

SESSION OF 2017

**SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2419**

As Recommended by House Committee on  
Appropriations

**Brief\***

HB 2419 would require the Director of the Budget, in consultation with the Director of Legislative Research, to certify the amount of actual estimated tax revenue receipts at the end of the fiscal year that are in excess of the average estimated tax revenue receipts for the preceding three fiscal years. Estimated tax revenue receipts are moneys received from individuals for individual income tax who anticipated owing more than \$500 after withholding and credits.

The amount certified by the Director of the Budget would be transferred to the Budget Stabilization Fund, as long as the following three conditions are met:

- The amount certified is in excess of the average amount for the previous three fiscal years;
- The transfer will not result in State General Fund receipts which are lower than the immediately preceding fiscal year; and
- The balance in the Budget Stabilization Fund is not greater than 8.0 percent of the preceding fiscal year's State General Fund tax receipts.

All moneys credited to the Budget Stabilization Fund would only be expended pursuant to either a legislative appropriation or the State Finance Council acting pursuant to

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\*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

a matter of specifically delegated authority and for the following purposes:

- If there is a reduction in actual State General Fund receipts relative to the previous fiscal year;
- If there is a reduction in actual tax receipts to the State General Fund relative to the Consensus Revenue Estimate; or
- To provide relief and assistance in the event of a declared emergency or disaster.

### **Background**

In the House Committee on Appropriations hearing, a Senior Researcher on State and Budget Policy Issues with Pew Charitable Trusts testified as a proponent of the bill. The Senior Researcher testified that estimated payments are a particularly volatile source of revenue to the State General Fund and using estimated receipts as the source for a stabilization fund would reduce volatility in the State General Fund, build reserves for future downturns, promote structural balance, and mitigate revenue forecasting errors.

No opponent or neutral testimony was provided.

There was no fiscal note submitted on the bill. Any revenue impact would be dependent on future economic activity and is speculative in nature.