

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, 1984 in room 123-S of the Capitol.

All members were present except:  
Senators Doyen and Harder

Committee staff present:  
Research Department: Mary Galligan, Lynne Holt, Chris Stanfield

Conferees appearing before the committee:  
Arden Ensley, Revisor of Statutes  
Representative Clifford Campbell  
Senator Neil Arasmith  
Susan Bell, State Treasurer's Office  
Jim Maag, Kansas Bankers' Association  
Senator William Mulich

INTRODUCTION OF BILL

The Chairman indicated he had a request from Senator Mike Johnston to have the committee introduce a bill to clarify who is responsible for pollution if oil and gas wells are not plugged properly. Under the provisions of the requested bill, landowners would not be responsible. Senator Gaines said there should be a provision in the bill that, unless the landowner has assumed the responsibility in writing, he is not responsible. The committee requested staff to assume responsibility for including this provision in the bill.

Motion was made by Senator Talkington and seconded by Senator McCray to introduce the above requested bill, following proper checking by staff. The motion carried by voice vote.

SB 667 - Tort Claims, compromise and settlement

Senator Steineger stated he did not feel the bill is necessary. Motion was made by Senator Steineger and seconded by Senator Talkington to report SB 667 adversely. The motion carried by roll call vote.

HB 2871 - Authorizing sale of land in Mitchell County

Representative Campbell distributed a letter from the Acting Superintendent of the Youth Center at Beloit and a plat of the land in question. (See Attachment A) He explained that a motel owner in the area would like to buy this land. After the bill passed the House, Representative Campbell said he had a request from the superintendent of schools in Beloit that they be given an opportunity to buy one part of the property. Therefore, he has had an amendment prepared to provide that the property may be sold in two different tracts. (See Attachment B)

Senator Arasmith said he has no objection to HB 2871. He added that the property to be purchased by the motel owner will be used primarily for parking. During ensuing discussion, Senator Arasmith stated that Dr. Harder, Secretary of SRS, is in favor of disposing of the land in question.

Motion was made by Senator Werts and seconded by Senator Gaines to adopt the amendment submitted by Representative Campbell. The motion carried by voice vote.

HB 2871 - Continued

Motion was made by Senator Werts and seconded by Senator Gaines to report HB 2871 as amended favorably for passage. The motion carried by roll call vote.

SB 709 - Establishing joint committee of revenue estimates and expenditures

Senator Mulich distributed his presentation (Attachment C) and read from that statement. There followed a brief discussion, with Senators Steineger and Warren speaking in favor of the bill. There was also discussion concerning amendment of the debt ceiling in Congress.

No action was taken on SB 709.

SB 814 - Organization of the Legislature

Mr. Ensley explained that SB 814 is a cleanup bill to clearly indicate the organization and per diem payment for legislators during different meetings of the Legislature. He reviewed the bill for committee members.

Senator Hein called the committee's attention to the fact that a change should be made in line 180 of SB 814 to change the date from "1984" to "1985." Mr. Ensley agreed with this change.

Motion was made by Senator Steineger and seconded by Senator Werts to amend SB 814 to make the change suggested above. The motion carried by voice vote.

Motion was made by Senator Steineger and seconded by Senator Warren to report SB 814 as amended favorably for passage. The motion carried by roll call vote.

SB 675 - Security requirements for state bank accounts

Ms. Bell distributed a statement from the Office of the State Treasurer. (See Attachment D) She read from that statement. Following her presentation, Senator Werts questioned the use of a comma between the words "deposit" and "open" in Line 64 of the bill. Neither Ms. Bell nor Mr. Maag had any objection to his suggestion.

Motion was made by Senator Werts and seconded by Senator Warren to amend SB 675 to remove the comma on line 64 as suggested above. The motion carried by voice vote.

Motion was made by Senator Steineger and seconded by Senator McCray to report SB 675 as amended favorably for passage. The motion carried by roll call vote.

The meeting was adjourned.

STATE OF KANSAS  
JOHN CARLIN, GOV.



SOCIAL AND  
REHABILITATION SERVICES  
STATE OFFICE BLDG.  
TOPEKA, KANSAS 66612  
ROBERT C. HARDER, SECY.

YOUTH CENTER AT BELOIT

1720 NORTH HERSEY (BOX 427)  
BELOIT, KANSAS 67420  
DENIS J. SHUMATE, SUPT.  
TEL. (913) 738-3571  
KANS-A-N 565-0110

January 20, 1984

The Honorable Clifford B. Campbell  
State House  
Topeka, KS 66612

Dear Mr. Campbell:

We have further discussed the sale of the state land you inquired about this week. We recommend that all of the land in that tract, including the farm house be sold at this time. Enclosed is a copy of the survey and legal description of the Youth Center property which was completed in 1979. The land in question is highlighted. For your information we have also enclosed copies of the documents of a sub-station easement that was granted to the City of Beloit in 1973.

At the present time approximately 6.17 acres of the land is leased to Dennis Helmbrecht, Beloit, Kansas, who farms the ground. Mr. Helmbrecht holds a five-year lease, renewable annually. The lease is in its third year and contains a 30-day notification clause for cancellation. The remaining approximately .7 acre consists of a two-story house, detached garage and surrounding ground. This house is presently unoccupied, and the Youth Center has no plans to utilize this house for staff housing in the future.

We know your constituent initially was interested in only 4 acres of the approximately 7 acres in question. However, we believe it is in the best interest of the state to sell the whole tract including the farm house at this time.

We hope this information will enable you to pursue the sale of this land. If not, feel free to contact Kathleen Pestinger at (913) 738-3571.

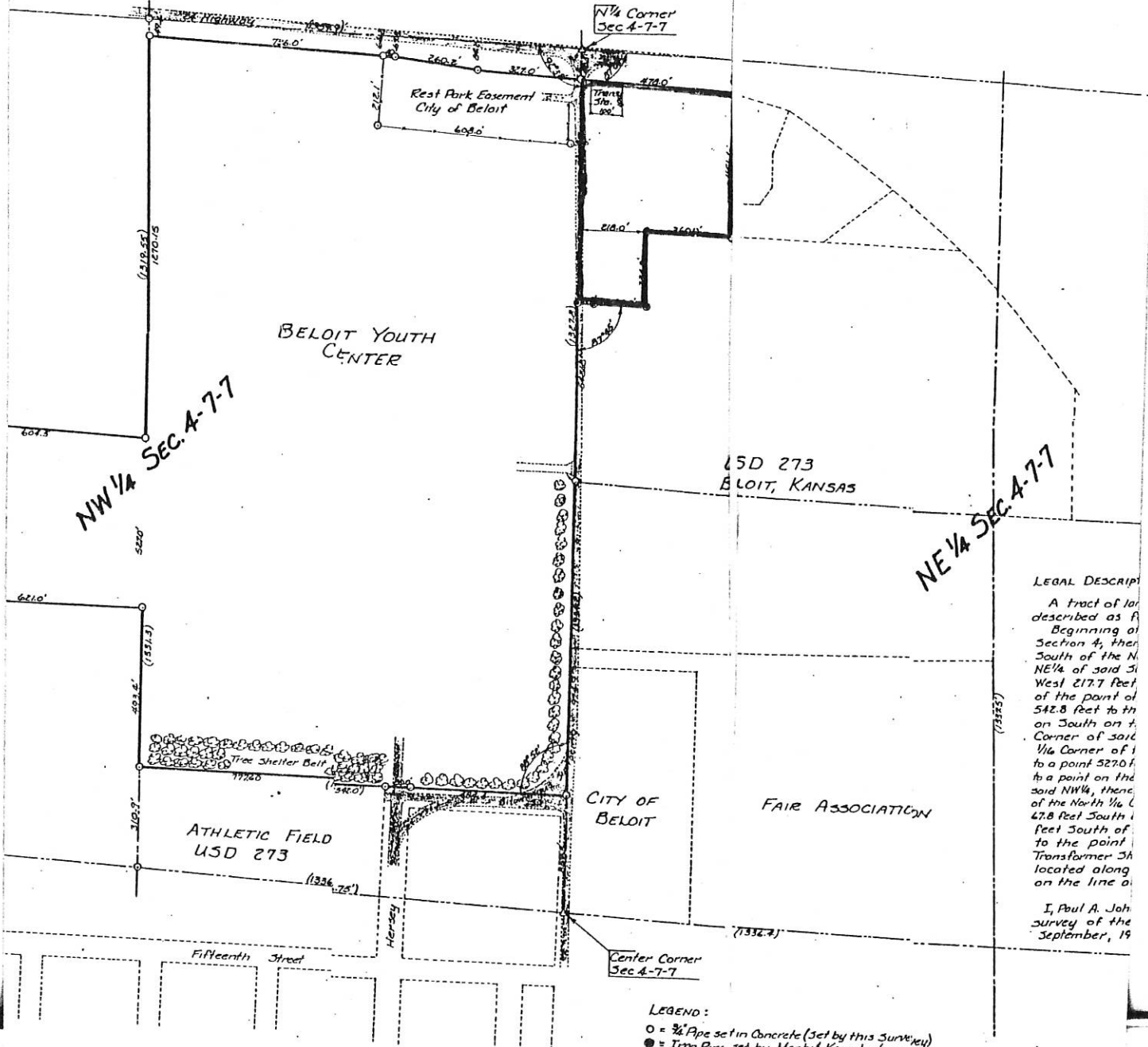
Sincerely,

Kathleen Pestinger  
Business Administrator

Ronald R. Willis  
Acting Superintendent

cc: Robert Harder  
Robert Barnum

A  
3-2-84



**LEGAL DESCRIPTION**

A tract of land described as follows: Beginning at the Beginning of Section 4, then South of the N. NE 1/4 of said Section 4, West 217.7 feet of the point of 542.8 feet to the on South on the Corner of said 1/4 Corner of 1 to a point 5270 feet to a point on the said NW 1/4, thence of the North 1/4 of 47.8 feet South 1 feet South of to the point Transformer 3A located along on the line of

I, Paul A. Johnson  
 survey of the  
 September, 19

- LEGEND:**
- = 3/4" Pipe set in Concrete (set by this survey)
  - = Iron Pins set by Morhy & Kempley (survey records BK IV P. 247)
  - △ = Corner Markers (referenced & recorded in Co. Eng'g Office)

REPORTS OF STANDING COMMITTEES

MR. PRESIDENT:

Your Committee on Ways and Means

Recommends that House Bill No. 2871 (As Amended by House Committee of the Whole)

"AN ACT authorizing the secretary of social and rehabilitation services to sell certain real estate owned by the state and located in Mitchell county."

Be amended:

On page 2, following line 54, by inserting the following:

"(c) The secretary of social and rehabilitation services is hereby authorized to sell and convey the real estate described in subsection (a) as a single tract or parcel or may sell any part or parts of such real estate as individual tracts or parcels of real estate as the secretary may deem advisable.";

Also on page 2, in line 55, by striking "(c)" and inserting in lieu thereof "(d)"

Senator \_\_\_\_\_

B  
3-2-84

Mr. Chairman, members of the committee, I am here today to speak on behalf of SB 709.

This bill addresses our current and ongoing state problem of insufficient financial reserves.

The 45 million dollars the state had in reserve at the end of the last fiscal year was not nearly enough to see us through the first 90 days of the new year and, as a result, we had to borrow an additional 30 million just to keep the government operating.

It is anticipated that by the end of this fiscal year the state will have a reserve of only 58 million where an acceptable level of at least 200 million is urgently needed.

It is time we start addressing the state's financial picture ahead of time instead of plugging holes on a "management by crisis" basis.

Senate Bill 709 will provide for just such a "far sighted" and responsible approach to our fiscal problems.

This bill proposes the establishment of a joint committee on state revenue estimates consisting of five members of the House and five members of the Senate who are in key positions of leadership in both political parties or other legislators selected by leadership.

The joint committee will be chaired by the Senate Ways and Means chairman in odd-numbered years with the House Ways and Means chairman acting as vice chairman. In even-numbered years, these roles would be reversed.

This joint committee made up primarily of leadership from both houses will then be required to introduce a concurrent resolution to adopt preliminary estimates of the state's incoming

C  
3-2-84

revenue to the general fund for both the current and the next ensuing fiscal year.

In addition our joint committee will establish the ending cash balance for the ensuing year at a figure to be not less than 10% of the estimated total expenditures and make adjustments in the event actual revenue collected is greater or less than estimated.

Upon the 80th calendar day of the regular session the joint committee will introduce a concurrent resolution that will adopt a revised estimate of revenues of the current and ensuing fiscal years and adopt revised estimates of the total expenditures and demand transfers which will be authorized from the state general fund for the current and ensuing fiscal years as previously provided in Section 2 of the bill. Starting in the fiscal year 1985 and each fiscal year thereafter the legislature will not be allowed to make appropriations that would exceed the revised expenditure ceiling previously adopted by the legislature.

If, however, bills are enacted by the legislature that would cause spending to exceed the revised ceiling, the joint committee shall introduce a bill which would amend the acts which caused the excess spending, by reducing appropriations on those acts as they feel necessary to hold the line on appropriations to the original revised limitations.



Senate Bill 675 would increase pledging requirements from 70% to 100% on all money in state bank accounts.

This measure would increase the safety of state funds, currently amounting to \$420 million, which are on deposit in banks throughout the state.

Kansas has been fortunate in that there have been very few bank failures. In the two instances I have been involved with, the state treasurer was able to recover full principal amounts as well as interest due, because in both cases the banks' pledging was over and above the required 70%.

This week the treasurer was able to successfully negotiate with the Federal Deposit Insurance Corporation and will receive full interest due the state on  $\frac{1}{2}$  million dollars of state money which was frozen by FDIC in a recent liquidation action.

The reason full principal and interest will be collected is due to excess collateral pledged by the bank which can be sold and proceeds used to pay the state for amounts not insured by FDIC. If we had not held additional collateral in this situation, but only the minimum 70% collateralization, the state could have lost \$123,600. in principal and over \$5,000. in interest.

Prior to 1975, 100 % pledging was required. In today's deregulated environment the safety of state money becomes an increasing concern. The funds effected by this increased pledging requirement are those that are placed using statutory formulas, and are either demand deposit accounts or accounts earning interest pursuant to rates set by statute.