

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANSThe meeting was called to order by Senator Paul Hess at
Chairperson11:00 a.m./p.m. on March 12, 1984 in room 123-S of the Capitol.

All members were present except:

Committee staff present:

Research Department: Mary Galligan, Chris Stanfield
Revisor's Office: Norman Furse
Committee Office: Mark Skinner, Doris Fager

Conferees appearing before the committee:

Art Griggs, Attorney, Department of Administration
James Cobler, Division of Accounts and ReportsSB 557 - Public moneys, investing in short-term corporate obligations

Motion was made by Senator Gaines and seconded by Senator Werts to report SB 557 adversely. Senator McCray said he recalled there was excellent testimony in favor of the bill. Senator Warren indicated it might be too specialized for some bankers to use. The motion carried by roll call vote.

SB 722 - Central Imprest Fund System Established

There was a brief discussion concerning the cost to the state if SB 722 were passed, and the interest which would be paid to the state.

Motion was made by Senator Gaines and seconded by Senator Werts to report SB 722 adversely. The motion carried by roll call vote.

SB 753 - Creating Winfield and Topeka prerelease centers imprest funds

Motion was made by Senator Warren and seconded by Senator Werts to report SB 753 favorably for passage. The motion carried by roll call vote.

SB 725 - Financial Services for State Agencies--negotiating committees

There was discussion among committee members about the reason for introduction of SB 725. Mr. Griggs said it would be necessary for an investment banker to take care of structuring the procedure in SB 725, because the state isn't in the business of packaging and underwriting Certificates of Participation. He suggested an amendment in line 41 to add the words "for financial services" after the word "section".

Motion was made by Senator Bogina and seconded by Senator Harder to include the amendment mentioned above. Senator Werts asked if all contracts by the state were not subject to appropriations. Senator Hess said he assumed that would need to be in any agreement. Senator Werts asked if this were just another alternative for expediting leasing by the state. Mr. Griggs answered in the affirmative.

Senator Hein asked why the state isn't strong enough to negotiate with the funders in the first instance. Mr. Griggs answered that the state is competitively bidding for equipment, and can get a lower rate of interest by getting a Certificate of Participation rather than paying interest to a company like IBM, for instance. Senator Werts said the state would still be buying. The financial intermediary might be a group of investors who

SB 725 - Continued

would buy a Certificate of Participation in a lease contract. The broker-dealer has access to investors and will sell them participation in the lease contract. The state is not in the brokerage business, according to Senator Werts.

There was discussion concerning the savings to the state by paying cash for equipment, etc. Mr. Cobler indicated it is unlikely the Legislature will appropriate a large sum of money in any one year, and the investors can get a tax advantage from the certificate of participation, because it works the same as municipal bonds. At the same time, there is a great savings to the state.

The above motion carried by voice vote.

Motion was made by Senator Bogina and seconded by Senator Werts to report SB 725 favorably as amended. The motion carried by roll call vote.

SB 727 - Construction defects recovery fund, administration

There was discussion concerning this measure, with some committee members expressing concern about excessive spending by state agencies if the bill were to become law. Mr. Griggs indicated there had been some discussion concerning a cap on spending without the approval of the State Finance Council.

Motion was made by Senator Warren and seconded by Senator Bogina to amend SB 727 to require that all expenditures exceeding \$10,000 would be subject to State Finance Council approval; and that expenditures of \$10,000 or less would be reported to the Joint Committee on State Building Construction and would be subject to the prior approval of the Secretary of Administration. The motion carried by voice vote.

Motion was made by Senator Hein and seconded by Senator Bogina to report SB 727 as amended favorably for passage. The motion carried by roll call vote.

SB 728 - Authorizing state agencies to accept charge credit card tickets, etc.

There was discussion regarding the need to allow students to use credit cards to pay for their tuition. It was noted by Mr. Cobler that the state is now losing a little more than \$60,000 by allowing this, and if SB 728 is passed, the rate paid to banks will be less and the state will lose less.

Motion was made by Senator Bogina and seconded by Senator Gaines to report SB 728 favorably for passage. The motion carried by roll call vote.

SB 709 - Joint committee on revenue estimates and expenditures established

It was the concensus of the committee that this measure should not be acted upon at this time.

HB 810- Acceptance of gifts, inmate employment and work release by Secretary of Corrections

Motion was made by Senator Hein and seconded by Senator Bogina to delete all of Section 1 of SB 810 and to make technical corrections in subsection (a) on page 7 as follows: delete "general revenue" and insert "state general"; and delete "corrections" and insert "correctional". The motion carried by roll call vote, with Senator Talkington voting "No."

Motion was made by Senator Bogina and seconded by Senator Werts to report SB 819 as amended favorably for passage. The motion carried by roll call vote.

SB 812 and SB 816 - Mined-land conservation and reclamation

Senators Hein, Bogina and Warren had not had opportunity to study these bills and make recommendations to the committee. No action was taken.

SB 819 - License and examination fees of social workers

Motion was made by Senator Hein and seconded by Senator Werts to report SB 819 favorably for passage. The motion carried by roll call vote.

HB 2666 - Legislative Post Audit access to records

Motion was made by Senator Talkington and seconded by Senator Gaines to approve technical amendments as suggested by staff. The motion carried by voice vote.

Motion was made by Senator Talkington and seconded by Senator Bogina to report HB 2666 as amended favorably for passage. The motion carried by roll call vote.

HB 2630 - Disposition of revenues derived from tax on alcoholic liquors

Motion was made by Senator Bogina and seconded by Senator Gaines to report HB 2630 favorably for passage. The motion carried by roll call vote.

SB 820 - Sale of state park permits by designated agents of state park and resources authority

Motion was made by Senator Gaines and seconded by Senator Hein to amend SB 820 by waiving park permit fees at El Dorado State Park on September 1, 1984. It was noted that if this amendment were made, it would not be necessary to approve introduction of a special bill for this purpose, as decided by the committee at its meeting on February 22, 1984. The motion carried by voice vote.

Motion was made by Senator Hein and seconded by Senator Gaines to report SB 820 as amended favorably for passage. The motion carried by roll call vote.

SCR 1651 - Rejecting K.A.R.'s state employees, transfers and sick leave

Motion was made by Senator Werts and seconded by Senator Hein to recommend adoption of SCR 1651. After a brief discussion, the motion carried by roll call vote.

The meeting was adjourned by the Chairman.