

J-1
District Court Docket
Fees

J-2
Introduction to State
Budget

J-3
Kansas Laws to
Eliminate Deficit
Spending

J-4
State General Fund
Transfers

Dylan Dear
Managing Fiscal Analyst
785-296-3181
Dylan.Dear@klrd.ks.gov

State Budget

J-4 State General Fund Transfers

This article provides an explanation of State General Fund (SGF) transfers, including both revenue and demand transfers.

FY 2019 SGF expenditures are estimated at \$7.1 billion. Not included as expenditures in the budget are \$375.4 million in SGF revenue transfers to various state agencies and local units of government, approximately 5.3 percent of the total SGF budget. Offsetting these transfers are \$374.1 million in transfers into the SGF, mostly from the State Highway Fund (\$293.1 million), State Gaming Revenues Fund (\$26.0 million), and Economic Development Initiatives Fund (\$18.7 million).

Distinction between Demand Transfers and Revenue Transfers

A SGF **revenue transfer** is specified in legislation, usually an appropriations bill, and involves transferring money into and out of the SGF. Any transfer from the SGF to a special revenue fund or local unit of government is considered an expenditure from the special revenue fund.

Demand transfers are expenditures specified by statute rather than appropriation acts. An important characteristic of a demand transfer is that the amount of the transfer is based on a formula or authorization in substantive law. The appropriation of the funds traditionally was made through statutory authority rather than through an appropriation. In recent years, adjustments to the statutory amounts of the demand transfers have been included in appropriation bills. *SGF demand transfers are considered to be SGF expenditures.* The only current demand transfer is the transfer to the School District Capital Outlay Fund.

The following list includes select SGF state revenue transfers, which are set in statute and modified by acts of appropriation:

- State Water Plan Fund – \$6.0 million transferred to the Fund by statute annually, reduced to \$1.4 million in FY 2018 and \$2.7 million in FY 2019;
- State Fair – Up to \$300,000 for capital improvements transferred to the Fund annually, capped at \$100,000 in FY 2018 and \$0 in FY 2019;

- Tax Increment Financing Revenue Replacement Fund – Transfers to the Fund capped at \$0 while statute is reviewed; and
- The following funds are transferred in part to the SGF despite an alternate statutory purpose: State Highway Fund (\$288.3 million), Economic Development Initiatives Fund (\$20.1 million), Expanded Lottery Act Revenues Fund (ELARF) (\$2.5 million), State Water Plan

Fund (\$1.3 million), State Safety Fund (\$1.1 million). *All amounts are FY 2018 Actuals.*

The following table reflects actual and approved demand or revenue transfers for FY 2018 - FY 2019.

See [A-2 State Water Plan Fund, Kansas Water Authority, and State Water Plan](#) for additional information on State Water Plan Fund Transfers.

FY 2018 Actual to FY 2019 Approved State General Fund Transfers				
Transfers	Funds Affected	Statutory Authority	FY 2018 Actual	FY 2019 Approved
Transfers In:				
Economic Dev't Initiatives Fund	Transfer to SGF	HB 2002-Sec 83(g), SB109-Sec 59	\$ 20,130,000	\$ 18,700,000
ELARF	Transfer to SGF	HB 2002-Sec 170(b)	2,471,610	1,757,030
State Water Plan Fund	Transfer to SGF	HB 2002-Sec 159(j)	1,260,426	1,260,426
Various Agencies	27th Paycheck Transfer	HB 2002-Sec 65(l)	11,344,876	8,223
Regents Institutions	27th Paycheck Transfer	HB 2002-Sec 65(b)	1,175,831	1,175,831
Kansas Corporation Commission	Public Service Regulation Fund	HB 2002-Sec 60(h)	100,000	100,000
PMIB	PMIB Investment Portfolio Fee Fund *	KSA 75-4235(b)	2,875,000	2,400,000
	Bridge Funding	HB 2052-Sec 44, KSA 75-2263	118,800,000	-
Kansas Public Employees Retirement System (KPERs)	KS Endowment for Youth Fund	HB 2002-Sec 56(e)	200,000	-
Kansas Lottery	Gaming Revenues Fund *	KSA 79-4801: > \$50m	23,698,170	26,000,000
	Special Veterans Benefit Game	SB 109-Sec 63	1,028,373	--
Racing and Gaming	Tribal Gaming Program Loan Repayment	HB 2002-Sec 80(b)	450,000	450,000
Department of Revenue	Ag. Ethyl Alcohol Producer Incentive Fund	SB 161-Sec 112	3,500,000	-
	Car Company Tax Fund *	KSA 79-917	373,228	350,000
	Division of Vehicles Operating Fund	HB 2002-Sec 75(f)	2,172,408	2,172,408
Attorney General	Court Cost Fund	SB 109-Sec 39(c)	250,000	1,750,000
	Medicaid Fraud Prosecution Revolving Fund	HB 2002-Sec 37(g)	1,000,000	--

FY 2018 Actual to FY 2019 Approved State General Fund Transfers				
Transfers	Funds Affected	Statutory Authority	FY 2018 Actual	FY 2019 Approved
Insurance Department	Service Regulation Fund	HB 2002-Sec 61(h), Sec 44(c)	\$ 8,125,000	\$ 8,250,000
	Securities Act Fee Fund	KSA 17-12a601(a)(4), HB 2002-Sec 44(d)	13,615,552	14,044,541
Kansas Department for Aging and Disability Services	Problem Gambling & Addiction Grant Fund	HB 2002-Sec 99(n)	8,597	114,004
Department of Education	State Safety Fund	SB 19-Sec 1(c)	1,100,000	1,100,000
Board of Regents	Priv. & Out-of-State Post. Ed. Inst. Fee Fund	SB 109-Sec 93(c)	-	535,000
Emergency Med. Services Board	EMS Operating Fund	HB 2002-Sec 149(g)	250,000	250,000
State Fire Marshal	Fire Marshal Fee Fund	SB 109-Sec 98(b)	2,000,000	1,000,000
State Fair	Special Cash Fund *	KSA 2-220	200,000	200,000
Kansas Water Office	Water Marketing Fund	HB 2002-Sec 158(i), SB 109-Sec 109(b)	418,724	419,474
Department of Transportation	State Highway Fund	HB 2002-Sec 66(e), 164(i)	288,297,663	293,126,335
	Overhead Payment/Purchasing	HB 2002-Sec 6 65(c)	210,000	210,000
<i>Subtotal - Transfers In</i>			\$ 505,055,458	\$ 375,373,272
Transfers Out:				
ELARF	SGF Contingent Transfer	HB 2002-Sec 65(o)	\$ -	\$ -
Various Agencies	27th Paycheck Transfer	HB 2002-Sec 65(l)	(11,344,876)	(8,223)
	Bioscience Initiatives	HB 2002-Sec 34	(6,000,000)	-
	State Water Plan Fund Transfer	HB 2002-Sec 243	(1,400,000)	(2,750,000)
Department of Administration	Tax Increment Financing Revenue Replacement	KSA 12-1775a	8,597	-
Health Care Stabilization Fund	Support for KUMC Graduate Students *	KSA 40-3403(J)	(5,048,835)	(2,500,000)
Pooled Money Investment Board	Bridge Funding-Payment Plan	HB 2052-Sec 44	-	(52,866,667)
KPERS	Kansas Public Employees Retirement Fund	SB 109-Sec 128	(56,000,000)	(82,000,000)
Department of Revenue	Automated Tax Systems Fund	HB 2002-Sec 74(l); KSA 75-5147	(13,000,000)	(13,000,000)
Racing and Gaming	Tribal Gaming Program Loan	HB 2002-Sec 80(b)	(450,000)	(450,000)
State Bank Commissioner	Bank Commissioner Fee Fund	HB 2002-Sec 11(c)	(534,517)	-

FY 2018 Actual to FY 2019 Approved State General Fund Transfers				
Transfers	Funds Affected	Statutory Authority	FY 2018 Actual	FY 2019 Approved
Kansas Real Estate Commission	Real Estate Fee Fund	HB 2002-Sec 24(b)	\$ (196,671)	\$ -
Attorney General	Medicaid Fraud Prosecution Revolving Fund	SB 109-Sec 39(d)	-	(600,000)
	Tort Claims *	KSA 75-6116, 75-6117	(3,045,127)	(3,504,095)
	Sexually Violent Predator Expense Fund	HB 2002-Sec 38(f)	(50,000)	(50,000)
State Treasurer	Spirit Aerosystems Incentive	KSA 74-50,122 74-50,136, HB 2002-Sec 41	(3,639,724)	(3,600,000)
	Siemens Manufacturing Incentive		(743,423)	(550,000)
	Learjet Incentive		(815,963)	-
	Learning Quest Matching Funds *	KSA 75-650(g) & Treasurer Certification	(370,000)	(375,000)
Department of Education	School District Cap. Improvements Fund	KSA 72-6417(c) 75-2319(c)	(189,763,800)	(200,000,000)
	School District Declining Enrollment Fund	SB 19-Sec 1(i)	(2,593,542)	-
	School Safety and Security Fund	SB 109-Sec 76(c)	-	(5,000,000)
Board of Regents	Regents Faculty of Distinction Program	KSA 76-775	(686,682)	(688,776)
Kansas State University	National Bio Agro-defense Facility Fund	HB 2002-Sec 120(d)	-	(5,000,000)
KU Medical Center (KUMC)	Rural Health Bridging Psychiatry Fund	HB 2002-Sec 132(e)	(1,000,000)	(1,000,000)
State Fair	Special Cash Fund *	KSA 2-220	(200,000)	(200,000)
	Capital Improvements Fund	HB 2002-Sec 227(b)(2)(c)	(100,000)	
Local Units of Government	LAVTRF	HB 2002-Sec 38	-	-
	CCRSF	HB 2002-Sec 39	-	-
<i>Subtotal - Transfers Out</i>			<u>\$ (296,974,564)</u>	<u>\$ (374,142,761)</u>
Total Transfers			\$ 208,080,894	\$ 1,230,511
Interest	ADB ¹ Interest on Various Funds		(8,740,823)	(9,030,511)
Net Transfers			\$ 199,340,072	\$ (7,800,000)
* Transfers set in statute and unmodified by acts of appropriation.				
¹ Average Daily Balance				

Transfers to Local Units of Government

- The demand transfer to local units of government is the School District Capital Outlay Fund (SDCOF). The 2005 Legislature created the capital outlay state aid program as part of its response to the Kansas Supreme Court's opinion in school finance litigation. The program is designed to provide state equalization aid to school districts for capital outlay mill levies, up to eight mills;
- The School District Capital Improvements Fund (SDCIF) is used to support school construction projects. The appropriations bill caps the SDCIF transfer and is no longer included with total SGF expenditures. By statute, the State Board of Education certifies school

districts' entitlements determined under statutory provisions; and

Suspended Local Transfers

The Local *Ad Valorem* Tax Reduction Fund (LAVTRF), County and City Revenue Sharing Fund (CCRSF), and Special City-County Highway Fund (SCCHF) were last treated as demand transfers in FY 2001 and the SDCIF transfer was changed to a revenue transfer in FY 2003.

- No transfers to the LAVTRF or the CCRSF have occurred since FY 2004; and
- No transfers to the SCCHF have occurred since FY 2009.

For more information, please contact:

Dylan Dear, Managing Fiscal Analyst
Dylan.Dear@klrd.ks.gov

J.G. Scott, Assistant Director for Fiscal Affairs
JG.Scott@klrd.ks.gov

Kansas Legislative Research Department
 300 SW 10th Ave., Room 68-West, Statehouse
 Topeka, KS 66612
 Phone: (785) 296-3181