary of Transportation; the cost of the projects; and the amounts that would be transferred from the State General Fund to the LAVTRF and the CCRSF are unknown. Under current law, State General Fund transfers to the LAVTRF and the CCRSF are set to resume in FY 2021. For the November 2018 Consensus Revenue Estimate, it was estimated that $54.0 million would be transferred from the State General Fund to the LAVTRF and $78.1 million would be transferred from the State General Fund to the CCRSF in FY 2021. The Governor’s budget extends the moratorium on transfers from the State General Fund to the LAVTRF and the CCRSF to FY 2021.

The Department of Revenue indicates the bill would have no fiscal effect on property tax revenues that school districts receive through the state’s uniform mill levy. Additionally, the bill would have no fiscal effect on the two building funds, the Educational Building Fund and the State Institutions Building Fund.

The Kansas Department of Transportation (KDOT) estimates it would need to hire 1.00 Public Service Administrator FTE position to manage the plans received for review by the Secretary of Transportation. However, KDOT indicates that the salaries and wages and other operating expenditures associated with the position could be absorbed within the Department’s existing resources. Any fiscal effect associated with SB 190 is not reflected in The FY 2020 Governor’s Budget Report.

Sincerely,

[Signature]
Larry L. Campbell  
Director of the Budget

cc: Lynn Robinson, Department of Revenue  
Ben Cleeves, Transportation  
Jay Hall, Association of Counties