

Summary of Governor's Major Budget Recommendations for FY 2010

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REVENUE ADJUSTMENTS:

Tax Policy Changes - \$60.6 million:

Suspend Phase-Out of Corporate Franchise Tax (HB 2028)	\$	14.0	
Suspend Phase-Out of Estate Tax (HB 2047)		5.0	
Eliminate Community Service Credit (HB 2070)		4.4	
Accelerate Severance Tax Due Date (HB 2046)		10.0	
Attribute All Liquor Taxes to State General Fund (SB 127)		27.2	
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Sub-Total Tax Policy Changes:	\$		60.6

Limit Transfers Out of the State General Fund - \$149.6 million

Stop Highway Fund Loan Repayment	\$	30.9	
Limit Bioscience Authority Transfer (\$60 million to \$40 million)		20.0	
Suspend Transfer to Special City and County Highway Fund; State Water Plan Fund; and Health Care Stabilization Fund		19.1	
Suspend Deferred Maintenance Transfer to Regents		15.0	
Suspend Restoration of Local Ad Valorem Tax Reduction Fund Transfer		13.5	
Suspend Business and Machinery Tax Slider		45.3	
Net Other Transfers Out		5.8	
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Sub-Total Transfers Out of the State General Fund:	\$		149.6

Sweep Funds into State General Fund - \$103.2 million

Transfer Gaming Revenue (Operation in Dodge City; Privilege Fees of \$25 million each in Wyandotte and Sumner Counties)	\$	56.7	
Sweep Special Revenue Funds Savings by Moratorium on Employer Contributions on Employee Health and Death and Disability Insurance		28.7	
Reduce Children's Initiative Fund Expenditures and Transfer Balance		9.2	
Reduce Economic Development Initiatives Fund Expenditures and Transfer Balance (SB 303)		3.5	
Reduce non-SGF Agencies and Sweep Balances		2.9	
One-Time Special Revenue Sweep Balances		2.2	
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Sub-Total Sweeps into State General Fund:	\$		103.2
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Total Revenue Adjustments:	\$		313.4

Expenditures:

Education Reductions - \$225.8 million

Do Not Fund School Finance Consumer Price Index Increase	\$	(108.4)	
Do Not Fund Special Education Increase		(37.9)	
Do Not Fund Other School Finance Increases (mainly due to local property tax increase)		(18.7)	
Reduce Regents System 4.0 percent		(56.3)	
Shift Kan-Ed to Kansas Universal Service Fund		(2.0)	
Eliminate Wichita Center for Graduate Medical Education Appropriation		(2.5)	
	\$	(225.8)	

Human Services Reductions - \$60.5 million

Sub-Total Education Reductions:			
Freeze Nursing Home Rates at FY 2009 Rates	\$	(6.0)	
Switch Kansas Health Policy Authority State General Fund to Fee Funds		(5.7)	
Reduce Kansas Health Policy Authority--Administrative Initiatives		(9.6)	
Reduce Department of Social and Rehabilitation Services for New Foster Care Contract		(14.1)	
Limit Medicaid and General Assistance to 18 months (instead of 24 months)		(12.3)	
Limit Children In Need of Care Services (Age Eligibility and Non-Abused or Neglected) (SB 92 and SB 94)		(3.8)	
Reduce Grants to Community Mental Health Centers		(7.0)	
Reduce Grants to Community Developmental Disability Organizations		(2.0)	
	\$	(60.5)	

Public Safety Reductions - \$12.5 million

Close Department of Corrections Facilities	(11.5)	
Day Reporting (Shawnee, Sedgwick) Osawatomie, Toronto, Stockton, Men/Womens		
Conservation Camp Labette County, Close Atchison Juvenile Correction Facility		
Suspend Kansas Highway Patrol New Trooper Class	(1.0)	
	\$	(12.5)

Debt Restructuring

Delay State Contribution for Employee Health Insurance and Death and Disability Insurance	(34.1)	
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Net of Other Adjustments

Total Expenditure Adjustments:	\$	(36.0)	
		(431.3)	
GOVERNOR'S GRAND TOTAL ADJUSTMENTS:	\$	744.7	

Kansas Department of Revenue
 Estimated Impact to Kansas of the
 AMERICAN RECOVERY AND REINVESTMENT TAX ACT OF 2009

Tax Years	Tax Year Impact	Fiscal Year Impacts (dollars are in millions)		
		<u>2009</u>	<u>2010</u>	<u>2011</u>
Bonus Depreciation/Sec 179 Expensing	2009	\$ (45.0)	\$ (6.0)	\$ (39.0)
Income from Discharged Indebtedness	2009&2010	\$ (25.0)	\$ (6.0)	\$ (14.0)
EITC expansion	2009&2010	\$ (8.0)	\$ (4.0)	\$ (4.0)
Exclude up to \$2,400 of Unemployment Insurance Benefits from FAGI	2009	\$ (7.0)	\$ (7.0)	
Sales tax deduction for purchase (up to \$49,500) of new cars, light trucks, motorcycles, and motor homes; phaseout for taxpayers with modified AGI in excess of \$125,000 (\$250,000 joint) (sunset 12/31/09).	2009	\$ (1.5)	\$ (1.5)	
Total		\$ (86.5)	\$ (12.0)	\$ (65.5)
			\$ (9.0)	