



Testimony to Senate Ways & Means Committee  
SB 115 Transfer Unclaimed Property in PMIB to General Fund  
February 2, 2017  
Dave Trabert, President

Chairman McGinn and Members of the Committee,

We appreciate this opportunity to present testimony in support of SB 115, which would transfer the unclaimed property proceeds held by the Pooled Money Investment Board to the State General Fund and replace the proceeds at PMIB over seven years.

Doing so would balance the current year budget without harmful tax increases or across-the-board spending cuts, and we that see as the most pragmatic, common sense method of the closing the current budget gap.

The State is in this position due to lack of spending control. The budget could have been balanced following passage of the 2012 legislation by having government operate about 8.5 percent more efficiently; spending thereafter could increase as revenue grew and there always would have been healthy ending balances. The need to adjust spending was well-known, but Democrats and many Republicans refused to make government more efficient, so spending and taxes were increased in 2013...and again in 2015.

Spending data from the National Association of State Budget Officers shows that the states that tax income spent 42 percent more per-resident in 2015 than the states without an income tax; Kansas spent 27 percent more per-resident. It's not access to natural resources or tourism that allows states to keep taxes low; it's simply the spending. The more a state chooses to spend, the more it must tax.

Identifying the savings opportunities takes effort, as explained by former Indiana Governor and no President of Purdue University, Mitch Daniels. He said, "This place was not built to be efficient. [But] you're not going to find many places where you just take a cleaver and hack off a big piece of fat. Just like a cow, it's marbled through the whole enterprise." Governor Daniels was speaking of Purdue but his comment applies universally to government – and also to the private sector.

Last fiscal year, General Fund spending was \$6.203 billion, which is \$105 million more than was spent in 2012 when tax relief was passed. Approximately \$104 million of school transportation

funding was also shifted from the General Fund to the All Funds budgets, so the real increase is even greater.

General Fund spending has also increased well above inflation-adjusted levels since 1995. Had 1995 spending been increased for inflation it would have been \$5.135 billion but actual spending was \$1.068 billion more.

And even though Kansans have been allowed to keep more of their hard-earned money, General Fund tax revenue is also well above inflation-adjusted levels since 1995. Tax revenue was \$5.758 billion last year, which is \$907 million more than if 1995 tax revenue had increased for inflation.

We support SB 115 and encourage the Committee to recommend it favorably for passage.

