

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE

The meeting was called to order by Chairperson Ty Masterson at 10:30 am on Monday, March 07, 2016, 548-S of the Capitol.

All members were present

Committee staff present:

David Wiese, Office of Revisor of Statutes
Scott Abbott, Office of Revisor of Statutes
Shirley Morrow, Legislative Research Department
Dezeree Hodish, Legislative Research Department
Amy Deckard, Legislative Research Department
Dylan Dear, Legislative Research Department
Debbie Luper, Chief of Staff
Dee Heideman, Committee Assistant

Conferees appearing before the Committee:

Steve Bailey, Senior Associate, Pew Charitable Trusts

Others in attendance:

[See Attached List](#)

Bill introductions

Senator Powell moved to introduce an act concerning water, relating to the division of water resources. Senator Kelly seconded the motion and the motion was adopted on a voice vote.

Senator Denning moved to introduce proposed legislation that references all the A & M Efficiency Study legislation. Senator Arpke seconded the motion and the motion was adopted on a voice vote.

Senator Denning moved to introduce proposed legislation concerning consolidation the payrolls of State Board of Regents and the State educational institutions. Senator Arpke seconded the motion and the motion was adopted on a voice vote.

Senator Denning moved to introduce proposed legislation concerning health and healthcare; eliminating medical assistance coverage for elective induced labor prior to 39 weeks of pregnancy. Senator Arpke seconded the motion and the motion was adopted on a voice vote.

Senator Denning moved to introduce proposed legislation concerning healthcare and healthcare providers relating to birth risk factor screening for pregnant women. Senator Arpke seconded the motion and the motion was adopted on a voice vote.

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Senator Denning moved to introduce proposed legislation concerning state agencies; relating to sale of surplus real estate; providing for a project manager for such sales. Senator Arpke seconded the motion and the motion was adopted on a voice vote.

Senator Denning moved to introduce proposed legislation concerning income taxation; relating to credits; eliminating the community service program credit. Senator Arpke seconded the motion and the motion was adopted on a voice vote.

Senator Denning moved to introduce proposed legislation concerning education; relating to the financing thereof; relating to unencumbered cash balances held by school districts. Senator Arpke seconded the motion and the motion was adopted on a voice vote.

Senator Denning moved to introduce proposed legislation concerning healthcare and healthcare providers; relating to the healing arts; licensure of telemedicine providers. Senator Arpke seconded the motion and the motion was adopted on a voice vote.

Senator Denning moved to introduce proposed legislation concerning school districts; relating to the Department of Administration procurement of certain items and services. Senator Arpke seconded the motion and the motion was adopted on a voice vote.

Senator Denning moved to introduce proposed legislation concerning State employees; establishing a performance based bonus program. Senator Arpke seconded the motion and the motion was adopted on a voice vote.

Senator Denning moved to introduce proposed legislation concerning an annual Kansas ideas festival by State employees for efficiency savings in State government. Senator Arpke seconded the motion and the motion was adopted on a voice vote.

Senator Denning moved to introduce proposed legislation concerning the Department of Corrections; relating to community corrections; court services. Senator Arpke seconded the motion and the motion was adopted on a voice vote.

Senator Denning moved to introduce proposed legislation concerning establishing the parole and community corrections nursing home task force. Senator Arpke seconded the motion and the motion was adopted on a voice vote.

Senator Denning moved to introduce proposed legislation concerning economic development, relating to the high performance incentive program. Senator Arpke seconded the motion and the motion was adopted on a voice vote.

Informational hearing:

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Steve Bailey, Senior Associate, State Fiscal Health & Economic Growth, Pew Charitable Trusts made a presentation on how to build a rainy day fund which was a recommendation of Alvarez and Marsal in their statewide efficiency study. He said recommendation #1 in A&M's study was to establish a risk-based reserve fund policy and, #2 was to develop a structurally balanced budget policy. Mr. Bailey discussed the criteria for developing a rainy day fund, and the steps to building the fund. His testimony included several graphs that showed States who have established rainy day funds ([Attachment 1](#)).

Senator Kelly asked if most states adopt rainy day funds statutorily or non-statutorily. Mr. Bailey said it is approximately one-half each way.

Senator Masterson asked Mr. Bailey for their recommended steps to protect the rainy day fund. Mr. Bailey said most states have a list of triggers when money can be withdrawn. He said some States choose to withdraw only earnings from the fund.

The presentation concluded following a brief question and answer period.

Final action on: SB474 — Authorizing the state finance council to oversee any sale of the Kansas bioscience authority or substantially all of its assets.

Senator Denning made a motion for an amendment to **SB474**, and explained that the amendment was long and the purpose of the amendment is to protect SGF from STAR bond districts sharing real property. He said the amendment directs the Legislative Post Audit Committee to conduct a performance audit on STAR bond projects that use State sales tax financing ([Attachment 2](#)).

Senator Melcher said this is a good amendment because it brings oversight to STAR bond projects. He said his only issue with the amendment is that there is a competitive hotel and convention center in the same area that currently has contracted with a builder. He said this one will be connected to the casino and is larger with 250 rooms and the hotel referred to in the amendment is approximately one-half the size.

Senator Melcher made a substitute motion that stipulates, if the smaller project commences it does not allow the STAR bonds to be transferred to the second project because the second one is being built entirely with private money and the one provided for in Senator Denning's amendment is built with public money and will compete with the privately funded project.

Senator Denning said he does not support the substitute amendment because his amendment allows for the boost for getting the American Royal project moving forward.

Chairperson Masterson renewed the original motion to amend and Senator Arpke seconded the motion.

Senator Melcher made a substitute motion that moves the date from July 1, 2016 to March 1, 2016 in Senator Denning's amendment. Senator Kelly seconded the motion ([Attachment 3](#)).

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Senator Tyson said there appeared to be much more in the amendment than merely date change.

David Wiese was asked to explain Senator Melcher's substitute amendment, and he said it changed the language as underlined on page 3 of Attachment 3.

Senator Powell explained he could not support this amendment because he didn't have enough information. He said it contained substantial changes that did not go through a hearing process.

Chairperson Masterson recalled the substitute amendment and the motion failed on a voice vote.

Chairperson Masterson recalled the original Denning amendment which appeared to pass on a voice vote. Division was called. The substitute motion failed on a show of the right hand.

Chairperson Masterson renewed final action on the original bill **SB474**. Senator Powell made a motion to pass favorably **SB474**. Senator Powell's motion failed for lack of a second.

Chairperson Masterson discontinued final action on **SB474** and said the committee would continue work on the bill at a later date.

The next Ways and Means Committee meeting is scheduled for Tuesday, March 8, 2016, at 10:30 a.m., in Room 548-S at the Capitol.

Chairperson Masterson adjourned the meeting at 11:37 a.m.