

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS

The meeting was called to order by Senator Paul Hess at _____
Chairperson

11:00 a.m./p.m./ on March 2, 1983, 19__ in room 123-S of the Capitol.

All members were present except:

Committee staff present:

Research Department: Marlin Rein, Sherry Brown
Revisor's Office: Norman Furse
Committee Office: Doris Fager

Conferees appearing before the committee:

Brian Moline, Kansas Corporation Commission
Pat Hurley, Secretary, Department of Administration

Kansas Corporation Commission

SB 153, Section 2 - Supplemental Appropriations FY 1983

Senator Hein presented the subcommittee report on the Kansas Corporation Commission. Following his report there were questions from committee members. These centered upon the cuts made by the subcommittee in the agency's budget. Senator Hess asked if the subcommittee felt the agency is less careful than General Fund agencies in terms of expenditures because it is supported by fees or assessments. Senator Hein answered that is part of the problem, since they essentially have a blank check for expenditures. With regard to FY 1983, however, he suggested the Legislature was at fault. It seemed no regard was given to the fact that the money assessed by the Corporation Commission are billed eventually to taxpayers.

Senator Hess asked if the agency had an opportunity to see the subcommittee report before the committee discussed it. Senator Hein said there had been a copy given to the agency, but that he had not received communication from them.

Mr. Moline was asked why the Corporation Commission did not voluntarily take the 4% reduction cut suggested by the Governor. Mr. Moline said he would need to ask the Commissioners about that.

Senator Gaines suggested that the Kansas Corporation Commission has more flexibility in spending than most agencies. Mr. Moline answered that it is necessary because of the inability to project the number of rate cases which will be filed during a fiscal year. There was discussion about the possibility to request a supplemental appropriation if there is a shortfall in funds.

Senator Gaines asked about the study taking place in Hugoton which was noted in the subcommittee report. Mr. Moline said the investigation is concerned with the fact that Hugoton has the cheapest gas in the country. The end result of the investigation was that the Commission increased its underages to encourage pipelines to buy the cheap gas in the Hugoton field. He said that information is now available.

SB 109, Section 6 - Appropriations, FY 1984

The subcommittee report on this section was presented by Senator Hein. Senator Harder asked for an explanation of the compustat mentioned in Recommendation 3 (c). Senator Hein said it is an economic data base similar to Dunn and Bradstreet. The University of Kansas has the service, but has been told by the company from which they purchase it that they cannot pass information to the Kansas Corporation Commission.

SB 109, Section 6, - Continued

Mr. Moline commented that the Corporation Commission has attempted to get access to the information from the University of Kansas. The problem is that the university subscription is an educational rate, and they are prohibited from sharing with the Commission. He added that they are not asking for hardware--only subscription money to get into some data so that it may be analyzed. Senator Hein reiterated that if the state could purchase all information with one subscription, it would be less expensive; and that he hoped the University of Kansas subcommittee will examine that possibility.

Senator Steineger raised a question concerning cuts in consultant services in the preparation of rate cases. He noted that he felt it was unreasonable to make these cuts when the Commission is attempting to represent the general public in the rate hearings. Senator Hein assured him that the purpose of the cuts is to suggest that the Commission take a closer look at that expenditure, since every one of the dollars spent eventually gets passed to the consumer. If they have a great many additional rate cases they may ask for a supplemental appropriation from the 1984 Legislature.

Senator Steineger then asked about the cuts for the Hugoton study. Senator Hein said it was his understanding that the figures came from the agency. He suggested that if the figures are wrong, the agency mention it to the House committee.

Senator Steineger pursued the question of consultant services. Senator Hein asked Mr. Moline if the cuts will unduly inhibit the Commission's ability to conduct rate hearings if a supplemental appropriation is granted during the 1984 legislative session. Mr. Moline answered that it would not, but asked if the agency would be criticized for coming back for additional money. Senator Hein answered that it is expected there will be a request for a supplemental.

In answer to further questions, Mr. Moline said the agency objects to the deletion of the three research assistants in Recommendation 1 (b). He added that he expects to appeal that decision.

Motion was made by Senator Hein and seconded by Senator Warren to adopt the subcommittee reports for the Kansas Corporation Commission for FY 1983 and FY 1984. The motion carried by voice vote.

Department of Administration (SB 109)

All Sports Hall of Fame

There was a general discussion concerning the proposed transfer of the All Sports Hall of Fame from the Department of Administration to the State Historical Society. Senator Hein suggested that the Department of Administration would be glad to have it transferred, and that the Historical Society has the expertise to handle it.

Senator Steineger indicated that the Historical Society had enough responsibilities, and he felt the All Sports Hall of Fame should be returned to the City of Lawrence. The committee concensus was to follow his suggestion. Senator Hein said he would be happy to communicate to the people in Lawrence that there needs to be a permanent resolution.

Steam Plant

Senator Bogina said the Joint Committee on State Building Construction recommends that the steam plant be funded in the Department of Administration budget. Added to that will be legislation which will allow depreciation funds to be used for capital improvements. This bill (SB 393) is in this committee. The Committee recommended that the last eight years' experience be used as the amount of steam used in this building (State House) and in the state office building and appropriate money accordingly. Senator Bogina said this will be a multi-year funding.

Department of Administration (SB 109) - Continued

Motion was made by Senator Steineger and seconded by Senator Bogina to amend the subcommittee report for the Department of Administration by adopting the recommendations of the Joint Committee on State Building Construction. The motion carried by voice vote.

Telecommunications

Senator Hess explained that he had discussed telecommunications with Secretary Hurley, and he recognizes that there are concerns about moving too rapidly on the matter in terms of interconnections, etc. The requested appropriation of \$450,000 can be scaled back substantially to a total of \$50,000, and bidding could proceed on three switching stations in Kansas City, Wichita and Topeka. The bidding would occur after January 1, 1984, so that Southwestern Bell would have an opportunity to bid. Senator Hess noted that it was his understanding the compromise is acceptable to the House of Representatives.

Mr. Hurley stated that his department would like to have a total of \$50,000 spread over both FY 1983 and FY 1984 so that the specs can go out the first of calendar year 1984.

Senator Bogina expressed concern that he has not seen a program statement defining the need for appropriation. He suggested that the Legislature has been ignored in the process of planning the telecommunications system. In answer to a question from Senator Steineger, Senator Bogina said he would be satisfied if a program statement were forthcoming, so long as the Legislature is in concurrence with that statement.

Senator Hess suggested to Mr. Hurley that he give his program statement to Senator Bogina for use when his committee meets later in the day, and that Senator Bogina bring a recommendation from the Joint Committee on State Building Construction to the next meeting of the Ways and Means Committee. The matter will be acted upon at that time.

Introduction of Bill

Motion was made by Senator Doyen and seconded by Senator Steineger that the committee introduce a bill regarding osteopathic scholarships, setting aside five scholarships to be used for upper-classmen. The motion carried by voice vote.

The meeting was adjourned by the Chairman.