

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS.

The meeting was called to order by Chairperson Steve Morris at 10:35 a.m. on February 1, 2001, in Room 123-S of the Capitol.

All members were present except: All present

Committee staff present:

Alan Conroy, Chief Fiscal Analyst, Kansas Legislative Research Department  
Leah Robinson, Kansas Legislative Research Department  
Amory Lovin, Kansas Legislative Research Department  
Michael Corrigan, Assistant Revisor, Revisor of Statutes Office  
Mary Shaw, Committee Secretary

Conferees appearing before the committee: None

Others attending: See attached guest list

Chairman Morris welcomed Alan Conroy, Chief Fiscal Analyst, Kansas Legislative Research Department, who gave a briefing on the Overview of the Fiscal Year 2002 Governor's Budget Report (Attachment 1).

Mr. Conroy mentioned that the Homestead Property Tax Refunds are a \$15.1 million dollar expenditure and the Governor has recommended shifting that so that it will no longer be a state expenditure. The Governor is recommending that the refunds would be paid out of individual income tax receipts that the Kansas Department of Revenue receives and would be treated as a refund rather than an expenditure from the State General Fund.

Mr. Conroy noted that the State does have the preliminary State General Fund receipts through the end of January. State General Fund receipts are about \$58 million dollars below the consensus group estimate and it is in three major sources: corporate income, individual income taxes and sales tax. He noted that the consensus group will meet in April and decide whether or not the State General Fund estimates should be revised up or down.

Mr. Conroy also mentioned that last Fall the Kansas Department of Revenue had determined that \$19 million dollars of sales tax receipts had been mis-coded and had been credited to the State General Fund when in fact it should have been deposited into local sales tax collections. He mentioned that due to the oversight the State General Fund ended up being overstated by \$19 million dollars. Mr. Conroy explained that the Division of the Budget and Kansas Legislative Research Department were aware of that and about \$4.9 million was attributed to fiscal year 2001 and \$15 million to fiscal year 2002. The Consensus group met in November and arrived at a consensus number for sales tax receipts. Mr. Conroy mentioned that after the meeting both the Division of the Budget and Kansas Legislative Research Department left the room with different understandings of how that adjustment would be handled. The Division of the Budget had assumed that the new consensus number for FY 2001 for sales tax took the adjustments into account and the adjustment was made. The Kansas Legislative Research Department's understanding was that the adjustment for sales tax receipts in the current year only counted for the \$4.9 million dollars and the actual receipts for FY 2000 would have to be adjusted downward by \$15 million dollars. The Governor's \$429.9 million dollars beginning balance in FY 2002 reflects the Division of the Budget's understanding in terms of how that sales tax adjustment was handled. Kansas Legislative Research Department's profile would reflect that, instead of having \$429.8 million dollars, they would have a number that would be \$15 million dollars less than that. Mr. Conroy mentioned that they are meeting with the Division of the Budget and both departments will come to an understanding and will work it out when the consensus group meets in April.

## CONTINUATION SHEET

The Committee requested copies of information regarding the intergovernmental transfer money and tobacco money. Mr. Conroy noted that they also have spreadsheets regarding the tobacco money that will be distributed to the Committee. Committee questions and discussion followed.

The meeting was adjourned at 11:35 a.m. The next meeting is scheduled for February 2, 2001.

Unless specifically noted, the individual remarks recorded herein have not been transcribed verbatim. Individual remarks as reported herein have not been submitted to the individuals appearing before the committee for editing or corrections.