

## MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE

The meeting was called to order by Chairperson Ron Ryckman at 9:00 am on Wednesday, March 09, 2016, 112-N of the Capitol.

All members were present

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:

No conferees present

Others in attendance:

[See Attached List](#)

### **Opening Remarks**

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

As a point of personal interest, shadow students were introduced as follows: Representative Ballard introduced Marissa Cyphers, Wichita and intern, Christina Ostmeyer, Colby, Kansas and Kansas University student. Representative Carpenter introduced Brooklyn Shaw, Wichita; Representative Highland introduced Jacob Clinton, Manhattan; Representative Finney introduced Sydney Sagehorn, Andover; and Representative Kahrs introduced Bethany Stock, Wichita.

### **Bill introductions**

Representative Grosserode made a motion to introduce legislation regarding excess cash carryover balances. Representative Schwartz seconded the motion. Motion carried.

Representative Grosserode made a motion to introduce legislation regarding requiring procurement for the Department of Administration. Representative Schwartz seconded the motion. Motion carried.

Representative Grosserode made a motion to introduce legislation regarding group pooled insurance. Representative Lunn seconded the motion. Motion carried.

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

Chairman Rychman opened discussion on **HB 2703**.

Representative Hutton addressed the committee and stated that a number of amendments have been added to the bill, which will be reviewed by the Office of the Revisor of Statutes.

Jill Wolters, Office of the Revisor of Statutes, provided a thorough review of the amendments which have been incorporated into the Sub for **HB 2703 (Attachment 1)**. A summary of the amendments are as follows: The New Section 1. (a.), lines 10 and 11 includes any affiliated corporate entity of a state agency; line 16 includes approval also may be given while the legislature is in session; lines 18 through 20 regarding indebtedness and credit card purchases payable within 90 days; lines 23 through 26 statutory authority to purchase real estate or accept a give, devise or bequest; lines 27 and 28 regarding maintenance, construction or improvements equal to or exceeding \$2 million; line 35 regarding municipal lease obligation; and lines 39 through 53 regarding project costs, procedures and responsibilities of State Building Advisory Commission, the Joint Committee on State Building Construction and State Finance Council; and lines 54 through 56 regarding dollar amounts applied to the entire cost of a single project. A summary of amendments continued on page two as follows: lines 7 through nine which states that the provisions do not apply to the Kansas Department of Transportation, University of Kansas Hospital, Information Technology Projects, routine maintenance, state agency refinancing debt resulting in reduced liability to the state; lines 22 and 23 regarding leasing real estate for special events; and lines 24 through 49 regarding the creation of a commission to review public and private partnerships

Jill Wolters responded to questions from committee members. She stated that the State Finance Council does not have the authority to approve any action equal or that exceeds \$25 thousand, schedules a meeting to consider approval within 30 days of a request and approves any gift, devise or bequest of real estate when when an acquisition is in the best interest of the state. As requested, a list of state agencies that have statutory and non-statutory authorization for purchases will be forthcoming. Real estate valued over \$1 million would need approval by the State Finance Council.

Representative Hutton noted that a majority of the reviewed amendments were recommendations from the Universities and Kansas Board of Regents

*Representative Hutton made a motion to approve **Substitute for HB 2703 as amended**. Representative Barker seconded the motion.*

Discussion followed by committee members regarding the motion. In regards to refinancing debt, it was noted that the interest rate and term combined must be at a lower cost to the state. The composition of the commission on public private partnership includes experts within the industry, and reviews projects and provides appropriate recommendations to the legislature., which is a one time commission in effect for 6 months. Further clarification on the responsibilities of the State Building Advisory Council, State Finance Council and the Joint Committee on State Building Construction will be

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forthcoming. It was noted that the Unified School Districts (USDs) are not state agencies even though the USD receive funding from the Department of Education as appropriated by legislation and as governed by the local Board of Education.

Representative Hutton renewed the motion. Motion carried.

Representative Carlin made a motion to add two appointments, by the Minority Leaders from the House and Senate, to serve on the Commission on Public Private Partnership Building Projects. Representative Finney seconded the motion.

Discussion followed by committee members regarding the motion. The motion would add two legislative members to the Commission, for a total of eleven members.

The motion was renewed. Motion carried.

Discussion followed by committee members regarding public private partnerships.

Representative Kleeb made a motion for an amendment related to public acknowledgment of transactions of real estate transactions. Representative Schwartz seconded the motion.

Discussion followed by committee members regarding the motion and the need to protect the privacy of donations. It was noted that the amendment applied to Real Estate only.

Jill Wolters state that the motion would strike all of subsection 1a.(4), and insert language that this kind of action requires State Finance Council or Legislative action. Acquiring real estate by purchase, gift, devise or bequest if such acquisition is involved in a public private partnership between state agencies and any affiliated corporate entity of a state agency or any other corporate entity of a state agency. All other acquisitions of real estate purchases would go under current law.

Representative Kleeb renewed the amendment, as clarified by Jill Wolters and at the approval of the second to the motion. Motion carried.

Representative Kleeb reviewed a balloon amendment on the bill that would add the following language on line 34; that enter into any lease agreement which leases state owned or managed property to any private entity at a price that is less than fair market value ([Attachment 2](#)).

Representative Kleeb made a motion to approve the amendment as reviewed. Representative Hutton seconded the motion. Motion carried.

Representative Kleeb made a motion for an amendment to insert language to the Substitute **HB 2703**. The Commission shall review the following recommendations that are deemed appropriate: if and when the projects could compete with the private sector. Representative Hutton seconded the motion.

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Discussion followed by committee members regarding the motion.

Representative Kleeb renewed the motion. Motion carried.

Representative Barker made a motion to bill on line 35 that strike the word municipal regarding the lease agreement. Representative Hutton seconded the motion.

Discussion followed by committee members regarding the motion.

Representative Barker renewed the motion. Motion carried.

Chairman Ryckman closed the hearing on the bill.

Chairman Ryckman stated that **SB 249** was heard in committee and the contents were placed in **SB 241**.

Representative Schwartz made a motion to place the contents of House Substitute for **HB2703** into House Substitute for **SB 249** and recommend it favorable for passage. Representative Hutton seconded the motion.

Discussion followed by committee members regarding the motion. Concern was expressed regarding the impact of the bill.

Representative Henry made a substitute motion to table the bill until 9:00 a.m tomorrow, for further review. Representative Ballard seconded the motion. Motion failed.

Representative Schwartz renewed the motion. Motion carried.

**Presentation on:**

J.G. Scott, Legislative Research Department, presented an overview of the Kansas Budget Process ([Attachment 3](#)) and Budget Approach ([Attachment 4](#)). Alvarez and Marsal recommended changes to the Kansas budget review process which included program service inventory, developing goals to guide decision making in regards to evidence of program effectiveness and implementing performance based budgeting.

Chairman Ryckman stated that these recommendation will be reviewed and discussed in tomorrow's committee meeting.

Meeting adjourned at: 10:32 a.m.

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