

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE

The meeting was called to order by Chairman Marc Rhoades at 9:00 a.m. on January 12, 2011, in Room 346-S of the Capitol.

All members were present except:

Representative Owen Donohoe - Excused
Representative Harold Lane - Excused
Representative Clark Shultz- Excused

Committee staff present:

Jim Wilson, Office of the Revisor of Statutes
Nobuko Folmsbee, Office of the Revisor of Statutes
Alan Conroy, Kansas Legislative Research Department
J.G. Scott, Kansas Legislative Research Department
Jarod Waltner, Kansas Legislative Research Department
Shirley Morrow, Kansas Legislative Research Department
Cindy O'Neal, Administrative Assistant, Appropriations Committee
Kathy Holscher, Committee Assistant, Appropriations Committee

Others attending:

See attached list.

- Attachment 1 Legislative Research Department Staff
- Attachment 2 House Appropriations Committee Rules
- Attachment 3 State of Kansas Budget Outlook

Chairman Rhoades welcomed committee members and introduced staff. Introductions by committee members followed.

J.G. Scott, Chief Fiscal Analyst, Legislative Research Department, introduced staff members, (Attachment 1).

Chairman Rhoades noted that copies of the House Appropriations Committee Rules were distributed, (Attachment 2). He encouraged members to bring their laptop to committee meetings to review bills. Copies of bills worked in committee would be provided, he added.

Alan Conroy, Director, Legislative Research Department, presented an overview of the State of Kansas Budget Outlook, (Attachment 3). He reported that the FY 2010 actual receipts were \$98.6 million below the April revenue estimates and that FY 2010 taxes were \$0.422 billion below actual FY 2009 receipts. Mr. Conroy noted that state aid to the school districts in the amount of \$131 million was delayed from FY 2010 until FY 2011. He reviewed the economic forecast for Kansas. Based on personal income, employment, oil and gas and inflation rate estimates modest economic growth is projected for FY 2011 and FY 2012. Mr. Conroy provided an overview of the Consensus Revenue Estimating Group and stated that this process provides estimates for the State General Fund (SGF) and is also the basis on which the Governor and Legislature builds the annual budget. He stated that the FY 2011 revised estimate is \$17.9 million above the April 2010 estimate, and the FY 2012 estimate is an increase of \$25.4 million. Mr. Conroy discussed the impact of SGF transfers and tax receipts. The new revenue estimates reflect a shortfall of \$88.5 million for FY 2011. The replacement of Federal Economic Stimulus Funds, human services entitlements, education consensus estimates, Kansas Public Employees Retirement System (KPERs) and SGF net transfers reflect a projected shortfall of \$549.6 million for FY 2012, he stated. Future budget issues were reviewed for FY 2013 and FY 2014 in regards to the sales tax rate reduction to the SGF and increased KPERs contributions by FY 2019 and FY 2024.

Mr. Conroy responded to questions from committee members. The 1% sales tax increase provided financial support for the State Highway Fund and SGF. The committee will be receiving additional information on reported sales, as requested. Discussion followed regarding corporate quarterly taxes, interest rate determination, and increased human services caseloads.

CONTINUATION SHEET

Minutes of the House Appropriations Committee at 9:00 a.m. on January 12, 2011, in Room 346-S of the Capitol.

Chairman Rhoades stated that Landon Fulmer, Policy Director, Office of the Governor, will be presenting an overview of the Governor's budget at the committee meeting tomorrow. He reviewed the committee agenda for the following week.

The meeting was adjourned at 10:00 a.m.

Marc Rhoades, Chairman