

## MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE

The meeting was called to order by Chairperson Ron Ryckman at 9:00 am on Tuesday, March 08, 2016, 112-N of the Capitol.

All members were present except:

Representative John Barker – Excused

Committee staff present:

Kathy Holscher, Kansas Legislative Committee Assistant

David Fye, Legislative Research Department

Jennifer Ouellette, Legislative Research Department

Jill Wolters, Office of Revisor of Statutes

Daniel Yoza, Office of Revisor of Statutes

J.G. Scott, Legislative Research Department

Melinda Gaul, Administrative Assistant

Conferees appearing before the Committee:

Representative Schwartz

Stephen Bailey, The Pew Charitable Trusts

Others in attendance:

[See Attached List](#)

### **Opening Remarks - Chairman Ryckman**

Chairman Ryckman called the meeting to order, and reviewed the meeting agenda.

Representative Highland made a motion to approve the minutes from the March 3, 2016 committee meeting. Representative Proehl seconded the motion. Motion carried.

### **Bill introductions**

Representative Hawkins made a motion to introduce legislation regarding certified nurses mid-wives, which authorizes licensing regulated by the Board of Healing Arts. Representative Hoffman seconded the motion. Motion carried.

Representative Schwartz made a motion to introduce legislation designating a portion of K148 as the Sargent Laverne W. Tegtmeier memorial highway. Representative Proehl seconded the motion. Motion carried.

Chairman Ryckman made a motion to introduce legislation regarding K-12 education. Representative Schwartz seconded the motion. Motion carried.

Representative Waymaster made a motion to introduce legislation as included in the Alvarez and

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Marsal recommendation regarding a state wide insurance procurement. Representative Schwartz seconded the motion.

The motion utilizes a competitive request for the proposal process to rebid all current insurance contracts, Representative Waymaster stated.

The motion was renewed. Motion carried.

Representative Waymaster made a motion to introduce legislation as included in the Alvarez and Marsal recommendation regarding organizing boards and commissions under industry structure. Representative Schwartz seconded the motion.

The motion creates new study committees for general industry, public health and welfare, and financial industry that will study boards, commissions, councils, authorities, to share resources, labor capacities, and mission alignments.

Representative Hoffman made a motion to introduce legislation as included in the Alvarez and Marsal recommendation regarding implementation of administrative fees for economic development programs and tax incentives. Representative Schwartz seconded the motion. Motion carried.

Representative Kleeb made a motion to introduce legislation as included in the Alvarez and Marsal recommendation regarding the establishment of a budget stabilization fund and request Legislative Budget Committee to review a risk based reserve practice and recommend an ideal balance for the fund. Representative Schwartz seconded the motion.

Representative Kleeb stated that the motion relates to establishing a rainy day fund and a requested study to determine risk and balance fund balance.

The motion was renewed. Motion carried.

Representative Lunn made a motion to introduce legislation regarding pensions as related to limited leave benefits taxable under 409A and 457(f) plans for certain employees and excludes firemen and policemen. Representative Schwartz seconded the motion.

It was noted that this was not a recommendation by Alvarez and Marsal.

The motion was renewed. Motion carried.

### **Possible action on bills previously heard**

Chairman Ryckman opened discussion on **HB 2662** - Claims Against the State.

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Representative Schwartz made a motion for an amendment that would strike lines 2, 3 and 4 from the bill ([Attachment 1](#)) Representative Suellentrop seconded the motion.

Discussion followed by committee members. Representative Schwartz stated that Bryant L. Colbert #58776 did not accept the claim.

The motion was renewed. Motion carried.

Representative Grosserode made a motion for favorable passage of **HB 2662** as amended. Representative Kahrs seconded the motion. Motion carried.

Chairman Ryckman opened discussion on **HB 2573** - Live streaming of legislative meetings and the Information Network of Kansas.

Daniel Yoza, Office of the Revisor of Statutes, provided an overview of the proposed amendment to the bill ([Attachment 2](#)) .

Representative Schwartz made a motion for an amendment that would include language regarding live audio streaming that states the Director of Legislative Administrative Services and the Board of the Information Network of Kansas, Inc. have agreed upon services provided that are determined to be necessary, and this shall be implemented within existing resources. Representative Claeys seconded the motion. Motion carried.

Representative Grosserode made a motion for favorable passage of **HB 2573** as amended. Representative Schwartz seconded the motion. Motion carried.

### **Presentation on:**

Stephen Bailey, The Pew Charitable Trusts, reviewed a power point presentation on Building a Rainy Day Fund in Kansas ([Attachment 3](#)) . He provided background information on the organization, and stated that Pew Charitable Trusts applies a rigorous analytical approach to a number of issues with a goal of improving public policy and informing the public. A recommendation from the Alvarez and Marsal Governmental Efficiency Study, included the need to establish a risk-based reserve fund policy and development of a structurally balanced budget policy. The fund criteria includes dedicated funds, which are reserve funds established with laws and perimeters, funds that operate over fiscal years and the whole economic cycle, and serve as a reserve for general purposes. There are only four states that do not have a rainy day fund, he noted. A review of the steps for implementing the fund included identifying a purpose driven savings, conducting volatility study, and establishing guidelines distinct from the State General Fund (SGF). A review of the revenue fluctuations in Kansas and the framework implemented by some of the states with the established fund followed. He stated that there are three reports available on the website that have identified elements of a sound fund design.

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Discussion followed by committee members and Mr. Bailey responded to questions. The need to explore options, in order not to be reactive but proactive in the future, was emphasized. Regarding priority setting, Mr. Bailey noted those states with the best results have determined triggers for use of funds. Examples of those triggers included the states as follows: Arkansas, withdraw of 3 percent when the revenue shortage was 3 percent; Oklahoma, withdraw at zero percent based on current and projected revenues; and Indiana, when personal income growth falls below 2 percent growth. He added that deposits and withdraws are based on an objective criteria that aligns with priorities. Discussion followed regarding dedicated revenue streams that other states may be using. He reviewed thresholds used for specific revenue streams and fund use for one-time projects. Determining legislative action or policy requirements for accessing these funds was discussed. Mr. Bailey responded that most states are setting withdraw conditions based on surplus and budget deficit based on a 3/4 majority vote or through appropriations, when there are no legislative requirements. As requested, additional information will be provided regarding investment strategies.

Chairman Ryckman thanked Mr. Bailey for his presentation and reviewed the agenda for the next committee meeting.

Meeting adjourned at: 9:50 a.m.