

House Budget Committee Report

Agency: Office of the State Treasurer

Bill No. HB 2273

Bill Sec. 27

Analyst: Light

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Budget Page No. 178

Expenditure Summary	Agency Request FY 2024	Governor Recommendation FY 2024	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 0	\$ 0	\$ 0
Federal Funds	0	0	0
Other Funds	35,893,988	35,893,988	(15,400,000)
<i>Subtotal</i>	<u>\$ 35,893,988</u>	<u>\$ 35,893,988</u>	<u>\$ (15,400,000)</u>
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Federal Funds	0	0	0
Other Funds	0	0	0
<i>Subtotal</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
TOTAL	<u><u>\$ 35,893,988</u></u>	<u><u>\$ 35,893,988</u></u>	<u><u>\$ (15,400,000)</u></u>
 FTE positions	 40.0	 40.0	 0.0

Agency Request

The **agency** requests \$35.9 million, all from special revenue funds, for FY 2024. This is an increase of \$7.1 million, or 24.6 percent, above the revised estimate for FY 2023. The increase is mainly due to the STAR Bonds Food Sales Tax Revenue Replacement Fund starting in FY 2024. The agency requests \$7.0 million, all from special revenue funds, for the STAR Bonds Food Sales Tax Revenue Replacement Fund.

The **agency** requests 40.0 FTE positions for FY 2014, which is the same number as the revised estimate for FY 2023.

Governor's Recommendation

The **Governor** recommends \$44.3 million, all from special revenue funds, for FY 2024. This is an increase of \$8.4 million, or 23.4 percent, above the agency's FY 2024 request. This increase is all for the STAR Bond Food Sales Tax Revenue Replacement Fund. The Governor recommends expediting the elimination of the state sales tax rate on food and food ingredients to April 1, 2023. Therefore, the Governor's recommendation for FY 2024 increases the total amount for the STAR Bond Food Sales Tax Revenue Replacement Fund from \$7.0 million to \$15.4 million for FY 2024.

House Budget Committee Recommendation

The **Budget Committee** concurs with the Governor's recommendation with the following adjustment:

1. Delete \$15.4 million from the STAR Bond Food Sales Tax Revenue Replacement Fund and delete the transfer from the SGF to the fund for FY 2024. Review at Omnibus. These funds are provided to hold STAR bond districts harmless from the elimination of the sales tax on food.

House Committee Recommendation

The **Committee** concurs with the Budget Committee's recommendation for FY 2024 with the following adjustments:

1. Add \$2.0 million SGF to the Alternative to Abortion Program account to establish a statewide program to enhance and increase resources that promote childbirth instead of abortion to women facing unplanned pregnancies and to offer a full range of services, including pregnancy support centers, adoption assistance, and maternity homes for FY 2024.
2. Transfer \$55.0 million SGF to the Build Kansas matching grant fund each year for FY 2024, FY 2025, FY 2026, and FY 2027. Add language that caps construction at \$50.0 million and technical support at \$5.0 million per year; allows money to remain in the special revenue fund; requires a means test being developed and used for those local communities applying for the infrastructure grants; requires Legislative Budget Committee to approve all grant funding requests; requires the State Finance Council to approve any request to exceed the \$55.0 million annual cap; and requires an annual report from each state agency assisting local communities with the process to Senate Ways and Means and House Appropriations committees on expenditures, expenditure requests, and approved projects. This fund shall be abolished in FY 2028.

House Committee of the Whole Recommendation (House Sub. for SB 42)

The **Committee of the Whole** concurs with the Committee's recommendation for FY 2024 with the following adjustment:

1. Delete the language suspending the Local Ad Valorem Tax Reduction Fund transfer for FY 2025. This adds transfers totaling \$52.0 million from the SGF to local units of government for FY 2025.

Senate Subcommittee Report

Agency: Office of the State Treasurer

Bill No. SB 155

Bill Sec. 27

Analyst: Light

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Budget Page No. 178

Expenditure Summary	Agency Request FY 2024	Governor Recommendation FY 2024	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 0	\$ 0	\$ 0
Federal Funds	0	0	0
Other Funds	35,893,988	35,893,988	0
<i>Subtotal</i>	<u>\$ 35,893,988</u>	<u>\$ 35,893,988</u>	<u>\$ 0</u>
Capital Improvements:			
State General Fund	\$ 0	\$ 0	\$ 0
Federal Funds	0	0	0
Other Funds	0	0	0
<i>Subtotal</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
TOTAL	<u>\$ 35,893,988</u>	<u>\$ 35,893,988</u>	<u>\$ 0</u>
FTE positions	40.0	40.0	0.0

Agency Request

The **agency** requests \$35.9 million, all from special revenue funds, for FY 2024. This is an increase of \$7.1 million, or 24.6 percent, above the revised estimate for FY 2023. The increase is mainly due to the STAR Bonds Food Sales Tax Revenue Replacement Fund starting in FY 2024. The agency requests \$7.0 million, all from special revenue funds, for the STAR Bonds Food Sales Tax Revenue Replacement Fund.

The **agency** requests 40.0 FTE positions for FY 2024, which is the same number as the revised estimate for FY 2023.

Governor's Recommendation

The **Governor** recommends \$44.3 million, all from special revenue funds, for FY 2024. This is an increase of \$8.4 million, or 23.4 percent, above the agency's FY 2024 request. This increase is all for the STAR Bond Food Sales Tax Revenue Replacement Fund. The Governor recommends expediting the elimination of the state sales tax rate on food and food ingredients to April 1, 2023. Therefore, the Governor's recommendation for FY 2024 increases the total amount for the STAR Bond Food Sales Tax Revenue Replacement Fund from \$7.0 million to \$15.4 million for FY 2024.

Senate Committee on Financial Institutions and Insurance Recommendation

The **Committee** concurs with the Governor's recommendation for FY 2024.

Senate Committee Recommendation

The **Committee** concurs with the Financial Institutions and Insurance Committee's recommendation for FY 2024 with the following adjustment:

1. Delete \$15.4 million from the STAR Bond Food Sales Tax Revenue Replacement Fund and delete the transfer from the SGF to the fund for FY 2024. Review at Omnibus.

Senate Committee of the Whole Recommendation (Sub. for SB 155)

The **Committee of the Whole** concurs with the Committee's recommendation for FY 2024.

Conference Committee Recommendation (HB 2184)

The **Conference Committee** concurs with the Governor's recommendation for FY 2024 with the following adjustments:

1. Add \$2.0 million SGF to the Alternative to Abortion Program account to establish a statewide program to enhance and increase resources that promote childbirth instead of abortion to women facing unplanned pregnancies and to offer a full range of services, including pregnancy support centers, adoption assistance, and maternity homes for FY 2024.
2. Transfer \$50.0 million SGF to the Build Kansas matching grant fund for FY 2024 and \$55.0 million each year for FY 2025, FY 2026, and FY 2027. Add language that caps technical support at \$5.0 million per year; allows money to remain in the special revenue fund; requires a means test be developed and used for those local communities applying for the infrastructure grants; established the Build Kansas Joint Committee; requires the Build Kansas Joint Committee to approve the projects, subject to the approval of the State Finance Council; requires the State Finance Council to approve any request to exceed the \$55.0 million annual cap; and requires an annual report from each state agency assisting local communities with the process to Senate Ways and Means and House Appropriations committees on expenditures, expenditure requests, and approved projects. This fund shall be abolished in FY 2028.

Governor's Veto (HB 2184)

The **Governor** vetos the following:

1. Veto No. 1, HB 2184, Section 42(a), the Alternatives to Abortion section. This section transferred \$2.0 million SGF to the Alternative to Abortion Program account to establish a statewide program to enhance and increase resources that promote childbirth instead of abortion to women facing unplanned pregnancies and to offer a full range of services, including pregnancy support centers, adoption assistance, and maternity homes for FY 2024.
2. Veto No. 1, HB 2184, Section 42(b) and (d), Section 43(b) and (c), Section 44(b) and (c), and Section 46 (b) and (c), the Build Kansas Matching Grant provisos for FY 2024 through FY 2028. These sections transferred a total of \$215.0 million SGF to the Build Kansas matching grant fund, \$50 million for FY 2024 and \$55.0 million each year for FY 2025, FY 2026, and FY 2027.

Veto Override (HB 2184)

The **Legislature** overrides the following:

1. Override Veto No. 1, HB 2184, Section 42(a). Do not delete \$2.0 million or the language for the Alternatives to Abortion program for FY 2024.

Omnibus Action (SB 25)

1. Transfer \$50.0 million SGF to the Build Kansas matching grant fund for FY 2024 and \$55.0 million each year for FY 2025, FY 2026, and FY 2027. Add language that caps technical support at \$5.0 million per year; caps total expenditures at \$215.0 million; allows money to remain in the special revenue fund; requires a means test be developed and used for those local communities applying for the infrastructure grants; established the Build Kansas Advisory Committee to review the requests for grants; requires the State Finance Council to approve any request to exceed the \$55.0 million annual cap; and requires an annual report from each state agency assisting local communities with the process to Senate Ways and Means and House Appropriations committees on expenditures, expenditure requests, and approved projects. This fund shall be abolished in FY 2028.
2. Add language to lapse the transfer of \$4.2 million SGF to the STAR Bond Sales Tax Revenue Replacement fund for FY 2024, leaving a total transfer of \$11.2 million. *Staff Note:* As SB 169 did not pass, an additional lapse of \$4.2 million SGF will also occur, returning the transfer to an estimated \$7.0 million SGF which covers current laws regarding the STAR Bond Sales Tax Revenue Replacement Fund for FY 2024.

State Finance Council

1. Add \$131,927, all from special revenue funds, for a salary adjustment for most state employees based on the Department of Administration Market Survey and a 5.0 percent salary adjustment for employees with job classifications that are not included in the Market Survey for FY 2024.

	Governor's Recommendation* FY 2024	Legislative Action Mega Bill	Legislative Approved FY 2024	Legislative Action Omnibus Bill	Final Legislative Approved FY 2024
All Funds					
State Operations	\$ 2,843,988	\$ 2,000,000	\$ 4,843,988	\$ 131,927	\$ 4,975,915
Aid to Local Units	15,400,000	0	15,400,000	(8,400,000)	7,000,000
Other Assistance	24,050,000	2,000,000	26,050,000	0	26,050,000
<i>Subtotal - Operations</i>	<i>\$ 42,293,988</i>	<i>\$ 0</i>	<i>\$ 46,293,988</i>	<i>\$ (8,268,073)</i>	<i>\$ 38,025,915</i>
Capital Improvements	0	0	0	0	0
TOTAL	\$ 42,293,988	\$ 0	\$ 46,293,988	\$ (8,268,073)	\$ 38,025,915

State General Fund

State Operations	\$ (2,000,000)	\$ 2,000,000	\$ 0	\$ 0	\$ 0
Aid to Local Units	0	0	0	0	0
Other Assistance	0	2,000,000	2,000,000	0	2,000,000
<i>Subtotal - Operating</i>	<i>\$ (2,000,000)</i>	<i>\$ 4,000,000</i>	<i>\$ 2,000,000</i>	<i>\$ 0</i>	<i>\$ 2,000,000</i>
Capital Improvements	0	0	0	0	0
TOTAL	\$ (2,000,000)	\$ 4,000,000	\$ 2,000,000	\$ 0	\$ 2,000,000

FTE Positions	40.0	0.0	40.0	0.0	40.0
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* Veto No. 1, HB 2184 sec 42(a), (b), and (d). Section 42(a) included \$2.0 million SGF for the Alternatives to Abortion program for FY 2024. Sections 42(b) and (d) included a transfer of \$50 million SGF to the Build Kansas matching grant fund for FY 2024. The veto for the Alternatives to Abortion was overridden.