



KANSAS BOARD OF REGENTS

March 9, 2011

Representative Lana Gordon, Chairwoman
House Education Budget Committee
Statehouse, Room 151-S
Topeka, KS 66612

Representative Valdenia Winn, Ranking Member
House Education Budget Committee
Statehouse, Room 451-S
Topeka, KS 66612

Dear Chairwoman Gordon and Ranking Member Winn:

On behalf of the Kansas Board of Regents, I write to you in support of Senate Bill 28, legislation that would amend statutes to enable the University of Kansas Edwards Campus, Johnson County location of Kansas State University, and the Johnson County location of the University of Kansas Medical Center to retain the earned interest on revenue raised by the Johnson County Education Research Triangle Authority (JCERTA) sales tax during the period of time those revenues are on deposit in the State Treasury for the benefit of those programs. Current statute does not specify what is to be done with the interest earned on JCERTA funds during this period. Senate Bill 28 was approved by the Senate on February 22 by a 38-1 vote.

As you may know, JCERTA oversees revenue raised by a one-eighth-cent sales tax in Johnson County. The JCERTA funds are used for building, construction, academic and research program development and growth, faculty and staff recruitment and retention, and operations and maintenance in support of the undergraduate and graduate programs at the Edwards Campus of the University of Kansas, the research and education programs in animal health and food safety and security at the Johnson County location of Kansas State University, and the medical education and life sciences and cancer research programs at the Johnson County locations of the University of Kansas Medical Center. Current statutes do not contemplate what is to be done with the interest earned on JCERTA funds while on deposit with the State. However, the earned interest on JCERTA funds should be used in the same manner as other revenue derived from the JCERTA sales tax. Amending the statute would ensure that all revenue, including earned interest, from the sales tax is used for its intended purpose of supporting the Johnson County Education Research Triangle.

I have attached the Division of the Budget's fiscal note for Senate Bill 28, which provides some additional detail regarding the small amount of revenue tied to this proposal (approximately \$4,320 in FY 2012). Thank you for your consideration of this legislation.

Sincerely,

Dr. Andy Tompkins
President & CEO

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January 28, 2011

The Honorable Jean Schodorf, Chairperson
Senate Committee on Education
Statehouse, Room 236-E
Topeka, Kansas 66612

Dear Senator Schodorf:

SUBJECT: Fiscal Note for SB 28 by Legislative Educational Planning Committee

In accordance with KSA 75-3715a, the following fiscal note concerning SB 28 is respectfully submitted to your committee.

SB 28 would require that the interest earnings from the Johnson County Education Research Triangle sales tax be transferred from the State General Fund to the Johnson County Education Research Triangle Fund of the University of Kansas, the University of Kansas Medical Center, and Kansas State University. The Department of Revenue currently collects the Johnson County Education Research Triangle sales tax at the same time and manner that other state and local sales taxes are collected and the revenue collected is deposited in the state treasury and paid out at least on a quarterly basis. This bill would require that the interest earnings from these deposits be transferred by the tenth day of each month, and would be determined by the average daily balance in each of the respective funds in the preceding month, and the net earnings rate for the Pooled Money Investment Board (PMIB) portfolio for the preceding month.

The Board of Regents estimates that SB 28 would decrease State General Fund revenues by approximately \$4,320 in FY 2012 and would also have a corresponding increase in revenue to the Johnson County Education Research Triangle Fund of the University of Kansas, the University of Kansas Medical Center, and Kansas State University. To formulate these estimates, the Board of Regents reviewed data on the average daily balances of these funds and the estimated net earnings rate for the PMIB portfolio. For FY 2012, each of these three funds are estimated to have an average daily balance of approximately \$60,000 and the net earnings rate for the PMIB portfolio is estimated to be 0.24 percent, which would produce a total of \$4,320 in interest earnings ($\$60,000 \times 3 \text{ funds} \times 0.24 \text{ percent}$).

The Department of Administration indicates that the costs associated with calculating and transferring interest earnings on a monthly basis would be negligible and could be absorbed

The Honorable Jean Schodorf, Chairperson

January 28, 2011

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within existing resources. Any fiscal effect associated with SB 28 is not reflected in *The FY 2012 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Steven J. Anderson", with a long horizontal flourish extending to the right.

Steven J. Anderson, CPA, MBA
Director of the Budget

cc: Steve Neske, Revenue
Melissa Wangemann, KS Association of Counties
Diane Duffy, Board of Regents
Pat Higgins, Administration