

Approved 3-13-84
Date

MINUTES OF THE House COMMITTEE ON Ways and Means

The meeting was called to order by Bill Bunten at
Chairperson

1:30 ~~am~~ p.m. on Monday, February 27, 1984 in room 514-S of the Capitol.

All members were present except:

Committee staff present:

Ed Ahrens, Legislative Research	Chris Stanfield, Legislative Research
Lyn Goering, Legislative Research	Julian Efird, Legislative Research
Gloria Timmer, Legislative Research	Sherry Brown, Legislative Research
David Monical, Legislative Research	Dave Hanzlick, Administrative Assistant
	Nadine Young, Committee Secretary

Conferees appearing before the committee:

Colonel Michael Sarras (Ret.), Chairman of the National Guard
Association Legislative Committee

Brigadier General Dan Karr
Major Harley Krull

Others present: Attachment I

Chairman Bunten called the meeting to order at 1:30 p.m.

Representative Sand addressed the committee and submitted a draft bill for introduction (Attachment II). The proposed bill is by the committee on local government and concerns counties; authorizing the creation of special benefit districts for community buildings. Representative Rolfs moved the bill be introduced. Seconded by Representative Arbuthnot. Motion carried.

HB 2696, an act concerning social and rehabilitation services; placement agreement with secretary of corrections. Chairman asked for final action on this bill which was previously heard on 1-31-84. Representative Shriver moved that HB 2696 be recommended favorable for passage. Seconded by Representative Mainey. Motion carried.

HB 2829, an act relating to a prerelease program for persons sentenced to the custody of the secretary of corrections; concerning operation of prerelease centers; requiring certain reports; amending section 1 of 1984 Senate Bill No. 496 and repealing the existing section.

Chairman briefed the committee on the background of this bill. He said that at the time the bill was introduced, he was not too interested in the bill; however, in light of the happenings in the past two weeks and in view of the serious under-estimation of costs concerning the prerelease center, he now supports the bill.

Representative Shriver expressed objection to the portion that requires monthly reports by Secretary of Corrections. He subsequently made a motion to delete on page 2, lines 77 through 90 (Attachment III), saying this portion is not necessary and could be harmful to the legislation. Representative Luzzati seconded the motion.

Chairman expressed disagreement with the motion. Representative Arbuthnot made a substitute motion to add the wording "on request" after "monthly report". Representative Meacham seconded. Chairman asked for a vote on the substitute motion. The motion carried.

Representative Mainey made a motion to insert the word "eligible" in place of the word "scheduled", allowing for one to change the names of candidates for the prerelease program. Seconded by Representative Wisdom. Motion carried.

Representative Farrar moved that HB2829, as amended, be recommended favorable for passage. Seconded by Representative Arbuthnot. Motion carried.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON Ways and Means,
 room 514-S, Statehouse, at 1:30 ~~xx~~m./p.m. on Monday, February 27, 1984

Chairman turned to HB 2778 for consideration and final action.

An act concerning the department of health and environment; relating to certain fees; amending K.S.A. 65-171d and K.S.A. 1983 Supp. 65-341 and repealing the existing sections.

Chairman called on Representative Duncan to review the provisions of the bill. There was some discussion regarding underground storage tanks and caps. Representative Heinemann suggested that we refer this bill to the committee that is dealing with health and environment issues and have them look at the Caps to get a better handle on the fees and then let this committee take another look at it. Chairman announced we would not proceed further with this bill on this date.

HB 2686 -- an act making and concerning appropriations for the fiscal year ending June 30, 1985, for the Kansas public employees retirement system and department of revenue; authorizing certain transfers and fees, imposing certain restrictions and limitations, and directing or authorizing certain receipts and disbursements and acts incidental to the foregoing.

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM (KPERs), Section 2. Representative Chronister reported on this section. Subcommittee concurs with Governor's recommendation with numerous exceptions (Attachment IV). Representative Chronister moved the subcommittee report be adopted. Seconded by Representative Teagarden. Motion carried.

DEPARTMENT OF REVENUE, Section 4, FY 84. Representative Shriver reported on this section. Subcommittee concurs with Governor's recommendations contained in the Budget Report for FY 84, including a supplemental increase of \$350,000 in the Division of Vehicles Operating Fund expenditures for salaries and benefits which are currently projected by the Department to exceed available financing. (Attachment V). Representative Shriver pointed out there is a budget amendment coming, but his committee has not yet determined how much money is needed. He also said the subcommittee will have further recommendations prior to going to the Senate.

Chairman Bunten addressed the committee concerning the time problem that we are faced with each year in dealing with large budgets such as this one. Chairman intends to introduce a bill that would allow the Governor, during his last three years of his term, to make his budget recommendations to the Legislature in early or middle December so that during the time between then and when Legislature convenes, this budget could be made available at an early date.

Representative Shriver moved that the subcommittee report be adopted. Seconded by Representative Duncan. Motion carried.

DEPARTMENT OF REVENUE, Section 3 - FY 85. Representative Duncan reported on this section. He called the committee's attention to the 53 new F.T.E. positions requested for this department (Attachment VI). Representative Shriver addressed the committee concerning one item that was omitted from the subcommittee report, a proposal to allocate \$100,000 for a soil survey that would assist in appraisal of property. Representative Farrar explained the purpose of the proposal, which would set up a system to establish various classifications of property for different types of agriculture land. This would save money and eliminate problems for the counties if we can come up with the proper method. It would also update classification of property that was appraised many years ago. It would simplify and make it more economical for the state. The information concerning this proposal did not reach the subcommittee in time for inclusion in the subcommittee report.

Representative Shriver made a motion to include \$100,000 of general fund money and amend the report to include this amount for implementing this classification system. Seconded by Representative Heinemann. Representative Rolfs objected to the motion and said he felt it would be more prudent to leave it out at this time because as he understands it, a use value bill is coming our way. Representative Shriver clarified his motion, saying this new proposal would provide a uniform method of assessing property.

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Ways and Means,
room 514-S, Statehouse, at 1:30 ~~XX~~ p.m. on Monday, February 27, 1984.

DEPARTMENT OF REVENUE, Section 3, FY 85 (continued)

Representative Meacham suggested that, if this amendment is approved and the money is allocated, that the data collected be put into KU's computer sensing program for further purposes of productivity and soil sampling.

Chairman asked for a vote on the motion to amend the report to include the \$100,000. The motion carried.

Representative Duncan moved that the subcommittee report be adopted, as amended. Seconded by Representative Shriver. Motion carried.

Representative Chronister moved that HB 2686, as amended, be recommended favorable for passage. Representative Shriver seconded. Motion carried.

SB 72 -- an act concerning the Kansas army and air national guard; providing tuition grants for members thereof enrolled in institutions of post-secondary education in Kansas; providing for administration thereof.

Supplemental Note on SB 72 provides tuition grants for members of the Kansas army and air national guard attending post-secondary education institutions in Kansas.

Retired Colonel Michael Sarras, testified in support of this bill on behalf of the National Guard Association Legislative Committee (Attachment VII).

Representative Wisdom made a motion to amend the dates as spelled out on page 2 of the bill. Seconded by Representative Meacham. Motion carried.

Representative Wisdom moved that SB 72, as amended, be recommended favorable for passage. (Attachment VIII). Seconded by Representative Meacham. Motion carried.

SB 577 -- an act making and concerning appropriations for fiscal years ending June 30, 1984, and June 30, 1986, for the adjutant general, state corporation commission, Emporia state university, youth center at Topeka, Larned State hospital, department of administration, Pittsburg state university, Kansas Fish and Game commission; authorizing certain transfers, imposing certain disbursements and acts incidental to the foregoing.

Several amendments to SB 577 were made as follows: (Attachment IX).

Representative Rolfs moved that an amendment be adopted to appropriate \$30,000 for litigation costs for the Attorney General's office. Representative Arbuthnot seconded. Motion carried.

Representative Louis moved that an amendment be adopted to include \$110,000 made available for department of housing and urban development. Representative Rolfs seconded. Motion carried.

Representative Shriver made a motion to add \$50,000 to the amount stipulated in subsection (a), Section 3, Line 52. Representative Chronister seconded. Motion carried.

Representative Chronister moved to add \$5,887 for increased travel and subsistence expenses for the Mined-Land Conservation and Reclamation Board. Representative Shriver seconded. Motion carried.

Representative Chronister moved that SB 577, as amended, be recommended favorable for passage. Seconded by Representative Duncan. Motion carried.

Meeting adjourned at 3:30 p.m.

2-27-84

Name	Address	Representing
1. Tom Kramer	Topeka, Ka.	KPC
2. Eugene Brault	"	Ks. Dept. of Revenue
3. Harry T. Dunbar	Topeka	Dept. of Revenue
4. PAT SCHAFER	"	BUDGET DIVISION
5. Bill Bryson	"	KDHE
6. Charles S. Hamm	Forbes Field	KDHE
7. ROSS MARTIN	TOPEKA	KPC
8. Ruth Walker	"	AAUP
9. WARREN CORMAN	"	BD. OF REGENTS
10. Jay D. Cole	Topeka, Ks.	The Adj. Gen. Dept.
11. DAN KARR	" "	" "
12. MIKE SARRAS	KANSAS CITY, KS	" "
13. HARLEY BRULL	TOPEKA, KS	" "
14. Donald Hamrick	SOB	SRS/MHPS
15. Donna R. Beggs	700 Jackson	Ks. Dept. of Corr.
16. John Peterson	Topeka	Ks. Home Private Care Schools
17. Sr. Dolores Bunkel	229 S. 8th St.	KC Ks. Crime Justice Ministry
18. Kent Jackson	Pratt	Ks. Fish & Game Comm.
19. Susan Weller	Topeka	Budget Division
20. Doug Moran	"	UPI
21.		
22.		
23.		
24.		
25.		

I

Rep Sand

HOUSE BILL NO. _____

By Committee on Local Government

AN ACT concerning counties; authorizing the creation of special benefit districts for community buildings.

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

Section 1. The board of county commissioners of any county may create a special district for the operation, maintenance, equipping and improvement of community buildings. The board of county commissioners shall be the governing body of such district and the county clerk shall be the secretary for the governing body. The county treasurer shall receive and hold the funds of the community building district and shall expend the same upon the order of the governing body. The board of county commissioners may delegate any of the powers and duties of the county clerk and county treasurer prescribed by this section to any other person deemed qualified by the board. The board of county commissioners shall require any person to whom such powers and duties are delegated to execute a good and sufficient surety bond issued by a surety company authorized to do business in this state, in an amount fixed by the board which shall not be less than the amount of money such person will be responsible for at any one time.

Sec. 2. the governing body of the community building district shall have the power to:

- (a) Enter into contracts;
- (b) acquire, construct and reconstruct buildings;
- (c) buy, sell and dispose of real property;
- (d) employ persons necessary to carry out the provisions of this act;
- (e) levy a tax not to exceed 3 mills to maintain, operate, improve and equip community buildings; and

II

(f) do all things necessary to carry out the provisions of this act.

Sec. 3. This act shall take effect and be in force from and after its publication in the statute book.

REPORTS OF STANDING COMMITTEES

MR. SPEAKER:

Your Committee on Ways and Means

Recommends that House Bill No. 2829

"AN ACT relating to a prerelease program for persons sentenced to the custody of the secretary of corrections; concerning operation of prerelease centers; requiring certain reports; amending section 1 of 1984 Senate Bill No. 496 and repealing the existing section."

Be amended:

On page 2, in line 77, by striking "The" and inserting in lieu thereof "Upon request therefor, the"; in line 78, by striking "monthly";

On page 3, in line 86, by striking "scheduled" and inserting in lieu thereof "eligible";

And the bill be passed as amended.

Chairperson



Agency: Kansas Public Employees Retirement System (KPERS)Bill No. 2686Bill Sec. 2Analyst: ConroyAnalysis Pg. No. 76Budget Pg. No. 1-143/3-33

<u>Expenditure Summary</u>	<u>Agency Req. FY 85</u>	<u>Governor's Rec. FY 85</u>	<u>Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 2,525,821	\$ 2,443,910	\$ (277,287)
Aid to Local Units	40,959,000	41,245,940	—
Other Assistance	87,273,922	87,273,922	—
TOTAL	<u>\$130,758,743</u>	<u>\$130,963,772</u>	<u>\$ (277,287)</u>
State General Fund:			
State Operations	\$ —	\$ —	\$ —
Aid to Local Units	40,959,000	41,245,940	—
Other Assistance	10,000,000	10,000,000	—
TOTAL	<u>\$ 50,959,000</u>	<u>\$ 51,245,940</u>	<u>\$ —</u>
F.T.E. Positions	58.0	58.0	(2.0)

Agency Request/Governor's Recommendation

The agency's request of \$130,758,743, while maintaining the current level of operations, also provides for the addition of two clerical positions, printing and distribution of a consolidated procedures manual, and enhancements to data processing services.

The Governor's recommendation provides for continuation of the current level of operation and includes funds for the requested new positions and printing of a consolidated procedures manual. However, the Governor makes no provision for the third component of the data processing system.

The agency in a letter dated January 19, 1984, requested an additional Account Clerk I position (\$13,295, including fringes and \$2,471 in equipment) in FY 1985 to assist in the processing of monthly remitting of contributions from local units of government. The agency had anticipated that the new data processing system would handle the monthly remitting. The latest information by the Division of Information Systems and Computing indicates the new data processing system is considerable behind schedule.

House Subcommittee Recommendation

The House Subcommittee concurs with the Governor's recommendation with the following exceptions:

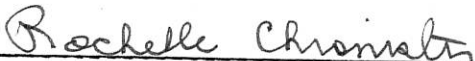
Fiscal Year 1984

1. That \$41,978 budgeted for an Investment Officer and a Clerk-Stenographer II positions not be expended in the current year. The agency indicated that there were no plans to fill the positions.

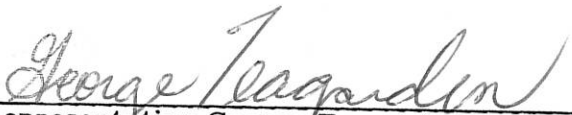
Fiscal Year 1985

1. Delete \$70,795 for the recommended salary plan increase of 5 percent and \$204 per year.
2. Delete \$42,593 and two F.T.E. positions for an Investment Officer and a Clerk-Stenographer II.
3. Delete \$15,941 (salary \$13,546 and equipment \$2,395) and one F.T.E. position for a Clerk III requested for internal auditing procedures associated with the federal Tax Equity and Fiscal Responsibility Act of 1982. The Subcommittee notes that two clerical positions were added in fiscal year 1983 to assist with the federal TEFRA of 1982.
4. Add \$12,442 (salary \$9,971 and equipment \$2,471) for an Account Clerk I (effective September 17, 1984) to assist with the monthly remitting of KPERS contributions by local units of government. The Subcommittee notes that an estimated \$653,134 of interest income could be generated by monthly remitting of contributions from local units of government. The Subcommittee urges the 1985 Legislature review the need for this position once the new data processing system is operational which should expedite the monthly remitting process.
5. Delete \$155,000 for development of the second component or Claims System of the new data processing program. The best available information indicates that problems and delays with the development of the first component or Membership System will delay the Claims System. It should be noted that the Subcommittee would recommend consideration of supplemental funding of the Claims System during the 1985 Session should development proceed faster than anticipated.
6. The Subcommittee concurs with the Governor's recommendation for printing and distribution of a consolidated procedures manual for the KPERS 1,100 designated agents. However, the Subcommittee recommendation is based on a one time major expenditure for the manual with substantially less in subsequent years to keep the document current.
7. The Subcommittee recommends that a proviso be added to allow court-awarded attorney fees or other related expenses under Ernest E. Orr et al v. Kansas Public Employees Retirement System, (case no. 78-4175, in the United States District Court for the District of Kansas) be in addition to any expenditure limitation. This proviso is part of the FY 1984 appropriation.
8. The Subcommittee endorses the Governor's recommendation to provide \$25,000 to retain an outside consultant to evaluate the appropriateness of the actuarial assumptions used by the system's actuary. This "comfort audit" was recommended by the 1983 House Subcommittee.
9. Delete \$5,400 for professional development of educational video programs for KPERS's designated agents and new employees. The Subcommittee recommendation would provide \$5,000 for the agency to contract for the development of educational video programs.

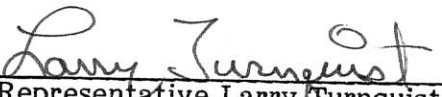
10. The Subcommittee notes that KPERS is waiting for an IRS opinion as to whether or not KPERS employee contributions are tax deductible. The Subcommittee recommends that the Senate Subcommittee review the issue should the opinion become available.
11. The Subcommittee is pleased to acknowledge that actual investment income in FY 1983 totaled \$192,300,000 which places the total assets of the KPERS fund at \$1,585,300,000.



Representative Rochelle Chronister
Subcommittee Chairman



Representative George Teagarden



Representative Larry Turnquist

SUBCOMMITTEE REPORT

Agency: Department of Revenue Bill No. 2703 Bill Sec. 4
 Analyst: Efird Analysis Pg. No. 79 Budget Pg. No. 1-151

<u>Expenditure Summary</u>	<u>Agency Req. FY 84</u>	<u>Governor's Rec. FY 84*</u>	<u>Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 36,633,253	\$ 36,973,253	\$ —
Aid to Local Units	8,702,122	8,702,122	131,000
Other Assistance	30,000	30,000	—
TOTAL	<u>\$ 45,365,375</u>	<u>\$ 45,705,375</u>	<u>\$ 131,000</u>
State General Fund:			
State Operations	\$ 22,400,155	\$ 22,390,155	\$ —
Aid to Local Units	1,400,000	1,400,000	131,000
Other Assistance	30,000	30,000	—
TOTAL	<u>\$ 23,830,155</u>	<u>\$ 23,820,155</u>	<u>\$ 131,000</u>
F.T.E. Positions	1,470.0	1,470	—

* Does not include Governor's Budget Amendments.

Agency Request/Governor's Recommendation

The Department's revised FY 1984 estimate of \$45,365,375 is \$666,965 less than the amount approved. A reduction of \$606,965 in Special County Mineral Production Tax Fund reflects 11 months of distributions (instead of 12 months as was earlier projected), not a reduction in receipts. The other \$60,000 reduction is based on lower estimates for data processing costs associated with K-BITS implementation and the \$60,000 would be State General Fund savings.

The Governor's Budget Report recommends an increase of \$350,000 to fund higher salary expenses in FY 1984 resulting from lower personnel turnover savings than originally estimated by the agency with \$350,000 to be financed by increasing the Division of Vehicles Operating Fund expenditure limitation. In addition, the Governor recommends lapsing the \$60,000 K-BITS data processing funds plus an additional \$10,000 office supplies funding. The Governor concurs with other agency estimates in FY 1984.

Governor's Budget Amendment No. 1 recommends a technical adjustment in the expenditure estimate for the County Inheritance Tax Fund and another minor change in a demand fund.

House Subcommittee Recommendations

The Subcommittee concurs with the Governor's recommendations contained in the Budget Report for FY 1984, including a supplemental increase of \$350,000 in the Division of Vehicles (DOV) Operating Fund expenditures for salaries and benefits which are currently projected by the Department to exceed available financing. This expenditure limitation increase will lower the FY 1984 DOV Operating Fund turnover rate to 7.1 percent. In addition, the Subcommittee directs that appropriate adjustments be made in the supplemental appropriations bill to allow for increased expenditure authority in the salaries and wages account since the bill, as introduced, increased other operating expenditures.

The Subcommittee notes a Departmental projection received on February 20 which estimates a funding deficit of \$266,000 in the State General Fund salaries and wages account in the last five months of FY 1984. The agency's earlier estimate of a 7.4 percent turnover rate in State General Fund financed salaries and benefits is recommended in the Governor's Budget Report. The February 20 estimate would lower the turnover rate to 5.5 percent in FY 1984, based on gross salaries and benefits estimated at \$17,310,869 and salary turnover savings of \$952,596, with net expenditures of \$16,358,273 or \$266,000 more than recommended by the Governor in FY 1984.

Because of inadequate time and information, the Subcommittee chooses not to address this potential shortfall in State General Fund financing and urges the Governor to address this situation in a Governor's Budget Amendment if the situation warrants the attention of the Senate in the next few weeks. The Subcommittee points out that the Governor recommends lapsing \$70,000 which is potentially available for salaries and benefits if it were shifted to the appropriate account.

The Subcommittee concurs with Governor's Budget Amendment No. 1 which increases the estimated expenditures from the County Inheritance Tax Fund by \$131,000 to coincide with the consensus estimates. However, the Subcommittee does not recommend the proposed increase for the Solar Energy Property Tax Refund Fund for \$10,000 since it is not subject to consensus estimates and therefore the Subcommittee does not concur with the \$10,000 increase.



Representative Sanford Duncan
Subcommittee Chairman



Representative David Heinemann



Representative Jack Shriver

Agency: Department of Revenue Bill No. 2686 Bill Sec. 3
 Analyst: Efird Analysis Pg. No. 79 Budget Pg. No. 1-151

<u>Expenditure Summary</u>	<u>Agency Req. FY 85</u>	<u>Governor's Rec. FY 85*</u>	<u>Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 45,513,824	\$ 40,754,958	\$ (1,714,617)
Aid to Local Units	9,364,065	9,364,065	329,000
Other Assistance	30,000	30,000	—
TOTAL	<u>\$ 54,907,889</u>	<u>\$ 50,149,023</u>	<u>\$ (1,385,617)</u>
State General Fund:			
State Operations	\$ 26,528,251	\$ 24,462,156	\$ (3,352,238)
Aid to Local Units	1,400,000	1,400,000	100,000
Other Assistance	30,000	30,000	—
TOTAL	<u>\$ 27,958,251</u>	<u>\$ 25,892,156</u>	<u>\$ (3,252,238)</u>
F.T.E. Positions	1,523.0	1,480.0	(19.0)

* Does not include Governor's Budget Amendments.

Agency Request/Governor's Recommendations

The Department's request for \$54,907,889 is an increase of \$9,542,514 over its revised FY 1984 estimate. The FY 1985 request includes \$4,128,096 of additional State General Fund financing over the current year. A total of 53.0 new F.T.E. positions are requested. Financing to reclassify both Drivers License Examiners and Revenue Field Representatives to provide career ladders also is requested, as is funding for individual reclassifications. The Department's request includes financing to institute a major program enhancement to undertake statewide property reappraisal and to issue new license tags for all motor vehicles in calendar year 1986.

The Governor's Budget Report recommendations provide for an increase of \$4,443,648 in FY 1985 over the current year recommendation, including \$2,072,001 additional financing from the State General Fund. Financing for a total of 11 new positions (two for six months each) is included in the recommendation for 10.0 F.T.E. new slots. The Governor does not provide funding for property reappraisal work or for issuing new tags to all motor vehicles in calendar year 1986.

Governor's Budget Amendment No. 1 recommends technical adjustments in expenditure estimates for several demand funds and several other minor changes.

House Subcommittee Recommendations

The Subcommittee concurs with the Governor's recommendations, with the following exceptions:

1. Remove the financing for salary adjustments of 5 percent plus \$17 per month pending legislative determination of a salary policy for FY 1985. Total reductions of \$1,581,571 include \$993,859 from the State General Fund (including \$134,265 for MCI), \$585,476 from the Division of Vehicles (DOV) Operating Fund, \$1,707 from the Setoff Fund, and \$529 from the Sand Royalty Fund (with the appropriate reduction for turnover savings as recommended by the Governor taken into account).

2. Reduce State General Fund expenditures by \$2,350,879 which are recommended by the Governor to finance a portion of the operating costs of the Motor Carrier Inspection stations (not the weight enforcement units or stations), and increase the expenditures financed by the DOV Operating Fund by a like amount to support the MCI stations. The Governor's recommendation for FY 1985 would fund the MCI stations from the State General Fund, with 60 percent of the estimated costs to be transferred from the State Highway Fund to the General Fund and 30 percent of the estimated costs to be transferred from the State Corporation Motor Carrier Fee Fund, while the remaining 10 percent is actual General Fund money. The DOV Operating Fund is financed exclusively by a transfer from the State Highway Fund, and the Subcommittee's recommendation for MCI stations would finance them from the State Highway Fund as well. Funds from the Motor Carrier Fee Fund in excess of \$200,000 would be transferred twice yearly to the State Highway Fund pursuant to current law, K.S.A. 66-1,142 and K.S.A. 66-1,201(d). The Subcommittee would point out that the current practice of financing MCI stations using the 60/30/10 formula is not statutory and no legislation would be needed since the transfer policy has been authorized in appropriations bills.

In past years there has been a tendency to over-transfer financing to the State General Fund, providing funds above the amount actually expended for MCI stations. In FY 1984 the agency shifted an estimated \$195,851 of State General Fund money from MCI to other agency operations in an effort to finance shortfalls in other bureaus. Under the Subcommittee's proposal for financing, such a shift would not be possible in the future and any savings would be carried over to subsequent years. This is currently the case with DOV Operating Fund savings for all other motor vehicle functions. The Subcommittee feels there is little justification for transferring 10 percent of the MCI expenses from the State General Fund to the DOV Operating Fund since the agency currently absorbs the indirect costs of the stations as part of its central administrative services.

3. Adjust, as recommended by Governor's Budget Amendment No. 1, the financing for Special County Mineral Tax payments (an increase of \$229,000) and for County Inheritance Tax payments (an increase of \$100,000). The Subcommittee does not adopt the adjustment for a \$7,100 shift in financing or a \$10,000 decrease in the Solar Energy Property Tax Fund since it was not addressed by the consensus estimates.
4. Delete 12.0 F.T.E. positions which have been vacant at least six months and allow the Department to absorb 11 new positions within the existing F.T.E. limitation of 1,470.0 by reallocating vacant positions. The Subcommittee concurs with the amount of financing recommended by the Governor for salaries and benefits (excluding the salary adjustment financing) for the 11 new positions. The Subcommittee further directs that the two clerical positions recommended by the Governor for the Quality Control Bureau to work on Minerals Tax processing be used instead for Project Fair Share to assist in collection of additional tax revenue. The amount of FY 1985 savings is estimated at \$154,635 from the reallocated positions, including \$90,501 State General Fund and \$64,134 DOV Operating Fund.

The \$154,635 in salary savings should be applied to reduce the amount of turnover recommended by the Governor in FY 1985. The Governor's recommended rates of 6.8 percent State General Fund and 6.8 percent DOV Operating Fund would be lowered to 6.7 percent State General Fund and 6.7 percent DOV Operating Fund. However, by shifting MCI funding to the DOV Operating Fund, the DOV turnover rate increases to 7.5 percent, while the State General Fund rate decreases to 5.6 percent in FY 1985. The Subcommittee continues to be concerned about these levels of turnover (especially DOV) inasmuch as they may overstate the amount of shrinkage in the Department's operating budget. However, pending receipt of a Governor's Budget Amendment, the Subcommittee takes no further action, except to urge the Secretary that the pool of funding for reclassifications, especially for individual position upgrades rather than for classes, should be considered as a potential source of money to use in reducing turnover rates further if the need arises.

5. Restore State General Fund financing of \$10,361 for an existing Clerk II position in Administrative Services which was deleted in the Governor's recommendations, and use both financing and 1.0 F.T.E. position from the reallocations recommended in item 4 for reestablishing this position.
6. Reduce by \$7,500 the amount recommended for professional services in the Division of Alcohol Beverage Control to be financed from the State General Fund for an Official Reporter for the ABC Board of Review. The Subcommittee recommends that the Board utilize the existing full-time Official Reporter budgeted within the Office of the Secretary at the Board's hearings.
7. Reduce by \$6,230 the DOV Operating Fund money recommended for the Dealer Review Board. The Board did not meet in calendar year 1983 and has met only once this fiscal year. The Subcommittee feels this amount reflects more realistically the level of expenditures for this activity.
8. Reduce DOV Operating Fund expenditures by \$119,313 and abolish 9.0 F.T.E. positions in the Motor Carrier Inspection program. The Subcommittee has reviewed FY 1983 expenditures and fee receipts at the various locations and finds that at more than nine locations the costs of operating those MCI stations 24-hours per day, seven days per week, exceeded the revenues collected at each location. The Subcommittee believes that reduced hours at certain locations may provide continued effective operation of those stations where the amount of receipts does not warrant around-the-clock service. The Secretary should have the flexibility to absorb the loss of financing and positions at the locations where reduced operations will bring about more efficient use of the remaining 112.0 F.T.E. positions allocated to the MCI station subprogram.
9. Rewrite the appropriations bill to provide limitations on salaries and wages and other operating expenditures from both the State General Fund and the DOV Operating Fund. Make necessary changes in the transfer language for financing purposes.

Other Information

1. Kansas Business Integrated Tax System (K-BITS) Implementation. The Subcommittee provides the following information about the develop of K-BITS as an update about the multimillion dollar computer program to consolidate collection of data for 28 business taxes into one data base and to provide improved compliance, auditing, and cash management:

<u>Fiscal Year</u>	<u>Computer Processing</u>	<u>Department of Revenue Staff</u>	<u>Consultants</u>	<u>Staff</u>
1981	\$ 0	\$ 49,000	\$ 155,000	\$ 204,000
1982	191,000	152,000	429,845	772,845
1983	40,000	190,000	0	230,000
1984	212,000	295,000	423,000	930,000
1985	140,000	320,000	60,592	520,592
TOTAL	<u>\$ 587,000</u>	<u>\$ 1,006,000</u>	<u>\$ 1,113,437</u>	<u>\$ 2,657,437</u>

The Department's implementation schedule includes a timeline through June, 1985, and shows that two additional major taxes will be implemented in FY 1986. A report dated January 9, 1984 to the 1984 Legislature is available for further details about the project progress.

2. Vehicle Information Processing System (VIPS) Development. VIPS will automate all phases of processing applications and documents associated with motor vehicles titled and registered in the state. The development of design specifications currently is underway, with \$230,000 recommended in FY 1984 and \$320,000 in FY 1985 from the DOV Operating Fund to finance consultant assistance on the project. Actual program development involving the translation of design specifications into machine-readable formats will begin in FY 1985. Currently, the project plan anticipates using in-house technical staff in FY 1985 to help implement VIPS, but the agency report dated October 24, 1984 concerning VIPS raises the possibility that additional funding during the program development phase may be required under certain circumstances. The Governor does not appear to recommend any additional funding in FY 1985 for work in conjunction with program development beyond those in the agency's request for staff and data processing support services. Approximately 9.0 F.T.E. agency staff are assigned to VIPS in FYs 1984 and 1985. The Subcommittee plans to monitor the progress of VIPS over the next year.
3. Project Fair Share. The 1984 Legislature authorized six positions and operating costs to implement this program which is designed to achieve enhanced tax compliance among underreporters and nonfilers of income tax returns. The Subcommittee is very pleased with the results of Project Fair Share to date. The Department has collected \$938,475 based on assessments issued by the agency under this program. Additional staffing by two clerical positions was addressed elsewhere in this report to help relieve the high volume of clerical work since only one clerk was initially authorized for the unit. The Subcommittee is concerned that the data processing position authorized for this program has not been filled by a full-time person and urges the Department to continue its attempts to recruit a Systems Analyst.

4. Minerals Tax Administration. The Subcommittee reviewed the implementation by the Department of the Minerals Tax and the creation of a new bureau within the Division of Taxation to handle most of the work related to the Minerals Tax. A total of 23 positions were authorized by the 1983 Legislature for Minerals Tax administration. The bureau consists of 19 positions, while the remaining four positions are scattered in several other support bureaus throughout the agency. The Department's FY 1985 request would add four additional positions in the Minerals Tax Bureau, two revenue auditors and two special investigators. In addition, two clerical positions to work in support bureaus to assist in Minerals Tax collections were also requested. The Governor recommends all 6.0 F.T.E. positions for FY 1985, but the Subcommittee recommendation would allow for four positions to be established in the Minerals Tax Bureau, while the other two positions would be used for Project Fair Share.
5. New Data Base Program. The Subcommittee directs that the Department should not begin work on the Individual Tax Information Management System (ITIMS) in FY 1985 and that staff should continue to work on either K-BITS implementation or VIPS development instead. The Subcommittee notes that such work was to begin late in the fiscal year and feels that the staff time will be more effectively used on the other two projects.
6. With the passage of S.B. 401, the Department will be required to implement enforcement activities with regard to bingo. The Subcommittee's recommendation to delete 9.0 F.T.E. positions at Motor Carrier Inspection stations creates a pool from which new positions for enforcement activities may be drawn as need arises without exceeding current position limitations.
7. The Subcommittee concurs with the Governor's recommendation that the ABC inspectors not be placed under the Kansas Police and Fire Retirement program. The Governor's recommendations did not include funding in FY 1985.
8. The Subcommittee recommends that a bill be introduced which would provide for motor vehicle license tags to be issued in calendar year 1988 for all vehicles and that the tags be engrossed with three random letters and three random numbers (i.e., SAM 123). The new system will maintain the concept of a county identifier by use of an adhesive sticker. The Subcommittee concurs with the Department that the new format will provide a more readable and useful tag system.
9. Funding to mail out Form 1099 to all taxpayers who receive a state tax refund for either calendar year 1983 or calendar year 1984, as currently required by federal regulations, was not recommended by the Governor either in FY 1984 or FY 1985. The Subcommittee concurs with this position.
10. The Department should institute a new procedure for handling "rush" titles applications, to be effected through rules and regulations and including a special handling fee to generate new revenue for the State Highway Fund. Currently individuals or title companies can obtain rush service but the fee involved does not reflect the delay caused to other applicants.

11. An ad hoc committee of persons involved with dealer tags should be convened by the Department during the summer of 1984 and that committee should develop recommendations for the 1985 Legislature. The committee should consider means to effectively control the use and misuse of dealer tags including, but not limited to, salespersons use of tags in nonbusiness hours, loaner cars, proper ratios of tags issued to number of sales and number of sales persons, and enforcement mechanisms for misuse. The committee should include both new and used car representatives as well as Department officials.
12. The Department should establish a fee of \$1 as a surcharge on reciprocal club memberships as a revenue generating measure. The charge would not be in addition to membership fees charged by clubs and would be used to defer the costs of ABC enforcement activities.
13. The Department should study the possible use of work processing equipment in remote locations, such as the ABC Division, instead of buying new typewriters. Possible lease-purchase options should be investigated to remain within budget.
14. Cooperation between the Department's field personnel and Unemployment Insurance Field Representatives from the Department of Human Resources should be encouraged, especially when making site visits to businesses about tax matters.
15. The Subcommittee commends the occasional sales tax collections activities by the Revenue Field agents and encourages continued activity.



Representative Santford Duncan
Subcommittee Chairman



Representative David Heinemann



Representative Jack Shriver

My name is Mike Sarras, Col. (Ret.) U.S.A. Chairman of the National Guard Association Legislative Committee. ^{SB} Bill No. 72 will assist Kansas to achieve our strength goals while upgrading the quality of personnel in the National Guard. Additionally, the bill will create an environment to improve retention of people in our Kansas Guard.

We estimate that 850 students or approximately 10% of our authorized strength would participate in this program. Using a 50% tuition factor and based upon Section 3.a. of the bill, the highest allowable amount of funds an individual would receive is \$69.00 for 6 semester or 202 clock hours. They would receive a maximum of \$171.00 for satisfactory performance and enrollment in more than 6 semester or 202 clock hours. Estimating that 80% of these members would be part-time students and 20% would be full-time students, the grand total FY 84 appropriations would be 152,000 dollars.

(Signature of (Bob Green))

In summary, men and women across the state tell us that if this educational assistance incentive is provided they would join the National Guard. States that maintain 100% of authorized strength are assured of maintaining their federal recognition which is required to remain in existence. Additionally, we receive added benefits in federal funds to improve and construct facilities and we receive state of the art equipment that allows our members to be trained in higher technology. Thank you for your time and consideration.



FACT S. ET

KANSAS NATIONAL GUARD EDUCATION ENCOURAGEMENT FUND

(S.B. 72)

50%
Tuition amount auth-
orized per year, per
student

1. Board of Regents Schools	6 hrs or equivalent for 2 semesters a year	\$138.00
	more than 6 hrs per se- mester.	\$342.00
2. Private/Religious Affil- iation (19)	average cost \$100 per semester hr, \$3,000 per tuition	"
3. Junior Colleges (20)	average cost \$12.00 per semester hour	"
4. Vo-Tech Schools (13)		
5. Municipal University Washburn University	\$40.00 per semester hr	"

Based upon Sec. 3(a), S.B. 72 highest allowable amount
as follows:

50%
Tuition per Semester

6 semester hours or 202 clock hours	\$69.00
more than 6 semester hrs or 202 clock hours	\$171.00

If a FY 84 objective were established - 10% of KNG mem-
bers enrolled in program - number of participating mem-
bers would be 850.

Estimating 80% of these members would be part-time stu-
dents and 20% would be full-time students, following is
FY 84 appropriation:

680 part-time students for 2 semesters	\$ 93,840.00
170 full-time students for 2 semesters	\$ 58,140.00
	<hr/>
*Grand Total	\$151,980.00

*Average \$179.00 a member per year.

STATE OF KANSAS

STATE RECAP
JANUARY 21, 1983Army National Guard Enlisted Personnel
Average Age and Years of Service

<u>Grade</u>	<u>Average Age</u>	<u>Average Years of Service</u>
Private 1	19.6	.1
Private 2	20.5	1.4
Private First Class	21.6	2.0
Specialist Four/ Corporal	25.4	4.5
Specialist Five/ Sergeant	31.3	8.2
Specialist Six/ Staff Sergeant	37.5	13.4
Sergeant First Class/ Platoon Sergeant	41.0	17.7
Master Sergeant	43.7	22.0
Sergeant Major/ Command Sergeant Major	48.4	28.5
Average:	27.9	6.6

Army National Guard Officers
Average Age and Years of Service

<u>Grade</u>	<u>Average Age</u>	<u>Average Years of Service</u>
Warrant Officer One	35.8	14.2
Warrant Officer Two	40.3	19.5
Warrant Officer Three	41.8	20.4
Warrant Officer Four	52.5	32.0
Second Lieutenant	26.9	5.6
First Lieutenant	31.6	10.0
Captain	34.5	12.2
Major	38.8	16.9
Lieutenant Colonel	44.4	23.3
Colonel	50.8	31.1
Brigadier General	54.0	34.0
Major General	58.0	39.0
Average:	36.1	14.6

STATE OF KANSAS

SEPTEMBER 30, 1982

Army National Guard Officers
Civilian Education Level Report

<u>Grade</u>	<u>Total</u>	<u>College Graduates</u>
Warrant Officer One	17	4
Warrant Officer Two	45	8
Warrant Officer Three	37	7
Warrant Officer Four	31	4
Second Lieutenant	129	34
First Lieutenant	61	32
Captain	149	100
Major	72	50
Lieutenant Colonel	32	23
Colonel	19	13
Brigadier General	2	2
Major General	1	1

STATE OF KANSAS

FACT SHEET

ECONOMIC IMPACT

SALARIES

MILITARY PERSONNEL

Kansas Army National Guard	\$	14.9 million
Kansas Air National Guard		6.9 million
Sub-Total	\$	21.8 million

TECHNICIAN & AGR PERSONNEL

Kansas Army National Guard	\$	14.5 million
Kansas Air National Guard		26.7 million
Sub-Total	\$	41.2 million

STATE EMPLOYEE PERSONNEL

State General Fund. X	\$.9 million
Federal (NGB)		1.0 million
Federal (FEMA)4 million
Sub-Total	\$	2.3 million

TOTAL PAY FROM ALL SOURCES \$ 65.3 million

SUPPLIES AND SERVICES

Kansas Army National Guard (Federal Funds)	\$	7.5 million
Kansas Air National Guard (Federal Funds)		8.2 million
State		
State General Fund. X		1.4 million
Federal (NGB)1 million
Federal (FEMA)1 million
Sub-Total	\$	1.6 million

TOTAL SUPPLIES AND SERVICES \$ 17.3 million

VALUE OF EQUIPMENT

Kansas Army National Guard (Federal Equipment)	\$	137.1 million
Kansas Air National Guard (Federal Equipment)		126.8 million
Kansas State Property7 million

TOTAL VALUE OF EQUIPMENT \$ 264.6 million

FACILITIES

STATE DEFENSE BUILDING \$ 2.0 million

KANSAS ARMY NATIONAL GUARD

76 - Facilities owned by the State	\$	9.8 million
6 - Facilities occupied under lease, license and rental agreements -- no value established		

FACILITIES (continued)

KANSAS AIR NATIONAL GUARD

Forbes Air Base, Topeka, KS (licensed)	\$. 13.0 million
McConnell AFB, Wichita, KS (licensed)	7.7 million
Smoky Hill Weapons Range (original acquisition cost)	2.8 million
Sub-Total.	\$. 23.5 million
 TOTAL ESTIMATED VALUE OF FACILITIES OCCUPIED	 \$. 35.3 million

RECAPITULATION

PAY FROM ALL SOURCES	\$. 65.3 million
SUPPLIES AND SERVICES.	17.3 million
VALUE OF EQUIPMENT	264.6 million
FACILITIES	35.3 million
 GRAND TOTAL.	 \$. 382.5 million

*For FY 84 (Federal: October 1, 1983 - September 30, 1984;
State: July 1, 1983 - June 30, 1984)

S U M M A R Y

Attention is invited to the recapitulation on the above "AGO Fact Sheet". The following is a breakdown of the 382.5 million Federal and State dollar contributions:

<u>STATE</u>	<u>FEDERAL</u>
\$ 900,000.00 Payroll	\$ 64,400,000.00
700,000.00 Equipment	263,900,000.00
11,800,000.00 Facilities	23,500,000.00
1,400,000.00 Supplies	15,700,000.00
<u>\$14,800,000.00 (4 %)</u>	<u>\$367,700,000.00 (96%)</u>

Additional income loss in federal funds due to shortage of personnel as follows:

300 Air Guard personnel short
1300 Army Guard personnel short
1600 Total Air and Army Guard personnel short
x2,000 Income for one enlistee for one year
<u>\$3,200,000.00 Total Federal income lost to state.</u>

REPORTS OF STANDING COMMITTEES

MR. SPEAKER:

Your Committee on Ways and Means

Recommends that Senate Bill No. 72, As Amended by Senate
Committee

"AN ACT concerning the Kansas army and air national guard;
providing tuition grants for members thereof enrolled in
institutions of postsecondary education in Kansas; providing
for administration thereof."

Be amended:

On page 2, in line 65, by striking "1984" and inserting in
lieu thereof "1985"; in line 66, by striking "1985" and inserting
in lieu thereof "1986"; in line 67, by striking "1986" and
inserting in lieu thereof "1987"; in line 68, by striking "1987"
and inserting in lieu thereof "1988"; in line 69, by striking
"1988" and inserting in lieu thereof "1989";

And the bill be passed as amended.

_____Chairperson

REPORTS OF STANDING COMMITTEES

MR. SPEAKER:

Your Committee on Ways and Means

Recommends that Senate Bill No. 577, As Amended by Senate
Committee of the Whole

"AN ACT making and concerning appropriations for the fiscal years ending June 30, 1984, and June 30, 1986, for the adjutant general, state corporation commission, Emporia state university, youth center at Topeka, Larned state hospital, department of administration, Pittsburg state university and the Kansas fish and game commission; authorizing certain transfers, imposing certain restrictions and limitations, and directing or authorizing certain disbursements and acts incidental to the foregoing."

Be amended:

On page 1, in line 52, by striking "\$3,552,714" and inserting in lieu thereof "\$3,602,714";

On page 2, preceding line 79, by inserting the following material to read as follows:

"(c) The expenditure limitation established by the state finance council on the mined-land conservation and reclamation fee fund for the fiscal year ending June 30, 1984, is hereby increased from \$129,607 to \$132,550.

(d) The expenditure limitation established by the state finance council on the national surface mining control and reclamation act -- federal fund for the fiscal year ending June 30, 1984, is hereby increased from \$106,249 to \$109,193.";

Also on page 2, in line 79, by striking "(c)" and inserting in lieu thereof "(e)";

On page 4, preceding line 148, by inserting the following material to read as follows:

"Sec. 10.

1-109

DEPARTMENT OF ECONOMIC DEVELOPMENT

(a) The expenditure limitation established by section 8(b) of

~~IX~~

chapter 24 of the 1983 Session Laws of Kansas on the housing assistance program -- federal fund, is hereby increased from \$1,238,816 to \$1,348,816.

Sec. 11.

1-1

ATTORNEY GENERAL

(a) There is appropriated for the above agency from the state general fund for the fiscal year ending June 30, 1984, the following:

Litigation costs..... \$30,000

(b) On the effective date of this act, of the \$72,500 appropriated for the above agency for the fiscal year ending June 30, 1984, by section 3(a) of chapter 24 of the 1983 Session Laws of Kansas from the state general fund in the additional operating expenditures for investigation and litigation regarding architectural and construction contracts for capital improvement projects at the university of Kansas medical center (including services of special assistant attorney general) account, the sum of \$30,000 is hereby lapsed.";

And by renumbering sections accordingly;

On page 1, in the title, in line 29, by striking "and the" and inserting in lieu thereof a comma; also in line 29, preceding the semicolon by inserting the following: ", department of economic development and attorney general";

And the bill be passed as amended.

_____Chairperson

REPORTS OF STANDING COMMITTEES

2/27/84

Your committee on House Ways and Means

Recommends that HB 2696

"AN ACT concerning social and rehabilitation services; placement agreement with secretary of corrections.

be passed.

Mr. U. Fenton Chairman.