

## HOUSE BILL No. 2958

By Committee on Appropriations

3-7

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9 AN ACT concerning the state budget; state general fund and special  
10 revenue fund expenditures, transfers and ending balance require-  
11 ments; reduction and allotment procedures; economic impact state-  
12 ments and fiscal note updates for certain legislation; amending K.S.A.  
13 75-3722 and 75-6704 and repealing the existing sections.  
14

15 *Be it enacted by the Legislature of the State of Kansas:*

16 New Section 1. (a) The director of legislative research shall prepare  
17 an economic impact statement in accordance with this section for a bill  
18 or other matter under consideration by the legislature upon request of:

- 19 (1) The president of the senate;
- 20 (2) the majority leader of the senate;
- 21 (3) the minority leader of the senate;
- 22 (4) the chairperson of the committee on ways and means of the senate  
23 or the successor committee;
- 24 (5) the chairperson of the assessment and taxation committee of the  
25 senate or the successor committee;
- 26 (6) the speaker of the house of representatives;
- 27 (7) the majority leader of the house of representatives;
- 28 (8) the minority leader of the house of representatives;
- 29 (9) the chairperson of the committee on appropriations of the house  
30 of representatives or the successor committee; or
- 31 (10) the chairperson of the committee on taxation of the house of  
32 representatives or the successor committee.

33 (b) The director of legislative research shall prepare a statement of  
34 the economic impact of the bill or other matter specified in the request  
35 upon the Kansas economy, all state or local governmental agencies or  
36 units and all persons which will be subject thereto and upon the general  
37 public. The economic impact statement shall include:

- 38 (1) A brief description of the bill or other matter;
- 39 (2) whether the bill or other matter is mandated by federal law as a  
40 requirement for participating in or implementing a federally subsidized  
41 or assisted program and whether the bill or other matter meets or exceeds  
42 the requirements of applicable federal law;
- 43 (3) a description of the cost estimate of the bill or other matter, the

1 persons who will bear the costs and those who will be affected by the bill  
2 or other matter, including the agency that will administer or will be most  
3 directly affected by the bill, other state or local governmental agencies or  
4 units, private citizens and consumers of any products or services which  
5 would be affected by the bill or other matter, or the administration or  
6 enforcement thereof; and

7 (4) economic analyses of the effects of the bill or other matter under  
8 consideration on significant economic indicators, including, but not lim-  
9 ited to, projected growth or decline in the number and kinds of jobs,  
10 general economic growth and inflation factors in the short-term and long-  
11 term, in conjunction with the characteristics of current economic factors  
12 that are significant in the Kansas economy, and the impact of selected  
13 economic indicators that are specified in the request.

14 (c) The director of legislative research shall exercise informed, in-  
15 dependent professional judgment and shall have the assistance of quali-  
16 fied professional staff in the legislative research department to prepare  
17 economic impact statements. The director of legislative research may use  
18 dynamic scoring techniques to assist in the preparation of economic im-  
19 pact statements. The director of legislative research may consult with  
20 other state agencies, cities, counties, school districts or other local gov-  
21 ernmental entities, as appropriate, when preparing the economic impact  
22 statement of a bill or other matter which increases or decreases revenues  
23 of state government, cities, counties, school districts or other local gov-  
24 ernmental entities or which imposes functions or responsibilities on state  
25 government, cities, counties, school districts or other local governmental  
26 entities which may increase expenditures or fiscal liability. A copy of the  
27 current economic impact statement on a bill or other matter shall be  
28 available from the Kansas legislative research department upon request.

29 (d) Upon request of the director of legislative research, the director  
30 of the budget, the secretary of revenue and each other state agency shall  
31 provide assistance in the preparation of an economic impact statement  
32 for a bill, including any supplemental or revised statement. The economic  
33 impact statement and each supplement thereto or revision thereof shall  
34 include a reliable estimate of the anticipated changes in the Kansas econ-  
35 omy and the revenues and expenditures of the state. It also shall include  
36 a statement, if determinable or reasonably foreseeable, of the immediate  
37 and long-range economic impact of the bill or other matter upon persons  
38 subject thereto and the general public. If, after careful investigation and  
39 analysis, it is determined that a reliable monetary cost estimate is not  
40 possible, the statement shall set forth the reasons why no monetary cost  
41 estimate can be prepared. Every state agency shall cooperate with the  
42 director of legislative research in the preparation of any statement pur-  
43 suant to this section when, and to the extent, requested by the director

1 of legislative research.

2 New Sec. 2. (a) In accordance with this section, the director of leg-  
3 islative research shall review and shall prepare an update for each fiscal  
4 note prepared by the division of the budget under K.S.A. 75-3715a, and  
5 amendments thereto, for a bill or other matter under consideration by  
6 the legislature, which has changes recommended or adopted by a com-  
7 mittee or by the senate or the house of representatives, upon request of:

- 8 (1) The president of the senate;
- 9 (2) the majority leader of the senate;
- 10 (3) the minority leader of the senate;
- 11 (4) the chairperson of the committee on ways and means of the senate  
12 or the successor committee;
- 13 (5) the chairperson of the assessment and taxation committee of the  
14 senate or the successor committee;
- 15 (6) the speaker of the house of representatives;
- 16 (7) the majority leader of the house of representatives;
- 17 (8) the minority leader of the house of representatives;
- 18 (9) the chairperson of the committee on appropriations of the house  
19 of representatives or the successor committee; or
- 20 (10) the chairperson of the committee on taxation of the house of  
21 representatives or the successor committee.

22 (b) The director of legislative research shall prepare in accordance  
23 with the provisions and procedures and subject to the guidelines pre-  
24 scribed by K.S.A. 75-3715a, and amendments thereto.

25 (c) The director of legislative research shall exercise informed, in-  
26 dependent professional judgment and shall have the assistance of quali-  
27 fied professional staff in the legislative research department to prepare  
28 the updates to fiscal notes in accordance with this section. The director  
29 of legislative research may consult with other state agencies, cities, coun-  
30 ties, school districts or other local governmental entities, as appropriate,  
31 in preparing updates to fiscal notes. A copy of the current updated fiscal  
32 note on a bill or other matter shall be available from the Kansas legislative  
33 research department upon request.

34 (d) Upon request of the director of legislative research, the director  
35 of the budget, the secretary of revenue and each other state agency shall  
36 provide assistance in preparing updates to fiscal notes under this section.  
37 Every state agency shall cooperate with the director of legislative research  
38 in the preparation of any statement pursuant to this section when, and to  
39 the extent, requested by the director of legislative research.

40 Sec. 3. K.S.A. 75-3722 is hereby amended to read as follows: 75-  
41 3722. (a) An allotment system will be applicable to the expenditure of  
42 the resources of any state agency, under rules and regulations established  
43 as provided in K.S.A. 75-3706, *and amendments thereto*, only if, in the

1 opinion of the secretary of administration on the advice of the director  
2 of the budget, the use of an allotment plan is necessary or beneficial to  
3 the state. In making this determination the secretary of administration  
4 shall take into consideration all pertinent factors including (1) available  
5 resources, (2) current spending rates, (3) work loads, (4) new activities,  
6 especially any proposed activities not covered in the agency's request to  
7 the governor and the legislature for appropriations, (5) the minimum  
8 current needs of each agency, (6) requests for deficiency appropriations  
9 in prior fiscal years, (7) unexpended and unencumbered balances, and (8)  
10 revenue collection rates and prospects.

11 (b) Whenever for any fiscal year it appears that the resources of ~~the~~  
12 ~~general fund or any special revenue fund~~ are likely to be insufficient to  
13 cover the appropriations made against such ~~general fund or special rev-~~  
14 ~~enue fund~~, the secretary of administration, on the advice of the director  
15 of the budget, shall, in such manner as ~~he or she~~ *the secretary of admin-*  
16 *istration* may determine, inaugurate the allotment system so as to assure  
17 that expenditures for any particular fiscal year will not exceed the available  
18 resources of ~~the general fund or any such~~ special revenue fund for that  
19 fiscal year.

20 (c) The allotment system shall not apply to the ~~legislature or to the~~  
21 ~~courts or their state general fund or to any appropriations for the legis-~~  
22 ~~lative or judicial branches of state government or to any agencies or of-~~  
23 ~~ficers and employees of such branches.~~

24 (d) Agencies affected by decisions of the secretary of administration  
25 under this section shall be notified in writing at least ~~thirty (30)~~ 30 days  
26 before such decisions may become effective and any affected agency may,  
27 by written request addressed to the governor within ~~ten (10)~~ 10 days after  
28 such notice, ask for a review of the decision by the ~~finance council gov-~~  
29 ~~ernor. The finance council~~ *governor* shall hear appeals and render a deci-  
30 sion within ~~twenty (20)~~ 20 days after the governor receives requests for  
31 such hearings.

32 Sec. 4. K.S.A. 75-6704 is hereby amended to read as follows: 75-  
33 6704. (a) The director of the budget shall continuously monitor the status  
34 of the state general fund with regard to estimated and actual revenues  
35 and approved and actual expenditures and demand transfers. Periodically,  
36 the director of the budget shall estimate the amount of the unencum-  
37 bered ending balance of moneys in the state general fund for the current  
38 fiscal year and the total amount of anticipated expenditures, demand  
39 transfers and encumbrances of moneys in the state general fund for the  
40 current fiscal year.

41 (b) (1) If the amount of such unencumbered ending balance in the  
42 state general fund is less than ~~\$100,000,000~~ *the amount equal to 3.5% or*  
43 *less of the total amount authorized to be expended or transferred by de-*

1 *mand transfer from the state general fund in such fiscal year, as jointly*  
2 *estimated by the director of the budget and the director of legislative*  
3 *research under K.S.A. 75-6702, and amendments thereto, the director of*  
4 *the budget shall certify to the governor the difference between*  
5 ~~\$100,000,000~~ *the amount equal to 3.5% or less of the total amount au-*  
6 *thorized to be expended or transferred by demand transfer from the state*  
7 *general fund in such fiscal year, as jointly estimated by the director of the*  
8 *budget and the director of legislative research under K.S.A. 75-6702, and*  
9 *amendments thereto, and the amount of such unencumbered ending bal-*  
10 *ance in the state general fund, after adjusting the estimates of the*  
11 *amounts of such demand transfers with regard to new estimates of rev-*  
12 *enues to the state general fund, where appropriate.*

13 ~~(b)~~ (2) Upon receipt of any such certification and subject to approval  
14 of the state finance council acting on this matter which is hereby declared  
15 to be a matter of legislative delegation and subject to the guidelines pre-  
16 scribed by subsection (c) of K.S.A. 75-3711c, and amendments thereto,  
17 the governor may issue an executive order reducing, by applying a per-  
18 centage reduction determined by the governor in accordance with this  
19 section, ~~(a)~~ (A) the amount authorized to be expended from each approp-  
20 riation from the state general fund for the current fiscal year, other than  
21 any item of appropriation for debt service for payments pursuant to con-  
22 tractual bond obligations or any item of appropriation for employer con-  
23 tributions for the employers who are eligible employers as specified in  
24 subsections (1), (2) and (3) of K.S.A. 74-4931, and amendments thereto,  
25 under the Kansas public employees retirement system pursuant to K.S.A.  
26 74-4939, and amendments thereto, and ~~(2)~~ (B) the amount of each de-  
27 mand transfer from the state general fund for the current fiscal year, other  
28 than any demand transfer to the school district capital improvements fund  
29 for distribution to school districts pursuant to K.S.A. 75-2319, and amend-  
30 ments thereto.

31 ~~(c)~~ (3) The reduction imposed by an executive order issued under  
32 this ~~section~~ subsection (b) shall be determined by the governor and may  
33 be equal to or less than the amount certified under *this* subsection ~~(a)~~  
34 (b). Except as otherwise specifically provided by this section, the per-  
35 centage reduction applied under *this* subsection (b) shall be the same for  
36 each item of appropriation and each demand transfer and shall be im-  
37 posed equally on all such items of appropriation and demand transfers  
38 without exception.

39 (4) *The provisions of this subsection (b) shall not apply if the amount*  
40 *of the unencumbered ending balance in the state general fund for the fiscal*  
41 *year ending June 30, 2009, or any fiscal year thereafter, is determined to*  
42 *be insufficient to cover the remaining amount authorized to be expended*  
43 *or transferred by demand transfer from the state general fund in such*

1 *fiscal year, as jointly estimated by the director of the budget and the*  
2 *director of legislative research under K.S.A. 75-6702, and amendments*  
3 *thereto. In any such case, the provisions of subsection (c) shall apply.*  
4 (5) (A) *During any fiscal year, if there is projected to be a loss of tax*  
5 *revenues caused by temporary, one-time federal tax changes, the effect of*  
6 *such federal tax changes shall be estimated by the director of the budget*  
7 *and the director of the legislative research department who shall prepare*  
8 *a joint estimate of such loss of revenue to the state general fund for the*  
9 *current fiscal year in the same manner as provided by K.S.A. 75-6701,*  
10 *and amendments thereto. The amount of any such loss of revenue to the*  
11 *state general fund estimated pursuant to this subsection shall be excluded*  
12 *from any determination of whether the ending balance in the state general*  
13 *fund is equal to 3.5% or less of the total amount authorized to be expended*  
14 *or transferred by demand transfer from the state general fund in such*  
15 *fiscal year, shall not reduce the estimated unencumbered ending balance*  
16 *in the state general fund for such determination, and shall not be the basis*  
17 *for any certification to the governor by the director of the budget under*  
18 *subsection (b) or any percentage reduction in any appropriation or de-*  
19 *mand transfer from the state general fund under subsection (b).*  
20 (B) *During any fiscal year, any expenditures from the state general*  
21 *fund for disasters or emergencies that receive a federal disaster declara-*  
22 *tion designation shall be excluded from any determination of whether the*  
23 *ending balance in the state general fund is equal to 3.5% or less of the*  
24 *total amount authorized to be expended or transferred by demand transfer*  
25 *from the state general fund in such fiscal year, shall not reduce the esti-*  
26 *mated unencumbered ending balance in the state general fund for such*  
27 *determination, and shall not be the basis for any certification to the gov-*  
28 *ernor by the director of the budget under subsection (b) or any percentage*  
29 *reduction in any appropriation or demand transfer from the state general*  
30 *fund under subsection (b).*  
31 (6) *No such percentage reduction and no provisions of any such ex-*  
32 *ecutive order under this ~~section~~ subsection (b) shall apply or be construed*  
33 *to reduce: (A) Any item of appropriation for debt service for payments*  
34 *pursuant to contractual bond obligations ~~or~~, (B) any item of appropriation*  
35 *for employer contributions for the employers who are eligible employers*  
36 *as specified in subsections (1), (2) and (3) of K.S.A. 74-4931, and amend-*  
37 *ments thereto, under the Kansas public employees retirement system*  
38 *pursuant to K.S.A. 74-4939, and amendments thereto, or (C) any demand*  
39 *transfer to the school district capital improvements fund for distribution*  
40 *to school districts pursuant to K.S.A. 75-2319, and amendments thereto.*  
41 *The provisions of such executive order shall be effective for all state agen-*  
42 *cies of the executive, legislative and judicial branches of state government.*  
43 (c) *Whenever the amount of the unencumbered ending balance in the*

1 *state general fund for the fiscal year ending June 30, 2009, or any fiscal*  
2 *year thereafter, is determined to be insufficient to cover the remaining*  
3 *amount authorized to be expended or transferred by demand transfer*  
4 *from the state general fund in such fiscal year, as jointly estimated by the*  
5 *director of the budget and the director of legislative research under K.S.A.*  
6 *75-6702, and amendments thereto, the director of the budget shall certify*  
7 *that determination to the governor and recommend an allotment system*  
8 *so as to assure that expenditures for such fiscal year will not exceed the*  
9 *amount of the unencumbered ending balance in the state general fund for*  
10 *such fiscal year. Upon receipt of such certification and recommendation,*  
11 *and upon approval by the state finance council acting on this matter*  
12 *which is hereby characterized as a matter of legislative delegation and*  
13 *subject to the guidelines prescribed by subsection (c) of K.S.A. 75-3711c,*  
14 *and amendments thereto, the governor may issue an executive order im-*  
15 *plementing an allotment system. Any allotment system implemented for a*  
16 *fiscal year on appropriations and demand transfers from the state general*  
17 *fund shall be implemented by the governor, in such manner as the gov-*  
18 *ernor determines, so as to assure that expenditures and demand transfers*  
19 *from the state general fund for the fiscal year do not exceed the available*  
20 *resources of the state general fund for the fiscal year. In accordance with*  
21 *the executive order issued under this subsection, the provisions of K.S.A.*  
22 *75-3723, 75-3724 and 75-3725, and amendments thereto, shall apply to*  
23 *any allotment system imposed under this subsection (c).*

24 (d) If the governor issues an executive order under this section, the  
25 director of accounts and reports shall not issue any warrant for the pay-  
26 ment of moneys in the state general fund or make any demand transfer  
27 of moneys in the state general fund for any state agency unless such  
28 warrant or demand transfer is in accordance with such executive order  
29 and such warrant or demand transfer does not exceed the amount of  
30 money permitted to be expended or transferred from the state general  
31 fund.

32 (e) Nothing in this section shall be construed to (1) require the gov-  
33 ernor to issue an executive order under this section upon receipt of any  
34 such certification by the director of the budget; or (2) restrict the number  
35 of times that the director of the budget may make a certification under  
36 this section or that the governor may issue an executive order under this  
37 section.

38 Sec. 5. K.S.A. 75-3722 and 75-6704 are hereby repealed.

39 Sec. 6. This act shall take effect and be in force from and after its  
40 publication in the statute book.