

Approved

April 18, 1983
Date

MINUTES OF THE HOUSE COMMITTEE ON WAYS AND MEANS

The meeting was called to order by BILL BUNTEN at
Chairperson

12:40 ~~XXXX~~ p.m. on Monday, April 4, 1983 in room 514-S of the Capitol.

All members were present except: Representative Wisdom -- excused

Committee staff present: Marlin Rein -- Legislative Research
Lyn Entrikin Goering -- Legislative Research
Bill Gilmore -- Legislative Research
Jim Wilson -- Office of the Revisor
LewJene Schneider -- Administrative Assistant
Charlene Wilson -- Committee Secretary

Conferees appearing before the committee:

Lynn Burris
Marshall Crowther, KPERS
Nelson Hartman, Kansas State Activities Director
Brian Moline, KCC

Others present: (Attachment I).

The meeting was called to order by Chairman Buntten at 12:40 p.m.

Senate Bill No. 381 -- "AN Act concerning the state park and resources authority; authorizing the purchase of certain lands for state parks; amending K.S.A. 74-4545 and repealing the existing section."

Lynn Burris was called upon by the Chairman to address the committee in support of this bill. He indicated that there are three items contained in this bill which add additional acreage to the existing system as authorized by the legislature. He went on to review the sections of the bill for the committee. At Toronto State Park it would include two additional tracts of land that have been abandoned by the Corps of Engineers. At Eldorado State Park it would be the inclusion of specific acreage for the first time and that is why it is listed in the bill as new legislation. The third item deals with adding specific acreage at Hillsdale Lake in Miami County.

Representative Solbach asked whether there was a fiscal note on this issue. Mr. Burris indicated that with regard to the first two above mentioned acquisitions there would be no additional money involved. With regard to Hillsdale, there would be some measure of investment and upfront money involved. He further indicated that the amount would be somewhere in the area of \$3 to \$3.5 million funded 50% from state funds and 50% from federal funds.

Senate Bill No. 423 -- "An Act concerning the Kansas public employees retirement system; making the Kansas state high school activities association a participating employer under such system; relating to contributions to and benefits under the system."

Marshall Crowther was recognized by the Chairman to explain this bill for the committee.

He explained that this bill would provide by statute that the Kansas State High School Activities Association would be a participating employer for the purpose of Kansas Public Employees Retirement System. Participation would commence January 1 of 1983 and they would be required to make all employer and employee contributions that have been made since January 1, 1983, within 31 days of the effective date of the bill. They would be treated on the same basis as new employers in that they would be considered a school employer.

Representative Myers questioned the possibility of increased costs to the Activities Association as a result of this change. Mr. Crowther indicated that this would place no burden on the Activities Association due to the fact that they already have a plan in place and this would replace that plan.

Nelson Hartman was also recognized by the Chairman to appear on this bill. He further expanded on the response to Representative Myer's question regarding

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increased costs to the Activities Association. Mr. Hartman indicated that there would be somewhat of a reduction. The current program is more costly. He added that as far as tax monies are concerned, 90% of their income comes from post-season basketball and football revenues. He indicated that the reason they are seeking to change to the KPERS program is because most of the employees of the Association were formerly public employees and were under the KPERS system.

In light of some concerns, Representative Meacham requested that final action on this bill be deferred until tomorrow. The Chairman did not comply with this request and indicated to Representative Meacham that any amendments that he might wish to add to the bill could be added on the floor.

Representative Chronister moved that SB 423 be reported favorable for passage. Seconded by Representative Myers. The motion carried.

House Bill No. 2516 -- "An Act concerning the mined-land conservation and reclamation board; relating to the acquisition of eligible abandoned mined-land."

Brian Moline was called upon by the Chairman to address the committee on this bill. He appeared in support of HB 2516. He indicated to the committee that if this bill is not passed, it would mean a loss of \$800,000.00 to the state of Kansas.

He stated that the land referred to in this bill is land that was mined prior to 1977. He further stated that under the provisions of HB 2516 the Mined-Land Board will have the authority to acquire the abandoned mined-lands by purchase or donation. And in the event that the land couldn't be acquired by either of these two methods, it could be acquired by eminent domain. He informed the committee that in the event that this bill does not pass, the administration of the Abandoned Mined-land Program would go to the federal government, who would then administer it and there is no guarantee that any or all of the \$800,000.00 allocated to the state of Kansas would be spent here.

Jim Wilson pointed out for the committee two technical errors in the bill. He indicated that these would be taken care of.

Representative Luzzati moved that HB 2516 be reported favorable for passage with technical amendments. Seconded by Representative Shriver. The motion carried.

The Chairman turned to consideration of final action on HB 2275.

House Bill No. 2275 -- "An Act concerning the state budget; relating to the governor's budget report and consensus revenue estimates; amending K.S.A. 1982 Supp. 75-3721 and repealing the existing section."

An amendment to this bill was proposed by Representative Louis. (Attachment II). Representative Louis moved the adoption of the amendment. Seconded by Representative Dyck. The motion carried.

A further proposed amendment to the bill was explained by Representative Arbuthnot. (Attachment III). It had been requested by the Division of the Budget that the Consensus Estimating Group be removed from the Open Meetings Law requirement.

Representative Shriver expressed some concern with the new section of the bill with regard to statutorily setting up the Concensus Revenue Estimating Group and moved that section 1 be stricken from the bill in it's entirety. Seconded by Representative Myers. The motion lost 10-10.

Representative Arbuthnot moved the adoption of the proposed amendment. Seconded by Representative Shriver.

Representative Duncan expressed concern with taking measures to remove meetings from the Open Meetings Law. This move would put government back in the dark

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and he further expressed that it is a good idea to have public policy set in public and not behind closed doors.

Representative Holderman made a substitute motion to report House Bill 2275 adversely as amended. Seconded by Representative Solbach. The motion lost.

On the original motion to adopt the amendment as proposed by Representative Arbuthnot, the motion carried. The following committee members requested being recorded as voting "NO" on the motion: Representative Duncan, Representative Rolfs, Representative Holderman, Representative Hoy, Representative Louis and Representative Luzzati.

Representative Chronister moved that HB 2275 be reported favorable for passage as amended. Seconded by Representative Dyck. Following some committee discussion, the motion carried.

Representative Solbach brought to the attention of the committee a bill that had been requested for introduction. It is the Governor's bill on depreciation. Representative Mainey moved that the bill be introduced. Representative Hamm seconded. The motion carried. The following committee members requested being recorded as voting "NO" on the motion to introduce the bill. Representative Meacham, Representative Rolfs, and Representative Louis.

The meeting was adjourned at 1:45 p.m.

GUESTS

DATE 4-4-83

NAME	ADDRESS	REPRESENTING
1. Pelton	Topeka	KC Times
2. B Massey	"	AP
3. Brian J. Mole	W	VICC
4. M.C. Amholz	"	KCLL
5. Nelson Hartsman	Box 495, Topeka	KSHSAA
6. Pat Russell	Topeka	Budget Division
7. Jerry Himm	"	Dept. of Admin.
8. George Welch	"	"
9. KEITH R LANDIS	"	CHRISTIAN SCIENCE COMMITTEE ON PUBLICATION FOR KANSAS
10. Ed De Soignie	Topeka	KDOT
11. Jack Hawn	"	KPEKS
12. James H. Smith	Lantern	KPEKS
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Atch. I

0592

HOUSE BILL No. 2275

By Representatives D. Miller, Arbuthnot, Aylward, Braden, Buntent, Cloud, Cobb, Crowell, Douville, Dyck, Farrar, Fox, R. Frey, Louis, Lowther, R. D. Miller, K. Ott, Patrick, Polson, Roe, Rolfs, Sand, Smith, Vancrum, David Webb and Whitaker

2-8

0020 AN ACT concerning the state budget; relating to the governor's
0021 budget report and consensus revenue estimates; amending
0022 K.S.A. 1982 Supp. 75-3721 and repealing the existing section.

0023 *Be it enacted by the Legislature of the State of Kansas:*

0024 New Section 1. (a) There is hereby constituted a consensus
0025 revenue estimating group to make consensus estimates of antic-
0026 ipated revenues for the state general fund from all sources and to
0027 otherwise advise and assist the governor and the legislature with
0028 regard to the budget for all state agencies.

0029 (b) The consensus revenue estimating group shall be com-
0030 prised of (1) the director of the budget and other personnel of the
0031 division of the budget designated by the director; (2) the director
0032 of the legislative research department and other personnel of
0033 that department designated by the director; and (3) the secretary
0034 of revenue and other personnel of the department of revenue
0035 designated by the secretary. The director of the budget shall be
0036 the chairperson of the consensus revenue estimating group. The
0037 consensus revenue estimating group or members thereof may
0038 secure the services of other consultants and advisers.

0039 (c) The consensus revenue estimating group shall meet ~~on or~~
0040 ~~before March 31 and on or before November 15 of~~ each year on
0041 call of the chairperson to discuss individual estimates and adopt
0042 consensus estimates of revenues for the state general fund from
0043 all sources under current law. ~~The director of the budget shall~~
0044 report such consensus estimates to the governor and the legisla-
0045 tive coordinating council.

0046 Sec. 2. K.S.A. 1982 Supp. 75-3721 is hereby amended to read

during the month of March and during the month of November

At the meeting in November, the consensus revenue estimating group shall review and revise the consensus estimates of revenues for the current fiscal year and shall make the initial consensus estimates of revenues for the ensuing fiscal year. At the meeting in March, the consensus revenue estimating group shall review and revise the consensus estimates of revenues for the current fiscal year and for the ensuing fiscal year.

If no consensus estimates of revenues for a fiscal year are made or revised at any such meeting, that fact shall be reported by the director of the budget to the governor and the legislative coordinating council.

Attch. II

0047 as follows: 75-3721. (a) On or before the eighth calendar day of
0048 each regular legislative session, the governor shall submit the
0049 budget report to the legislature, except that in the case of the
0050 regular legislative session immediately following the election of
0051 a governor who was elected to the office of governor for the first
0052 time, that governor shall submit the budget report to the legisla-
0053 ture on or before the ~~twenty-first~~ 21st calendar day of that regular
0054 legislative session.

0055 (b) The budget report of the governor shall be set up in three
0056 parts, the nature and contents of which shall include the follow-
0057 ing:

0058 (A) Part one shall consist of a budget message by such gov-
0059 ernor, including the governor's recommendations with reference
0060 to the fiscal policy of the state government for the ensuing
0061 budget period, describing the important features of the budget
0062 plan, embracing a general budget summary setting forth the
0063 aggregate figures of the budget so as to show the balanced
0064 relation between the total proposed expenditures and the total
0065 anticipated income, with the basis and factors upon which the
0066 estimates were made, and the means of financing the budget for
0067 the ensuing budget period, compared with the corresponding
0068 figures for at least the last completed fiscal year and the current
0069 year, and the director of the budget, under the supervision of the
0070 secretary of administration, shall prepare the figures for the
0071 governor for such comparisons. *The budget plan shall be based
0072 entirely on anticipated income to all funds under current law
0073 without regard to any revenue attributable to proposed legisla-
0074 tion. In no case shall the budget plan propose a total amount of
0075 expenditures from the state general fund for a fiscal year which
0076 is more than the most recent consensus estimate of revenues for
0077 the state general fund for that fiscal year which is adopted by
0078 the consensus revenue estimating group.* The general budget
0079 summary may be supported by explanatory schedules or state-
0080 ments, classifying the expenditures contained therein by state
0081 agencies, objects, and funds, and the income by state agencies,
0082 funds, sources and types. The general budget summary shall
0083 include all special or fee funds as well as the state general fund,

, unless a consensus estimate of
revenues has not been made
for such fiscal year

0084 and shall include the estimated amounts of federal aids, for
0085 whatever purpose provided, together with estimated expendi-
0086 tures therefrom.

0087 (B) Part two shall embrace the detailed budget estimates,
0088 both of expenditures and revenues, showing the requests of the
0089 state agencies, if any, and the incoming governor's recommen-
0090 dations thereon. It shall also include statements of the bonded
0091 indebtedness of the state, showing the actual amount of the debt
0092 service for at least the last completed fiscal year, and the es-
0093 timated amount for the current fiscal year and for the next budget
0094 period, the debt authorized and unissued, and the condition of
0095 the sinking funds.

0096 (C) Part three shall consist of a draft of a legislative measure
0097 or measures reflecting the incoming governor's budget.

0098 (c) As soon as possible after the governor's budget report is
0099 presented to the legislature, the division of the budget shall
0100 make available to the ways and means committees a copy of each
0101 of the detailed agency budget requests which has been posted in
0102 detail to show the recommendations of the governor.

0103 (d) The division of the budget shall, upon request, furnish
0104 the governor or the legislature with any further information
0105 required concerning the budget.

0106 Sec. 3. K.S.A. 1982 Supp. 75-3721 is hereby repealed.

0107 Sec. 4. This act shall take effect and be in force from and
0108 after its publication in the statute book.

(e) Nothing in this section shall be construed to restrict or limit the privilege of the governor to present supplemental budget messages or amendments to previous budget messages, which may include proposals for expenditure of new or increased sources of revenue derived from proposed legislation or for expenditure of unencumbered cash balances within the state treasury.

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PROPOSED AMENDMENT TO HOUSE BILL NO. 2275

On page 1, following line 45, by inserting the following material to read as follows:

"(d) The provisions of the Kansas open meetings law, K.S.A. 75-4317 to 75-4320a, inclusive, and amendments thereto, shall not apply to meetings of the consensus revenue estimating group.";

Atch. III

HOUSE BILL NO. _____

By Committee on Ways and Means

AN ACT relating to taxation of income; concerning the depreciation expense deduction for corporations; amending K.S.A. 1982 Supp. 79-32,138 and 79-32,139 and repealing the existing sections.

Be it enacted by the Legislature of the State of Kansas:

Section 1. K.S.A. 1982 Supp. 79-32,138 is hereby amended to read as follows: 79-32,138. (a) Kansas taxable income of a corporation taxable under this act shall be the corporation's federal taxable income for the taxable year with the modifications specified in this section.

(a) There shall be added to federal taxable income: (i) The same modifications as are set forth in subsection (b) of K.S.A. 1982--Supp.--79-32,117(b) 79-32,117, and amendments thereto, with respect to resident individuals.

(ii) Any gain excluded from federal taxable income by virtue of the application of section 337 of the internal revenue code. For purposes of this subsection any gain not otherwise included in federal taxable income that would be received from an installment obligation distributed in the liquidation shall be added to federal taxable income in the corporation's final taxable year.

(iii) The amount of all depreciation deductions claimed for any real or tangible personal property upon which the deduction is allowed by K.S.A. 1982--Supp. 79-32,151, and amendments thereto.

(iv) The amount of all depreciation deductions claimed for any property upon which the deduction allowed by K.S.A. 79-32,168, and amendments thereto, is claimed.

(v) The amount of any charitable contribution deduction

Atch. IV

claimed for any contribution or gift to or for the use of any racially segregated educational institution.

(vi) An amount equal to 15% of all federal deductions claimed by the taxpayer for depreciation and accelerated cost recovery expenses. Any such addition to federal taxable income shall not affect the computation of adjusted basis for purposes of determining gain or loss recognized upon the sale or other disposition of the property.

(c) There shall be subtracted from federal taxable income:

(i) The same modifications as are set forth in subsection (c) of K.S.A. 1982-Supp. 79-32,117(e) 79-32,117, and amendments thereto, with respect to resident individuals.

(ii) The federal income tax liability for any taxable year commencing prior to December 31, 1971, for which a Kansas return was filed after reduction for all credits thereon, except credits for payments on estimates of federal income tax, credits for gasoline and lubricating oil tax, and for foreign tax credits if, on the Kansas income tax return for such prior year, the federal income tax deduction was computed on the basis of the federal income tax paid in such prior year, rather than as accrued. Notwithstanding the foregoing, the deduction for federal income tax liability for any year shall not exceed that portion of the total federal income tax liability for such year which bears the same ratio to the total federal income tax liability for such year as the Kansas taxable income, as computed before any deductions for federal income taxes and after application of subsections (d) and (e) of this section as existing for such year, bears to the federal taxable income for the same year.

(iii) Any loss not deducted from federal taxable income by virtue of the application of section 337 of the internal revenue code.

(iv) An amount for amortization of the amortizable costs of a certified oil production process as computed under K.S.A. 1982 Supp. 79-32,161, and amendments thereto.

(v) An amount for the amortization deduction for a solar

energy system allowed pursuant to K.S.A. 79-32,168, and amendments thereto.

(d) If any corporation derives all of its income from sources within Kansas in any taxable year commencing after December 31, 1979, its Kansas taxable income shall be the sum resulting after application of subsections (a) through to (c) hereof, inclusive. Otherwise, such corporation's Kansas taxable income in any such taxable year, after excluding any refunds of federal income tax and before the deduction of federal income taxes provided by subsection (c)(ii) shall be allocated as provided in K.S.A. 79-3271 through to K.S.A. 79-3293, inclusive, and amendments thereto plus any refund of federal income tax as determined under subsection (b)(iv) of K.S.A. ~~1982--Supp.~~ 79-32,117(b)(iv) 79-32,117, and amendments thereto, and minus the deduction for federal income taxes as provided by subsection (c)(ii) shall be such corporation's Kansas taxable income.

Sec. 2. K.S.A. 1982 Supp. 79-32,139 is hereby amended to read as follows: 79-32,139. A corporation having an election in effect under subchapter S of the internal revenue code shall not be subject to the Kansas income tax on corporations, and the shareholders of said corporation shall include in their taxable incomes their proportionate part of such corporation's federal taxable income, subject to the modifications as set forth in K.S.A. ~~1982--Supp.~~ 79-32,117, and amendments thereto hereof, in the same manner and to the same extent as provided by the internal revenue code. ~~if any of the shareholders of such corporation are nonresidents during any part of the corporation's taxable year, such corporation shall be taxable for such year on that part of the corporation's income, as determined under K.S.A. 1982--Supp. 79-32,138 hereof, allocable to the shares of stock owned by such nonresident unless the corporation files with its return for such year an agreement executed by each nonresident stockholder stating that such nonresident will file a Kansas income tax return which will include in his or her modified Kansas source income that portion of the corporation's Kansas~~

~~taxable--income--allocable--to--said--nonresident's--interest--in--such
corporation.~~

New Sec. 3. The provisions of this act shall be applicable to all taxable years commencing after June 30, 1982.

Sec. 4. K.S.A. 1982 Supp. 79-32,138 and 79-32,139 are hereby repealed.

Sec. 5. This act shall take effect and be in force from and after its publication in the Kansas register.