AN ACT concerning state finances; transfers to and expenditures from the
budget stabilization fund; transfers to the Kansas public employees
retirement fund; amending K.S.A.—2016 2017 Supp. 75-6706 and
repealing the existing section.

Be it enacted by the Legislature of the State of Kansas:

New Section 1. (a) 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. Subject to the provisions of this section, upon receipt of such
certification, or as soon thereafter as moneys are available, the director of
accounts and reports shall transfer 50% of such certified excess amount,
if any, from the state general fund to the budget stabilization fund
established by K.S.A.—2016 2017 Supp. 75-6706, and amendments
thereto, and 50% of such certified excess amount to the Kansas public
employees retirement fund to be applied to the payment, in full or in
part, of the unfunded actuarial pension liability as directed by the
Kansas public employees retirement system. 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.

(b) When determining the amount of actual estimated tax revenue
receipts for any fiscal year pursuant to this section, 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 by the legislature and approved by the
governor in the current or preceding fiscal year.

(c) Nothing in this section shall require 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.

(d) As used in this section:

(1) "Actual estimated tax revenue receipts" means receipts received pursuant to K.S.A. 79-32,101(a)(1), and amendments thereto; and

(2) "state tax receipts" means receipts from any state income tax, sales tax, compensating use tax or other excise tax or tax in the nature of an excise tax, or estate or inheritance tax, or tax in the nature of an estate or inheritance tax, but shall not include receipts from any property tax, or tax in the nature of property tax, or any tax on motor fuels; and

(3) "unfunded actuarial pension liability" means the unfunded actuarially accrued liability of the state for the state of Kansas and participating employers under K.S.A. 74-4931, and amendments thereto, portion of such liability of the Kansas public employees retirement system, determined as of the later of December 31, 2016, or the end of the most recent calendar year for which an actuarial valuation report is available).

Sec. 2. K.S.A. 2016 Supp. 75-6706 is hereby amended to read as follows: 75-6706. (a) On July 1, 2017, the budget stabilization fund is hereby established in the state treasury.

(b) On or before the 10th day of each month commencing July 1, 2017, the director of accounts and reports shall transfer from the state general fund to the budget stabilization fund interest earnings based on:

(1) The average daily balance of moneys in the budget stabilization fund, for the preceding month; and

(2) the net earnings rate of the pooled money investment portfolio for the preceding month.

(e) On and after July 1, 2017, no moneys in the budget stabilization fund shall be expended pursuant to this subsection unless the expenditure either has been approved by an appropriation or other act of the legislature or has been approved by the state finance council acting on this matter which is hereby characterized as a matter of legislative delegation and subject to the guidelines prescribed in K.S.A. 75-3711(c), and amendments thereto. All 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 under K.S.A. 75-6701, and amendments thereto.

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

(d) (1) During the 2016 interim between regular sessions of the-
legislature, The legislative budget committee shall study and review the policy concerning the balance of, transfers to and expenditures from the budget stabilization fund. The legislative budget committee study and review shall include, but not be limited to, the following:

(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.

(2) The legislative budget committee may make recommendations and introduce legislation as it deems necessary to implement such recommendations.

(3) Notwithstanding the provisions of sections 52 and 53 of chapter 104 of the 2015 Session Laws of Kansas, section 18 of chapter 12 of the 2016 Session Laws of Kansas, this or any other appropriation act of the 2016 regular session of the legislature, the legislative budget committee may meet not more than 10 days to study and review such policies as determined by the chairperson of the committee.

[Sec. 2. K.S.A. 2017 Supp. 75-6706 is hereby amended to read as follows: 75-6706. (a) On July 1, 2017, the budget stabilization fund is hereby established in the state treasury.

(b) On or before the 10th day of each month commencing July 1, 2017, the director of accounts and reports shall transfer from the state general fund to the budget stabilization fund interest earnings based on:

(1) The average daily balance of moneys in the budget stabilization fund, for the preceding month; and

(2) the net earnings rate of the pooled money investment portfolio for the preceding month.

(c) On and after July 1, 2017, no moneys in the budget stabilization fund shall be expended pursuant to this subsection unless the expenditure either has been approved by an appropriation or other act of the legislature or has been approved by the state finance council acting on this matter which is hereby characterized as a matter of legislative delegation and subject to the guidelines prescribed in K.S.A. 75-3711(c), and amendments thereto. All 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 revenue receipts to the state general fund compared to the estimated tax revenue receipts on which the budget was based pursuant to the joint estimate of revenue under K.S.A. 75-6701, and amendments thereto.
(3) To provide relief and assistance from the effects of a disaster emergency declared under K.S.A. 48-924, and amendments thereto.

(d) (1) The legislative budget committee shall study and review the policy concerning the balance of, transfers to and expenditures from the budget stabilization fund. The legislative budget committee study and review shall include, but not be limited to, the following:
   (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.
(2) The legislative budget committee may make recommendations and introduce legislation as it deems necessary to implement such recommendations.

(e) On or before August 15, 2019, the director of the budget, in consultation with the director of legislative research, shall certify the amount of the unencumbered ending balance in the state general fund for fiscal year 2019. Upon making such certification, the director of the budget shall authorize the director of accounts and reports to transfer 10% of such ending balance from the state general fund to the budget stabilization fund.)

Sec. 3. K.S.A. 2016 {2017} Supp. 75-6706 is hereby repealed.
Sec. 4. This act shall take effect and be in force from and after its publication in the statute book.