

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE

The meeting was called to order by Chairperson Carolyn McGinn at 10:30 a.m. on January 12, 2011, in Room 548-S of the Capitol.

Senator Emler, excused.

Committee staff present:

Jill Wolters, Office of the Revisor of Statutes  
Daniel Yoza, Office of the Revisor of Statutes  
David Wiese, Office of the Revisor of Statutes  
Alan Conroy, Director, Legislative Research Department  
J. G. Scott, Chief Fiscal Analyst, Legislative Research Department  
Aaron Klaassen, Fiscal Analyst, Legislative Research Department  
Dorothy Hughes, Fiscal Analyst, Legislative Research Department  
Brea Short, Intern, Senator McGinn's Office  
Jan Lunn, Committee Assistant

Conferees appearing before the Committee:

Alan Conroy, Director, Legislative Research Department  
J. G. Scott, Senior Fiscal Analyst, Legislative Research Department  
Jill Wolters, Office of the Revisor of Statutes

### Staff Introductions

Chairperson McGinn welcomed those attending and introduced staff members in her office. A handout containing "Committee Rules" and "Conferee Rules" (Attachment 1) was distributed. Senator Kelly questioned whether an addition to Committee Rules related to audio and video recordings should be included. Senator McGinn will return the "Committee Rules" for finalization at a subsequent meeting.

J. G. Scott, Chief Fiscal Analyst Legislative Research, introduced fiscal analysts and reviewed their assignments (Attachment 2).

Jill Wolters, Office of the Revisor of Statutes, introduced revisors and commented on the new Kansas Legislative Information System and Services (KLISS) software and its implementation occurring with the beginning of the 2011 session.

Senator Kultala introduced Mary Anderson, her intern, who is studying economics at Kansas University.

### Bill Introductions

**Senator Kultala moved introduction of a bill (rs0163) which authorizes busing between Fort Leavenworth USD 207 and Leavenworth USD 453. Senator Lee seconded the motion which passed on a voice vote.**

**Senator Vratil moved introduction of a bill (rs0017) allowing debtors to exempt rights to receive earned income tax credits from bankruptcy proceedings; Senator Kelly seconded the motion which passed on a voice vote.**

**Senator Teichman moved introduction of a bill (rs0150) related to a countywide retail sales tax increase in Edwards County; Senator Huntington seconded the motion which passed on a voice vote.**

Budget Outlook

Alan Conroy, Director of the Legislative Research Department, discussed the State of Kansas Budget Outlook (Attachment 3). Mr. Conroy reported that the consensus group met in

## CONTINUATION SHEET

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November 2010. He discussed areas of positive, modest economic growth, as well as those areas of concern. Mr. Conroy briefed Committee members on the Kansas unemployment rate, fee funds transferred to the State General Fund (SGF), funds transferred from the Kansas Department of Transportation (KDOT), funds transferred to the Kansas Bioscience Authority (KBA), and SGF estimates for FY 2011 and FY 2012. He reported that after new revenue estimates in the current year (including December actual revenue), there is a shortfall in the SGF of \$88.5 million. In FY 2012, the projected SGF shortfall is \$549.6 million.

Key 2012 issues identified are:

- How to replace federal economic stimulus funds;
- If federal stimulus funds are not replaced, base state aid per pupil could drop;
- Net transfers of the State General Fund:
  - a) State Highway Fund
  - b) Special revenue funds
  - c) FY 2011 casino privilege
  - d) Water Plan Fund transfer and Bioscience Authority;
- Kansas Public Employees Retirement System (KPERs); and
- Executive Reorganization Orders.

Responding to questions from Committee members, Mr. Conroy indicated that:

- The federal stimulus funds disbursed in FY 2010 totaled \$492 million. Of that total, approximately \$215 million was directed to social services, \$195 million to K-12 education, and corrections and regents received \$40 million each.
- The unemployment rate for Wyandotte County was excluded on the map distributed. The rate is 9.6 percent according to the Kansas Department of Labor website.
- As short-term economic recovery occurs, stronger soft-market returns in the KPERs portfolio could be realized; however, contributions do not exist to sustain the fund in the long-term. It is anticipated employer contributions in 2033 could grow to approximately 24 percent.
- The KBA receives transfers from the individual income taxes based on industries' payments into the KBA: those transfers are capped at \$500 million dollars. The normal unrestricted transfer amount would be approximately \$70 million yearly until the threshold is met. In FY 2011, the KBA only received \$35 million.
- Total SGF fund receipts through December of 2010 were \$28.6 million and below projections. The \$15 million transferred to the KBA in December will be regained and reflected in March 2011.
- Mr. Conroy confirmed that personal income and unemployment numbers (contained in the handout) reflect a calendar year. In addition, the assumption for personal income dollars is that people are working, not that the employed are earning more.

The meeting was adjourned at 11:40 a.m.