

March 7, 2022

The Honorable Steven Johnson, Chairperson  
House Committee on Insurance and Pensions  
Statehouse, Room 218-N  
Topeka, KS 66612

Dear Representative Johnson:

SUBJECT: Proponent Testimony on SB 392

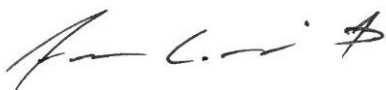
Thank you for allowing me the opportunity to provide proponent testimony on SB 392. This bill would amend statute to permanently eliminate the transfer of surplus ending balances from the securities act fee fund to the state general fund (SGF).

This bill was introduced in response to a lawsuit that was filed against the State, which was settled in 2021. As a part of the settlement agreement, the State agreed to support any request to the Legislature to amend statute to permanently eliminate this transfer. The administration partnered with the Attorney General's office during the course of the lawsuit, and we jointly agreed to the terms of the settlement, including supporting the passage of a bill to eliminate this transfer. During the 2021 Legislative session, we partnered with the chairs of the budget committees in both chambers to add proviso language to the budget bills, temporarily suspending the transfer in FY 2021 and FY 2022. Passing SB 392 would be the final step in completing this process, and it should mitigate any concerns of future financial exposure for the State related to this lawsuit.

While current statute would have the transfer into the SGF resume in FY23, the Governor's budget recommendation was constructed in anticipation of supporting the contents of SB 392, and as such it has already accounted for the fiscal impact of this bill. Stated differently, passage of this bill will not reduce SGF revenues below the level reported in the Governor's proposed budget.

I appreciate this committee's attention to this issue, and I would respectfully request that you pass SB 392 out favorably for passage. I am happy to answer any questions that the committee might have.

Sincerely,



Adam Proffitt  
Director of the Budget