

MINUTES OF THE House COMMITTEE ON Ways and Means

The meeting was called to order by Bill Buntten at _____
Chairperson

1:30 ~~am~~ p.m. on Thursday, March 28, 1985 in room 514-S of the Capitol.

All members were present except:

- Committee staff present: Gloria Timmer - Legislative Research
- Laura Howard - Legislative Research
- Lyn Goering - Legislative Research
- Jim Wilson - Revisor's Office
- Sharon Schwartz - Administrative Aide
- Nadine Young - Committee Secretary

Conferees appearing before the committee:
None
Others present (Attachment 1)

Chairman Buntten called the meeting to order at 1:30 p.m. and requested introduction of a bill that would waiver the sales tax on the new county jail for Shawnee County. Representative Mainey moved the bill be introduced and Representative Buntten seconded. Motion carried. (Attachment 2)

Another bill was brought before the committee that relates to insurance companies that would allow a different insurance premium tax on foreign countries. Representative King moved the bill be introduced. It was seconded by Representative Chronister. Motion carried. (Attachment 3)

Chairman Buntten distributed copies of two draft bills that deal with the matter of acquiring the old Santa Fe Building. The first one relates to settlement of the nursing home law suit and proposes to use that money set aside to purchase the Santa Fe Building to pay off the law suit settlement. (Attachment 4) The second draft bill would authorize Department of Administration to withdraw from the purchase agreement. (Attachment 5) Representative Chronister moved that both bills be introduced and placed on the consent calendar. Representative Dyck seconded. Motion carried.

Chairman turned to consideration of subcommittee reports on SB 87.

BOARD OF STATE FAIR MANAGERS, Section 5 - SB 87
Representative Lowther presented the subcommittee report for FY 1985. The House subcommittee concurred with the Senate recommendation, with one exception. (Attachment 6). Representative Lowther moved for adoption of the report and Representative Hoy seconded. Motion carried.

The FY 1986 subcommittee report was presented by Representative Lowther, which concurs with the Senate. (Attachment 7) Representative Lowther moved the report be adopted. Seconded by Representative Hoy. Motion carried.

BOARD OF AGRICULTURE, Section 2 - SB 87
Representative Mainey presented the report for FY 1985 (Attachment 8), and being no discussion, moved for adoption of the report. Seconded by Representative Hamm. Motion carried.

Representative Heinemann reported for FY 1986 (Attachment 9). Both Senate and House subcommittees made substantial adjustments in the budget. Representative Heinemann moved for adoption of the report. Representative Chronister seconded. Motion carried.

STATE CONSERVATION COMMISSION, FY 1985
Representative Dyck reported on this section and moved for adoption of the report (Attachment 10). Seconded by Representative Turnquist. Motion carried.

Representative Guldner reported on FY 1986 and moved for adoption of the report. Seconded by Representative Turnquist. Motion carried. Atch 11

Unless specifically noted, the individual remarks recorded herein have not been transcribed verbatim. Individual remarks as reported herein have not been submitted to the individuals appearing before the committee for editing or corrections.

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Ways and Means,
 room 514-S, Statehouse, at 1:30 ~~am~~/p.m. on Thursday, March 28, 19 85

KANSAS WHEAT COMMISSION, Section 6, SB 87

Representative Lowther reported for FY 1985 (Attachment 12) and moved for adoption of the report. Seconded by Representative Hoy. Motion carried.

Representative Lowther presented the FY 1986 subcommittee report (Attachment 13). Representative Hamm expressed objection to Item 4, which recommends that Post-Audit be directed to conduct an audit of the agency to evaluate the effectiveness of the agency's contractual projects. Representative Louis commented that the request actually goes back to three years ago, and originated in his committee. Since the agency seems to be reluctant to carry through with the recommendation, there seems to be even more concern in this area. The agency's budget increased considerably between 1983 and 1984. Representative Dyck, who is a paying member of the Commission, commented he would think that the Commission would welcome a visit of this nature and the opportunity to compile a report to those members who pay into the Commission.

Representative Lowther moved that the subcommittee report be adopted. It was seconded by Representative Hoy. Motion carried.

GRAIN INSPECTION DEPARTMENT, Section 4, SB 87 (Attachment 14)

Representative Guldner reported for FY 1985 and moved for adoption. Seconded by Representative Dyck. Motion carried.

Representative Guldner reported for FY 1986 and moved for adoption of the report. Representative Turnquist seconded. Motion carried.

Representative Chronisted moved that SB 87, as amended, be recommended favorable for passage. Representative King seconded. Motion carried.

SECRETARY OF STATE, SB 86 - Section 13 (Attachment 15)

Representative Mainey presented the subcommittee report. House subcommittee concurred with recommendations of the Senate. He then moved for adoption of the report and Representative Chronister seconded. Motion carried.

COMMISSION ON CIVIL RIGHTS, SB 86 - Section 2 (Attachment 16)

Representative Turnquist presented the subcommittee report. There was discussion relative to Item 2 of the House subcommittee recommendations. Representative Heinemann offered a motion that the language referring to retirement eligibility for the present hearing examiner be stricken as it deals with age discrimination. Seconded by Representative Duncan. Motion carried.

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

Representative Duncan requested introduction of a bill that relates to optometry. Jim Wilson explained the provisions of the bill for the committee. Representative Shriver seconded and the motion carried.

KANSAS STATE LIBRARY, SB 88 - Section 2 (Attachment 17)

Representative Lowther presented the FY 1985/1986 subcommittee report. A Minority Report was presented by Representative Solbach, which concurs with the House Subcommittee recommendations except for the deletion of \$1,200,000 for the Interlibrary Loan Development Plan. Representative Solbach moved that the Minority Report be adopted and Representative Mainey seconded. The motion failed. He then offered a motion to appropriate \$15,000 to replace books that are lost through the interlibrary program. Seconded by Representative Teagarden. Motion carried.

Representative Wisdom offered a motion to appropriate \$600,000 from SGF for the interlibrary Development Plan. Seconded by Representative Solbach. Motion failed.

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Ways and Means,
room 514-S, Statehouse, at 1:30 ~~xxx~~/p.m. on Thursday, March 28, 1985

Representative Rolfs offered a motion that \$25,000 be added to the budget for use in getting the interlibrary program started. Seconded by Representative Duncan. Motion carried.

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

Motion adjourned at 3:20 p.m.

1985
GUESTS

Date 3-28-85

Name	Address	Representing
Bill Henry	Topeka	Ks Engineering Soc.
Sabrina Wells	"	Budget Div.
Dwight F. Johnson	✓	State Library
DON JACKA	TOPEKA	ST BOARD OF AGRICULTURE
Dorothy Barnes	Topeka	St. Board of Agric.
Harold E. Middle	Topeka	St. Board of Agric.
Lola Warner	"	St. Conservation Comm.
Kenneth Kern	"	" " "
Dale Umsh	"	" "
John Stutz	K. C. Ks	Catholic Rural Life
Steve Montgomery	Topeka	Ks. Legal Services, Inc.
George Blush	Topeka	Topeka - Shawnee Co Health
Thomas G. Hinkel	"	"

3/28/85

(1)

DRAFT BILL NO. _____

For Consideration by Committee on Ways and Means

AN ACT amending the Kansas retailers' sales tax act; relating to the definition of political subdivision; amending K.S.A. 79-3602 and repealing the existing section.

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

Section 1. K.S.A. 79-3602 is hereby amended to read as follows: 79-3602. (a) "Persons" means any individual, firm, copartnership, joint adventure, association, corporation, estate or trust, receiver or trustee, or any group or combination acting as a unit, and the plural as well as the singular number; and shall specifically mean any city or other political subdivision of the state of Kansas engaging in a business or providing a service specifically taxable under the provisions of this act.

(b) "Director" means the state director of taxation.

(c) "Sale" or "sales" means the exchange of tangible personal property, as well as the sale thereof for money, and every transaction, conditional or otherwise, for a consideration, constituting a sale, including the sale or furnishing of electrical energy, gas, water, services or entertainment taxable under the terms of this act and including, except as provided in the following provision, the sale of the use of tangible personal property by way of a lease or the rental thereof. The term "sale" or "sales" shall not mean the sale of the use of any tangible personal property used as a dwelling by way of a lease or rental thereof for a term of more than 28 consecutive days.

(d) "Retailer" means a person regularly engaged in the business of selling tangible personal property at retail or furnishing electrical energy, gas, water, services or entertainment, and selling only to the user or consumer and not for resale.

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(2)

(e) "Retail sale" or "sale at retail" means all sales made within the state of tangible personal property or electrical energy, gas, water, services or entertainment for use or consumption and not for resale.

(f) "Tangible personal property" means corporeal personal property.

(g) "Selling price" means the total cost to the consumer exclusive of discounts allowed and credited, but including freight and transportation charges from retailer to consumer.

(h) "Gross receipts" means the total selling price or the amount received as defined in this act, in money, credits, property or other consideration valued in money from sales at retail within this state; and embraced within the provisions of this act. The taxpayer, may take credit in the report of gross receipts for (1) an amount equal to the selling price of property returned by the purchaser when the full sale price thereof, including the tax collected, is refunded in cash or by credit; (2) an amount equal to the allowance given for the trade-in of property.

(i) "Taxpayer" means any person obligated to account to the director for taxes collected under the terms of this act.

(j) "Isolated or occasional sale" means the nonrecurring sale of tangible personal property, or services taxable hereunder by a person not engaged at the time of such sale in the business of selling such property or services. Any religious organization which makes a nonrecurring sale of tangible personal property acquired for the purpose of resale shall be deemed to be not engaged at the time of such sale in the business of selling such property. Such term shall include any sale by a bank, savings and loan institution, credit union or any finance company licensed under the provisions of the Kansas uniform consumer credit code of tangible personal property which has been repossessed by any such entity.

(k) "Service" means those services described in and taxed under the provisions of K.S.A. 79-3603 and amendments thereto.

(1) "Ingredient or component part" means tangible personal property which is necessary or essential to, and which is actually used in and becomes an integral and material part of tangible personal property or services produced, manufactured or compounded for sale by the producer, manufacturer or compounder in its regular course of business. The following items of tangible personal property are hereby declared to be ingredients or component parts, but the listing of such property shall not be deemed to be exclusive nor shall such listing be construed to be a restriction upon, or an indication of, the type or types of property to be included within the definition of "ingredient or component part" as herein set forth:

(1) Containers, labels and shipping cases used in the distribution of property produced, manufactured or compounded for sale which are not to be returned to the producer, manufacturer or compounder for reuse.

(2) Containers, labels, shipping cases, paper bags, drinking straws, paper plates, paper cups, twine and wrapping paper used in the distribution and sale of property taxable under the provisions of this act by wholesalers and retailers and which is not to be returned to such wholesaler or retailer for reuse.

(3) Seeds and seedlings for the production of plants and plant products produced for resale.

(4) Paper and ink used in the publication of newspapers.

(5) Fertilizer used in the production of plants and plant products produced for resale.

(6) Feed for animals, fowl and fish, the primary purpose of which is use in agriculture, the production of food for human consumption, the production of animal, dairy, poultry or fish products, fiber, fur, or the production of offspring for use for any such purpose or purposes.

(m) "Property which is consumed" means tangible personal property which is essential or necessary to and which is used in the actual process of and immediately consumed or dissipated in (1) the production, manufacture, processing, mining, drilling,

refining or compounding of tangible personal property, (2) the providing of services or (3) the irrigation of crops, for sale in the regular course of business, and which is not reusable for such purpose. The following items of tangible personal property are hereby declared to be "consumed" but the listing of such property shall not be deemed to be exclusive nor shall such listing be construed to be a restriction upon or an indication of, the type or types of property to be included within the definition of "property which is consumed" as herein set forth:

(1) Insecticides, herbicides, germicides, pesticides, fungicides, antibiotics, biologicals, pharmaceuticals, vitamins and chemicals for use in commercial or agricultural production of fruit, vegetables, feeds, seeds, animals or animal products whether fed, injected, applied or otherwise used; and

(2) electricity, gas and water.

(n) "Political subdivision" means any municipality, agency or subdivision of the state which is, or shall hereafter be, authorized to levy taxes upon tangible property within the state or which certifies a levy to a municipality, agency or subdivision of the state which is, or shall hereafter be, authorized to levy taxes upon tangible property within the state. Such term also shall include any public building commission, housing, airport, port, metropolitan transit or similar authority established pursuant to law.

(o) "Municipal corporation" means any city incorporated under the laws of Kansas.

(p) "Quasi-municipal corporation" means any county, township, school district, drainage district or any other governmental subdivision in the state of Kansas having authority to receive or hold moneys or funds.

(q) "Nonprofit blood bank" means any nonprofit place, organization, institution or establishment that is operated wholly or in part for the purpose of obtaining, storing, processing, preparing for transfusing, furnishing, donating or distributing human blood or parts or fractions of single blood

units or products derived from single blood units, whether or not any remuneration is paid therefor, or whether such procedures are done for direct therapeutic use or for storage for future use of such products.

Sec. 2. K.S.A. 79-3602 is hereby repealed.

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

DRAFT BILL NO. _____

For Consideration by Committee on Ways and Means

AN ACT relating to insurance; concerning the taxation of insurance companies; amending K.S.A. 79-1103 and K.S.A. 1984 Supp. 40-252 and 40-3404 and repealing the existing sections; also repealing K.S.A. 40-2801 to 40-2812, inclusive.

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

Section 1. K.S.A. 1984 Supp. 40-252 is hereby amended to read as follows: 40-252. Every insurance company or fraternal benefit society organized under the laws of this state or doing business in this state shall pay to the commissioner of insurance fees and taxes specified in the following schedule:

A

Insurance companies organized under the laws of this state:

- 1. Capital stock insurance companies and mutual legal reserve life insurance companies:

Filing application for sale of stock or certificates of indebtedness	\$25
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Admission fees:

Examination of charter and other documents	500
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Filing annual statement	100
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Certificate of authority	10
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Annual fees:

Filing annual statement	100
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Continuation of certificate of authority	10
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- 2. Mutual life, accident and health

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associations:

Admission fees:

Examination of charter and other documents	\$500
Filing annual statement	100
Certificate of authority	10

Annual fees:

Filing annual statement	100
Continuation of certificate of authority	10

3. Mutual fire, hail, casualty and multiple line insurers and reciprocal or interinsurance exchanges:

Admission fees:

Examination of charter and other documents	\$500
Filing annual statement	100
Certificate of authority	10

Annual fees:

Filing annual statement	100
Continuation of certificate of authority	10

In addition to the above fees and as a condition precedent to the continuation of the certificate of authority provided in this code, all such companies shall pay a fee of \$2 for each agent certified by the company and shall also pay a tax annually upon all premiums received on risk located in this state at the rate of ~~1~~ 2% per annum less (1) for tax years prior to 1984, any taxes paid on business in this state pursuant to the provisions of K.S.A. 40-1701 to 40-1707, inclusive, and 75-1508 and amendments thereto and (2) for tax years 1984 and thereafter, any taxes paid on business in this state pursuant to the provisions of K.S.A. 75-1508 and amendments thereto and the amount of the firefighters relief tax credit determined by the commissioner of

insurance. The amount of the firefighters relief tax credit for a company for the current tax year shall be determined by the commissioner of insurance by dividing (A) the total amount of credits against the ~~1%~~ 2% tax imposed by this section for taxes paid by all such companies on business in this state under K.S.A. 40-1701 to 40-1707, inclusive, and amendments thereto for tax year 1983, by (B) the total amount of taxes paid by all such companies on business in this state under K.S.A. 40-1703 and amendments thereto for the tax year immediately preceding the current tax year, and by multiplying the result so obtained by (C) the amount of taxes paid by the company on business in this state under K.S.A. 40-1703 and amendments thereto for the current tax year.

Funds accepted by a life insurer under an agreement which provides for an accumulation of funds to purchase taxable annuities at later dates shall be taxable premiums either when received or when actually applied to the purchase of annuities, at the option of the insurer. If the funds are declared upon receipt, any interest or other gain that accrues thereon shall not be taxable as premium income, but if the funds are declared when applied to the purchase of annuities, the premium tax shall be paid on the entire amount so applied. Any such funds declared upon receipt which are thereafter withdrawn before application to the purchase of annuities may be deducted from tax base as "premiums" returned on account of cancellations.

In the computation of the gross premiums all such companies shall be entitled to deduct any premiums returned on account of cancellations, all premiums received for reinsurance from any other company authorized to do business in this state, dividends returned to policyholders and premiums received in connection with the funding of a pension, deferred compensation, annuity or profit-sharing plan qualified or exempt under sections 401, 403, 404, 408, 457 or 501 of the United States internal revenue code. Should any such company remove or maintain, or both, either their home, principal or executive office or offices from this state,

every such company shall be subject to the provisions of subsection D of this section.

B

Fraternal benefit societies organized under the laws of this state:

Admission fees:

Examination of charter and other documents	\$500
Filing annual statement	100
Certificate of authority	10

Annual fees:

Filing annual statement	100
Continuation of certificate of authority	10

C

Mutual nonprofit hospital service corporations, nonprofit medical service corporations, nonprofit dental service corporations and nonprofit optometric service corporations organized under the laws of this state:

1. Mutual nonprofit hospital service corporations:

Admission fees:

Examination of charter and other documents	\$500
Filing annual statement	100
Certificate of authority	10

Annual fees:

Filing annual statement	100
Continuation of certificate of authority	10

2. Nonprofit medical service corporations:

Admission fees:

Examination of charter and other documents	\$500
Filing annual statement	100
Certificate of authority	10
Annual fees:	
Filing annual statement	100
Continuation of certificate of authority	10
3. Nonprofit dental service corporations:	
Admission fees:	
Examination of charter and other documents	\$500
Filing annual statement	100
Certificate of authority	10
Annual fees:	
Filing annual statement	100
Continuation of certificate of authority	10
4. Nonprofit optometric service corporations:	
Admission fees:	
Examination of charter and other documents	\$500
Filing annual statement	100
Certificate of authority	10
Annual fees:	
Filing annual statement	100
Continuation of certificate of authority	10

In addition to the above fees and as a condition precedent to the continuation of the certificate of authority, provided in this code, every corporation or association shall pay annually to the commissioner of insurance a privilege fee in an amount equal to ~~1%~~ 2% per annum of the total of all premiums, subscription

charges, or any other term which may be used to describe the charges made by such corporation or association to subscribers for hospital, medical or other health services or indemnity received during the preceding year. In such computations all such corporations or associations shall be entitled to deduct any premiums or subscription charges returned on account of cancellations and dividends returned to members or subscribers.

D

Insurance companies organized under the laws of any other state, territory or country:

- 1. Capital stock insurance companies and mutual legal reserve life insurance companies:

Filing application for sale of stock or certificates of indebtedness	\$25
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Admission fees:

Examination of charter and other documents	500
Filing annual statement	100
Certificate of authority	10

Annual fees:

Filing annual statement	100
Continuation of certificate of authority	10

In addition to the above fees all such companies shall pay \$5 for each agent certified by the company, except as otherwise provided by law.

As a condition precedent to the continuation of the certificate of authority, provided in this code, every company organized under the laws of any other state of the United States or of any foreign country shall pay a tax upon all premiums received during the preceding year at the rate of 2% per annum.

Funds accepted by a life insurer under an agreement which provides for an accumulation of funds to purchase taxable annuities at later dates shall be taxable premiums either when

received or when actually applied to the purchase of annuities, at the option of the insurer. If the funds are declared upon receipt, any interest or other gain that accrues thereon shall not be taxable as premium income, but if the funds are declared when applied to the purchase of annuities, the premium tax shall be paid on the entire amount so applied. Any such funds declared upon receipt which are thereafter withdrawn before application to the purchase of annuities may be deducted from tax base as "premiums" returned on account of cancellations.

In the computation of the gross premiums all such companies shall be entitled to deduct any premiums returned on account of cancellations, dividends returned to policyholders and all premiums received for reinsurance from any other company authorized to do business in this state and premiums received in connection with the funding of a pension, deferred compensation, annuity or profit-sharing plan qualified or exempt under sections 401, 403, 404, 408, 457 or 501 of the United States internal revenue code.

2. Mutual life, accident and health associations:

Admission fees:

Examination of charter and other documents	\$500
Filing annual statement	100
Certificate of authority	10

Annual fees:

Filing annual statement	100
Continuation of certificate of authority	10

In addition to the above fees, every such company organized under the laws of any other state of the United States shall pay \$5 for each agent certified by the company, and shall pay a tax annually upon all premiums received at the rate of 2% per annum.

Funds accepted by a life insurer under an agreement which provides for an accumulation of funds to purchase taxable

annuities at later dates shall be taxable premiums either when received or when actually applied to the purchase of annuities, at the option of the insurer. If the funds are declared upon receipt, any interest or other gain that accrues thereon shall not be taxable as premium income, but if the funds are declared when applied to the purchase of annuities, the premium tax shall be paid on the entire amount so applied. Any such funds declared upon receipt which are thereafter withdrawn before application to the purchase of annuities may be deducted from tax base as "premiums" returned on account of cancellations.

In the computation of the gross premiums all such companies shall be entitled to deduct any premiums returned on account of cancellations, dividends returned to policyholders and all premiums received for reinsurance from any other company authorized to do business in this state and premiums received in connection with the funding of a pension, deferred compensation, annuity or profit-sharing plan qualified or exempt under sections 401, 403, 404, 408, 457 or 501 of the United States internal revenue code.

3. Mutual fire, casualty and multiple line insurers and reciprocal or interinsurance exchanges:

Admission fees:

Examination of charter and other documents and issuance of certificate of authority	\$500
Filing annual statement	100
Certificate of authority	10

Annual fees:

Filing annual statement	100
Continuation of certificate of authority	10

In addition to the above fees, every such company or association organized under the laws of any other state of the United States shall pay a fee of \$5 for each agent certified by

the company and shall also pay a tax annually upon all premiums received at the rate of 2% per annum. In the computation of the gross premiums all such companies shall be entitled to deduct any premiums returned on account of cancellations, all premiums received for reinsurance from any other company authorized to do business in this state, and dividends returned to policyholders.

E

Fraternal benefit societies organized under the laws of any other state, territory or country:

Admission fees:

Examination of charter and other documents	\$500
Filing annual statement	100
Certificate of authority	10

Annual fees:

Filing annual statement	100
Continuation of certificate of authority	10

F

Mutual nonprofit hospital service corporations and nonprofit medical service corporations, nonprofit dental service corporations and nonprofit optometric service corporations organized under the laws of any other state, territory or country:

1. Mutual nonprofit hospital service corporations:

Admission fees:

Examination of charter and other documents	\$500
Filing annual statement	100
Certificate of authority	10

Annual fees:

Filing annual statement	100
Continuation of certificate of authority	10
2. Nonprofit medical service corporations, nonprofit dental -service corporations and nonprofit optometric service corporations:	
Admission fees:	
Examination of charter and other documents	\$500
Filing annual statement	100
Certificate of authority	10
Annual fees:	
Filing annual statement	100
Continuation of certificate of authority	10

In addition to the above fees and as a condition precedent to the continuation of the certificate of authority, provided in this code, every corporation or association shall pay annually to the commissioner of insurance a privilege fee in an amount equal to 2% per annum of the total of all premiums, subscription charges, or any other term which may be used to describe the charges made by such corporation or association to subscribers in this state for hospital, medical or other health services or indemnity received during the preceding year. In such computations all such corporations or associations shall be entitled to deduct any premiums or subscription charges returned on account of cancellations and dividends returned to members or subscribers.

G

All insurers shall pay a fee of \$10 for issuance of an amended certificate of authority.

For the purpose of insuring the collection of the tax upon premiums, assessments and charges as set out in subsection A, C, D or F, every insurance company, corporation or association shall

at the time it files its annual statement, as required by the provisions of K.S.A. 40-225, and amendments thereto, make a return, verified by affidavits of its president and secretary or other chief officers, to the commissioner of insurance, stating the amount of all premiums, assessments and charges received by the companies or corporations in this state, whether in cash or notes, during the year ending on the December 31 next preceding. Upon the receipt of such returns the commissioner of insurance shall verify the same and assess the taxes upon such companies, corporations or associations on the basis and at the rate provided herein and such taxes shall thereupon become due and payable.

H

The fee prescribed for the examination of charters and other documents shall apply to each company's initial application for admission and shall not be refundable for any reason.

Sec. 2. K.S.A. 1984 Supp. 40-3404 is hereby amended to read as follows: 40-3404. (a) Except for any health care provider whose participation in the fund has been terminated pursuant to subsection (g) of K.S.A. 40-3403 and amendments thereto, the commissioner shall levy an annual premium surcharge on each health care provider who has obtained basic coverage and upon each self-insurer for each fiscal year. Such premium surcharge shall be an amount equal to a percentage of the annual premium paid by the health care provider for the basic coverage required to be maintained as a condition to coverage by the fund by subsection (a) of K.S.A. 40-3402 and amendments thereto. The annual premium surcharge upon each self-insurer shall be an amount equal to a percentage of the amount such self-insurer would pay for basic coverage as calculated in accordance with rating procedures approved by the commissioner pursuant to K.S.A. 40-3413 and amendments thereto.

(b) In the case of a resident health care provider who is not a self-insurer, the premium surcharge shall be collected in addition to the annual premium for the basic coverage by the

insurer and shall not be subject to the provisions of K.S.A. 40-252, and 40-1113 and ~~40-2801-et-seq~~, and amendments to these sections. The amount of the premium surcharge shall be shown separately on the policy or an endorsement thereto and shall be specifically identified as such. Such premium surcharge shall be due and payable by the insurer to the commissioner within 30 days after the annual premium for the basic coverage is received by the insurer, but in the event basic coverage is in effect at the time this act becomes effective, such surcharge shall be based upon the unearned premium until policy expiration and annually thereafter. Within 15 days immediately following the effective date of this act, the commissioner shall send to each insurer information necessary for their compliance with this subsection. The certificate of authority of any insurer who fails to comply with the provisions of this subsection shall be suspended pursuant to K.S.A. 40-222 and amendments thereto until such insurer shall pay the annual premium surcharge due and payable to the commissioner. In the case of a nonresident health care provider or a self-insurer, the premium surcharge shall be collected in the manner prescribed in K.S.A. 40-3402 and amendments thereto.

(c) The premium surcharge shall be an amount deemed sufficient by the commissioner to fund anticipated claims based upon reasonably prudent actuarial principles. In setting the amount of such surcharge, the commissioner: (1) May require any health care provider who has paid a surcharge for less than 24 months to pay a higher surcharge than other health care providers; and (2) shall amortize any anticipated deficiencies in the fund over a reasonable period of time.

Sec. 3. K.S.A. 79-1103 is hereby amended to read as follows:
79-1103. (a) Every individual, association, group of unincorporated persons or domestic corporations, other than national banking associations, banks, trust companies, savings and loan associations, every life, fire and casualty, hail and county mutual fire insurance company organized under the laws of

this state and those taxed under K.S.A. 79-310a, and ~~40-2801~~ amendments thereto, who shall engage in the business of lending money, buying and selling bills of exchange, notes, bonds, stocks or other evidences of indebtedness with a view to profit, shall be, for the purpose of taxation, deemed to be engaged in banking within the meaning of this act. Each such individual, association or unincorporated group of persons shall annually during the month of January, as of January 1, furnish to the assessing officer a statement showing the average amount of capital employed in its business of banking as defined in this section, and the net earnings or income of such business for the year preceding such date. Aided by such statement, the assessing officer shall determine the average capital employed in such business as herein defined, and the true value of the proportional interest or share of each person therein shall be taxed annually at the rate of five mills on the dollar of the value thereof. In determining the average capital employed in such business for assessment and taxation upon a share basis as herein provided, the amount of money borrowed by the business as an entity and employed in the business and the amount of capital invested in real estate used in such business separately listed and taxed in this state shall be deducted therefrom. Personal property, other than motor vehicles subject to taxation under K.S.A. 79-5101 et seq., used in the business of banking shall not be separately listed nor shall it be taxed separately other than upon a share basis as herein provided.

(b) Shares of stock of domestic corporations engaged in the banking business, as defined in subsection (a), shall be assessed to the individual shareholders at their true value at the place where the particular domestic corporation is located. The managing officer of each domestic corporation shall furnish to the assessor on forms prescribed therefor during the month of January each year, a list of all the shareholders and the number of shares owned by each shareholder and the assessor shall fix and determine the true assessable value of such shares. To aid

and assist in determining the true value of such shares the director of property valuation shall prescribe such forms for use by the assessor as deemed necessary, and the president, cashier or other managing officer of each domestic corporation shall furnish and make full disclosure of all information required therein. If any portion of the capital stock of any domestic corporation shall be invested in real estate and the domestic corporation holds title thereto in fee simple, the assessed value of the real estate shall be deducted from the gross valuation of all shares of stock and such real estate shall be assessed as other real estate. The net assessment of all shares shall be divided among the shareholders proportionately, according to the number of shares owned by each, and the domestic corporation shall pay the tax assessed upon the shares and shall have a lien thereon until the same is satisfied and such shares shall be taxed annually at the rate of five mills on the dollar of the value thereof, or as otherwise provided by law. Should the domestic corporation fail to pay taxes levied upon shares, the property of the individual shareholder shall be liable therefor.

(c) As soon as practicable after all tax levies for the current tax year are determined and reported, it shall be the duty of the county clerk to notify each domestic corporation, whose shareholders are assessed and taxed under the terms of subsection (b) hereof in writing, of the valuation, rate of levy and amount of tax assessed against each and all shares and to be paid by each domestic corporation. Such notice to the domestic corporation shall be deemed and held notice to each shareholder. If the domestic corporation or any shareholder so notified shall for any cause be aggrieved by such assessment, appeal may be taken to the board of tax appeals at any time within 30 days after the receipt of such notice, by filing with the county clerk a notice of intention to appeal. An appeal by the domestic corporation shall be deemed an appeal for all shareholders thereof. When notice of intention to appeal is filed with the county clerk by any domestic corporation or shareholder, it shall

be the duty of the county clerk to transmit to the board of tax appeals forthwith, a copy of all notices, a statement showing the valuation of the shares, the levies, the amount of the tax assessed and all papers relating to such assessment. Thereupon the board of tax appeals, as soon as practicable, shall fix a time and place for hearing such appeal and shall give notice thereof to the county clerk and appellant at least 10 days prior to such hearing. At such hearing the board of tax appeals shall receive and consider such testimony as may be offered by such corporation or shareholder, or any party in interest, and upon due consideration thereof, shall fix and by order determine and equalize the amount of assessment and the tax to be paid. Such order shall be certified forthwith to the county clerk who shall enter upon the tax rolls of the county the amount of tax so determined and the tax shall be paid as hereinbefore provided by this act. No action shall be instituted or maintained in any court by any domestic corporation or shareholder to set aside or to declare void any tax levied under the terms of this act or to recover any such tax paid under protest unless prior to bringing of the action, an appeal shall have been taken as herein provided and such appeal shall have been determined by the board of tax appeals adverse to the claim of the appellant.

Sec. 4. K.S.A. 40-2801 to 40-2812, inclusive, and 79-1103 and K.S.A. 1984 Supp. 40-252 and 40-3404 are hereby repealed.

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

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DRAFT BILL NO. 2

For Consideration by Committee on Ways and Means

AN ACT concerning the department of social and rehabilitation services; relating to settlement of a civil lawsuit; making and concerning appropriations for the fiscal year ending June 30, 1986; providing for financing and authorizing certain disbursements; imposing certain conditions, restrictions and limitations related thereto.

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

Section 1.

DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES

(a) There is appropriated for the above agency from the following special revenue fund for the fiscal year ending June 30, 1986, all moneys now or hereafter lawfully credited to and available in such fund, except that expenditures shall not exceed the following:

Adult care homes lawsuit settlement fund.....\$12,000,000

Sec. 2. (a) After the secretary of administration has withdrawn from the agreement to purchase the Santa Fe office building and divested the state of the equitable title acquired thereto as authorized by Draft Bill No. 1, the secretary of administration shall obtain the immediate return of the \$11,245,000, which was loaned by the pooled money investment board to the secretary of administration and paid into the escrow account as the purchase price for the Santa Fe office building, and all interest earned on such amount pursuant to the escrow agreement.

(b) Upon receipt of the moneys under subsection (a), the secretary of administration shall remit the entire amount thereof to the state treasurer. Upon receipt of such remittance, the

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state treasurer shall deposit the entire amount thereof in the state treasury to the credit of the adult care homes lawsuit settlement fund which is hereby created.

(c) Upon the crediting of such amount of money to the adult care homes lawsuit settlement fund under subsection (b), the loan made by the pooled money investment board is hereby transferred to and imposed upon the secretary of social and rehabilitation services and the terms of the loan agreement as approved by the state finance council under K.S.A. 75-3649 and amendments thereto are hereby modified in accordance with this section. On and after the date such amount is credited to the adult care homes lawsuit settlement fund under subsection (b), the secretary of social and rehabilitation services shall be liable to repay such loan to the pooled money investment board in accordance with the terms of the loan agreement as approved by the state finance council under K.S.A. 75-3649 and amendments thereto, except as otherwise provided by this section, and the secretary of administration shall not be liable under such loan agreement.

(d) The secretary of social and rehabilitation services may repay the loan in advance of the date of final payment prescribed by the terms of the loan agreement and may make advance payments of principal or interest, or both, in such amounts and at such times as may be determined by the secretary of social and rehabilitation services or as otherwise provided by law. The pooled money investment board shall accept any such advance payment in full satisfaction of such loan notwithstanding any provisions of the loan agreement to the contrary.

(e) Moneys credited to the adult care homes lawsuit settlement fund shall be used only for (1) the payment in settlement and full satisfaction of all claims against the secretary and the state of Kansas arising out of Country Club Home, Inc., et al. vs. Robert C. Harder, as Secretary of Social and Rehabilitation Services, case number 81-CV-1041, in the district court of Sedgwick County, Kansas, and (2) the repayment of the loan as provided by this section.

(f) Payment made in settlement and full satisfaction of the lawsuit specified in subsection (e) shall not waive any rights the state may have in the matter to reimbursement from the federal department of health and human services or its successor agency. All amounts received from the federal department of health and human services or its successor agency for reimbursement of amounts paid in settlement and full satisfaction of the lawsuit specified in subsection (e) shall be deposited in the state treasury to the credit of the adult care homes lawsuit settlement fund.

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

DRAFT BILL NO. 1

For Consideration by Committee on Ways and Means

AN ACT concerning the department of administration; relating to the Santa Fe office building in Topeka, Kansas; authorizing the secretary of administration to withdraw from the purchase agreement therefor and to enter into certain other agreements with regard thereto.

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

Section 1. (a) As used in this section, "Santa Fe office building" means the property located in Topeka, Kansas, and described by K.S.A. 75-3648 and amendments thereto.

(b) The secretary of administration is hereby authorized to negotiate and enter into such agreement or agreements as may be required to withdraw from the agreement entered into by the secretary to purchase the Santa Fe office building as authorized by K.S.A. 75-3648 and amendments thereto and to divest the state of the equitable title acquired to the Santa Fe office building pursuant to such purchase agreement. The agreement or agreements authorized by this subsection shall provide for the return to the secretary of the \$11,245,000 purchase price plus the interest earned thereon pursuant to the escrow agreement entered into in accordance with the agreement to purchase the Santa Fe office building.

(c) Subject to the provisions of appropriations acts, the secretary of administration is hereby authorized to enter into a lease for the Santa Fe office building. Such lease may be renewable and may be for a term of not more than 20 years.

Sec. 2. This act shall take effect and be in force from and after its publication in the Kansas register.

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SUBCOMMITTEE REPORT

Agency: Board of State Fair Managers Bill No. NA Bill Sec. NA
 Analyst: Howard Analysis Pg. No. 164 Budget Pg. No. 5-29

<u>Expenditure Summary</u>	<u>Agency Req. FY 85</u>	<u>Governor's Rec. FY 85</u>	<u>Subcommittee Adjustments</u>
<u>All Funds:</u>			
State Operations	\$ 2,271,681	\$ 2,294,681	\$ —
Capital Improvements	250,000	250,000	—
TOTAL	<u>\$ 2,521,681</u>	<u>\$ 2,544,681</u>	<u>\$ —</u>
<u>State General Fund:</u>			
State Operations	\$ —	\$ —	\$ —
Capital Improvements	250,000	250,000	—
TOTAL	<u>\$ 250,000</u>	<u>\$ 250,000</u>	<u>\$ —</u>
F.T.E. Positions	15.0	15.0	—

Agency Request/Governor's Recommendation

The agency estimates \$2,271,681 in FY 1985 operating expenditures. The total is unchanged from that authorized by the 1984 Legislature and is entirely from fee funds. In addition, the Fair requests a supplemental appropriation of \$16,288 from the State General Fund for expenses incurred in connection with an exhibit at the 1984 State Fair from the Henan Province of China. This amount is not reflected in the agency's budget request or the Governor's recommendations, due to the late date of the request.

The Governor recommends \$2,294,681 in operating expenditures in FY 1985, an increase of \$23,000 over the agency estimate. Significant changes are increases of \$13,000 for entertainers' fees and \$10,000 for state sales tax payments. Other minor shifts are made between object codes. The Governor makes no recommendation concerning the supplemental appropriation requested by the agency.

Senate Subcommittee Recommendations

The Senate Subcommittee concurs with the Governor's recommendations with the following comment:

1. The Subcommittee has been apprised of and is aware of the agency's supplemental request for \$16,288 in State General Funds in connection with the Chinese exhibit; however, we defer any action until the Governor responds to the request. We recommend that the House Subcommittee considering the State Fair budget review this request and make appropriate adjustments.

Senate Committee Recommendations

The Senate Committee concurs with the recommendations of the Subcommittee.

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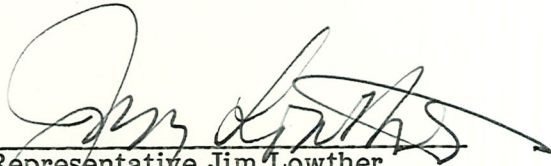
Senate Committee of the Whole Recommendations

The Senate Committee of the Whole concurs with the recommendations of the Committee.

House Subcommittee Recommendation

The House Subcommittee concurs with the recommendation of the Senate with the following adjustment:

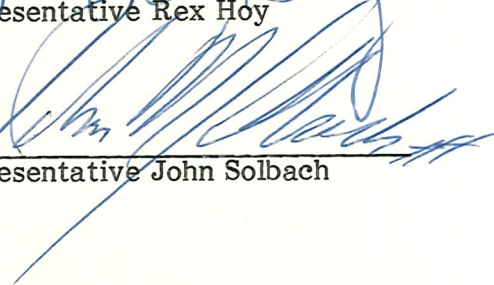
1. Addition of \$16,288 in State General Funds for the supplemental appropriation requested by the Fair for expenses incurred in connection with the Chinese exhibit. The Governor recommended the expenditure in his Budget Amendment No. 2.



Representative Jim Lowther
Subcommittee Chairman



Representative Rex Hoy



Representative John Solbach

SUBCOMMITTEE REPORT

Agency: Board of State Fair Managers Bill No. 87 Bill Sec. 5

Analyst: Howard Analysis Pg. No. 164 Budget Pg. No. 5-29

<u>Expenditure Summary</u>	<u>Agency Req. FY 86</u>	<u>Governor's Rec. FY 86</u>	<u>Subcommittee Adjustments</u>
<u>All Funds:</u>			
State Operations	\$ 2,574,859	\$ 2,442,165	\$ (1,004)
Capital Improvements	1,235,500	1,250,000	—
TOTAL	\$ 3,810,359	\$ 3,692,165	\$ (1,004)
<u>State General Fund:</u>			
State Operations	\$ —	\$ —	\$ —
Capital Improvements	1,235,500	1,250,000	—
TOTAL	\$ 1,235,500	\$ 1,250,000	\$ —
F.T.E. Positions	16.0	16.0	—

Agency Request/Governor's Recommendation

For FY 1986, the agency estimates operating expenditures of \$2,574,859. This is an increase of \$303,178 over the current year estimate. Increases are in the areas of salaries and wages (\$51,131); contractual services (\$134,754); commodities (\$16,409); capital outlay (\$80,884); and sales tax (\$20,000). The agency request includes one new position, a Secretary I, bringing the agency to a total of 16.0 F.T.E. positions. The agency requests \$1,035,500 in State General Funds to begin renovation of the grandstand and \$200,000 in State General Funds for Special Maintenance.

For FY 1986 the Governor recommends operating expenditures of \$2,442,165, a reduction of \$132,694 from the agency request. Reductions are in the areas of salaries and wages (\$33,380); contractual services (\$29,750); and capital outlay (\$69,564). The Governor concurs with the request for a 1.0 F.T.E. Secretary I. The Governor also recommends \$1,100,000 in State General Funds to begin grandstand renovation and \$150,000 for Special Maintenance.

Senate Subcommittee Recommendation

The Subcommittee concurs with the Governor's recommendations with the following adjustments:

1. Delete \$1,004 in salaries and wages as a technical adjustment to remove the entire 5.5 percent salary adjustment.
2. The Joint Building Committee has not yet made any recommendation concerning the grandstand renovation. This Subcommittee defers any recommendation to the full Committee pending action by the Building Committee.

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Senate Committee Recommendation

The Senate Committee concurs with the Subcommittee's recommendations with the following adjustment:

1. Delete \$1,100,000 in State General Funds for capital improvements recommended by the Governor for grandstand renovation. The Committee defers any recommendation pending action by the Joint Committee on State Building Construction and further study of financing alternatives.


Senate Committee of the Whole Recommendation

The Senate Committee of the Whole concurs with the recommendations of the Committee.


House Subcommittee Recommendations

The House Subcommittee concurs with the recommendations of the Senate with the following comment:


1. The Subcommittee concurs with the Senate recommendation that \$1,100,000 in State General Funds be deleted pending a recommendation from the Building Committee and further study on the possibility of financing the project through industrial revenue bonds. In the event further study finds that the use of bonds is not favorable, we recommend that a compromise proposal discussed in the Senate which would reduce the scope of the project by 25 percent in State General Funding be considered. The compromise would provide for a total of \$1.5 million in State General Funds over a two-year period, or \$750,000 per year. Any improvements above that amount would be financed by the Fair through their fee revenue.



Representative Jim Lowther
Subcommittee Chairman



Representative Rex Hoy



Representative John Solbach

SUBCOMMITTEE REPORT

Agency: Board of Agriculture Bill No. 161 Bill Sec. NA
 Analyst: Goering Analysis Pg. No. 131 Budget Pg. No. 5-1

<u>Expenditure Summary</u>	<u>Agency Req. FY 85</u>	<u>Governor's Rec. FY 85</u>	<u>Subcommittee Recommendations</u>
All Funds:			
State Operations	\$ 11,038,951	\$ 11,017,574	\$ (8,296)
Capital Improvements	13,000	13,000	—
TOTAL	<u>\$ 11,051,951</u>	<u>\$ 11,030,574</u>	<u>\$ (8,296)</u>
State General Fund:			
State Operations	\$ 6,978,926	\$ 6,960,967	\$ (55,824)
Capital Improvements	13,000	13,000	—
TOTAL	<u>\$ 6,991,926</u>	<u>\$ 6,973,967</u>	<u>\$ (55,824)</u>
F.T.E. Positions	300.5	300.5	—

Agency Request/Governor's Recommendation

The agency's revised FY 1985 request for operating expenditures exceeds the approved spending level by \$16,359. The revised budget includes two supplemental expenditure requests for which a total of \$36,359 is requested. Offsetting the requested increase is a reduction of \$20,000 in estimated expenditures from the Water Rights Information Fees Fund.

The agency requests an increase of \$17,977 to finance anticipated increases in the FY 1985 utility surcharge associated with the agency's central office space lease. Of the total, \$16,248 is requested from the State General Fund and the balance of \$1,729 from several special revenue funds. The request would provide a total of \$27,534 for the FY 1985 utility surcharge, including the \$9,557 included in the approved budget for this purpose. Also requested is an increase in expenditure authority for the Federal Pesticide Enforcement Fund in the amount of \$18,382 to allow expenditure of federal grant moneys for computer equipment to automate the functions of the Pesticide Records Center.

The Governor recommends an increase of \$17,534 for the utility surcharge, of which \$17,225 would be from the State General Fund and \$752 from special revenue funds. Also recommended is the increase of \$18,382 in expenditure authority for the Federal Pesticide Enforcement Fund to allow purchase of computer equipment. The Governor also adopts the agency's revised estimate of expenditures from the Water Rights Information Fees Fund. A variety of other adjustments to the approved budget are also recommended by the Governor. The net adjustment recommended by the Governor is a reduction of \$5,018 compared to the budget approved by the 1984 Legislature and Finance Council, of which \$1,711 reflects a net reduction in State General Fund expenditures.

Senate Subcommittee Recommendations

The Subcommittee concurs with the Governor's recommendations with the following adjustments:

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1. Reduction of \$5,000 from the State General Fund amount recommended by the Governor for the FY 1985 utility surcharge. The Subcommittee learned that the utility costs for the first six months of FY 1985 exceeded costs for the comparable period in FY 1984 by only \$252. The Governor's recommendation would provide \$27,534 for the FY 1985 utility surcharge, while the actual FY 1984 surcharge was \$16,490. The Subcommittee is therefore of the opinion that \$22,534 will be adequate to finance the FY 1985 utility surcharge.
2. Addition of \$55,934 in estimated expenditures from federal funds not included in the Governor's recommendation. The Subcommittee learned that federal revenues have been received and are being expended by the agency in FY 1985, and is of the opinion that the budget should reflect these expenditures.
3. Reduction of \$16,812 from the amount estimated for salaries (\$15,571) and fringe benefits (\$1,241) for relief staff in the Meat and Poultry Inspection Subprogram. The reduction includes \$8,406 from the State General Fund and an equal amount from federal funds.
4. Reduction of \$25,007 for salaries and wages and \$11,688 for other operating expenditures associated with an Agricultural Market Analyst position newly approved effective FY 1985. The Subcommittee learned that the position has not yet been filled and recommends that savings to date be deleted from the budget. The remaining balance of \$15,110 in the account would permit the agency to fill the position as of March 1, 1985. This adjustment generates total State General Fund savings of \$36,695.
5. Reduction of \$5,000 in State General Fund expenditures budgeted for salary costs of temporary harvest machine inspectors, plus \$723 for associated fringe benefits. The total adjustment is \$5,723.
6. Addition of a section to S.B. 161 to implement the Governor's recommendations, as amended by the recommendations of this Subcommittee. The Subcommittee recommends that FY 1985 savings from the State General Fund be reappropriated to reduce FY 1986 appropriations.

Senate Committee Recommendation

The Committee concurs with the recommendations of the Subcommittee.

Senate Committee of the Whole Recommendation


The Senate concurs with the Committee recommendations.

House Subcommittee Recommendation

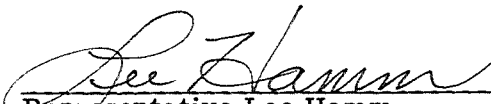
<u>Expenditure Summary</u>	<u>Senate Adj. to Gov. Rec.</u>	<u>Total Senate Rec.</u>	<u>House Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ (8,296)	\$ 11,009,278	\$ 2,833
Capital Improvements	—	13,000	—
TOTAL	<u>\$ (8,296)</u>	<u>\$ 11,022,278</u>	<u>\$ 2,833</u>
State General Fund:			
State Operations	\$ (55,824)	\$ 6,905,143	\$ 2,833
Capital Improvements	—	13,000	—
TOTAL	<u>\$ (55,824)</u>	<u>\$ 6,918,143</u>	<u>\$ 2,833</u>
F.T.E. Positions	—	300.5	—

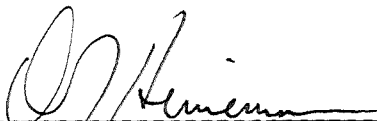
The House Subcommittee concurs with the Senate recommendation with the following adjustments:

1. Deletion of an additional \$3,000 in State General Fund expenditures for the FY 1985 utility surcharge. This adjustment retains a total of \$19,534 to finance the utility surcharge payable for nine months in FY 1985.
2. Addition of \$5,833 from the State General Fund to finance the re-negotiated lease rate of \$6.76 per square foot which will be effective April 1, 1985.


Representative Rochelle Chronister
Subcommittee Chairman


Representative Bill Buntin


Representative Lee Hamm


Representative David Heinemann


Representative Don Mainey

SUBCOMMITTEE REPORT

Agency: Board of Agriculture Bill No. 87 Bill Sec. 2
 Analyst: Goering Analysis Pg. No. 131 Budget Pg. No. 5-1

<u>Expenditure Summary</u>	<u>Agency Req. FY 86</u>	<u>Governor's Rec. FY 86</u>	<u>Subcommittee Recommendation</u>
<u>All Funds:</u>			
State Operations	\$ 12,570,742	\$ 11,840,273	\$ (614,756)
Capital Improvements	116,000	116,000	(50,000)
TOTAL	<u>\$ 12,686,742</u>	<u>\$ 11,956,273</u>	<u>\$ (664,756)</u>
<u>State General Fund:</u>			
State Operations	\$ 8,229,828	\$ 7,635,726	\$ (981,095)
Capital Improvements	116,000	116,000	(83,000)
TOTAL	<u>\$ 8,345,828</u>	<u>\$ 7,751,726</u>	<u>\$ (1,064,095)</u>
F.T.E. Positions	319.0	318.0	(10.5)

Agency Request/Governor's Recommendation

The agency requests a total of \$12,570,742 for FY 1986 state operations expenditures. The total includes \$8,229,828 from the State General Fund and \$4,340,914 from special revenue funds. The request includes a net increase of 18.5 F.T.E. positions compared to the current approved staffing level.

Major components of the request include 5.0 F.T.E. positions and associated other operating expenses to centralize dairy product regulation activities. This proposal would eliminate the need for contracts with local health departments for inspection services, enabling net savings of approximately \$130,000 compared to the FY 1985 budget. The agency's request also includes a total of \$448,000 from the State General Fund for contract payments to private engineering firms for conducting field audits of developed water rights. The request reflects an increase of \$288,000 from the current funding level of \$160,000. For the Division of Water Resources, 5.0 F.T.E. positions are requested to be added in FY 1986, including one position to initiate a state-funded dam safety program and one for responsibilities in the area of floodplain management. In the Agricultural Market Promotion and Development subprogram, the agency requests a total of \$699,304 for FY 1986, a 36.7 percent increase compared to the FY 1985 approved funding level of \$511,676. The request includes an International Market Specialist position to be added in FY 1986, an increase of \$47,049 for travel expenses, an increase of \$5,000 for official hospitality, and an additional \$21,408 to finance reclassifications for marketing personnel. For the Division of Plant Health, which is proposed for reorganization effective FY 1986, the agency requests a professional position to establish a chemigation safety program, a clerical position for reviewing insurance coverage prerequisites for licensure of pesticide applicators, and an increase of \$7,700 for accessing data from the National Pesticide Information Retrieval System. The request also includes a total of \$41,500 for acquisition of computer equipment in FY 1986 to automate the agency's regulatory activities, and 1.0 F.T.E. position to coordinate the agency's computer activities. Also requested is \$116,000 from the State General Fund for a capital improvement project for the agency's laboratory facility.

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The Governor recommends a total of \$11,956,273 for FY 1986, of which \$7,635,726 would be financed from the State General Fund. The Governor's recommendation deletes \$416,375 included in the agency's request for salary adjustments in FY 1986. A net increase of 17.5 F.T.E. positions is recommended by the Governor.

The Governor recommends a total of \$409,245 from the State General Fund to establish a Farmers' Assistance, Counseling, and Training Service (FACTS). The new program would be staffed by 7.0 F.T.E. new positions, including three attorneys and two management analysts. The total includes \$135,000 for contractual legal services and \$50,750 for travel and subsistence. The Governor adopts the agency's proposal to centralize activities in the regulation of dairy products. A total of 6.0 F.T.E. new positions are recommended to implement the proposal, the cost of which is more than offset by eliminating contracts with three local health departments for inspection work. For the Division of Water Resources, the Governor recommends the requested increase of \$288,000 for contracted water right audits. Also recommended is one new position for a state-funded dam safety program. The Governor recommends an increase of \$93,226 for the Agricultural Market Promotion and Development subprogram. The increase includes funding for the requested International Market Specialist position. Also recommended is a total of \$15,500 for official hospitality expenses and an increase of \$18,720 for travel costs. Although the Governor appears to recommend funding for the proposed reclassifications, technical errors result in underfunding the recommendation by \$13,778. The Governor recommends the requested clerical position for the Division of Plant Health for the purpose of verifying required proof of insurance or surety bond coverage for pesticide applicator licensees. The Governor recommends no funding for agency use of the National Pesticide Information Retrieval System. The Governor recommends the requested funding totaling \$41,500 for acquisition of computer equipment as well as the requested position to coordinate computer activities within the agency. The Governor recommends \$116,000 from the State General Fund for several capital improvement items for protecting the safety of laboratory personnel.

Senate Subcommittee Recommendations

The Senate Subcommittee concurs with the Governor's recommendations with the following adjustments:

1. Deletion of \$18,672 in unemployment insurance contribution savings generated by applying a rate of 0.24 percent rather than 0.54 percent included in the Governor's recommendation. The adjustment allows savings as follows: \$16,422 from the State General Fund, \$2,124 from the Federal Meat and Poultry Fund, \$26 from the Corn Commission Fund, \$62 from the Grain Sorghum Commission Fund, and \$38 from the Soybean Commission Fund. Special revenue fund savings of \$217 in the Egg Inspection subprogram and \$581 in the Agricultural Supply subprogram are recommended to offset State General Fund expenditures elsewhere in the agency. No adjustment is made for the Agricultural Marketing and Development subprogram for reasons explained elsewhere in this report.
2. Deletion of \$409,245 in State General Fund expenditures and 7.0 F.T.E. positions recommended for the FACTS program, pending legislative action on S.B. 172 which would authorize implementation of the program.
3. Deletion of 1.0 F.T.E. position recommended by the Governor to be added to the Agricultural Market Development subprogram. The Subcommittee

learned that the agency has not yet filled a similar position added to the budget effective FY 1985. Deletion of the position recommended for FY 1986 allows State General Fund salary savings of \$30,252 plus \$4,937 for fringe benefits, for a total of \$35,189.

4. Deletion of 1.0 F.T.E. Clerk-Typist II position recommended for the Pesticide Use subprogram. Deletion of this position allows State General Fund salary savings of \$10,164 plus \$2,336 for fringe benefits, for a total of \$12,500. The Subcommittee recommends restoration of \$4,885 for salaries and wages and \$381 for fringe benefits for intermittent clerical employees currently used for this purpose. The total to be added is \$5,266, for net savings of \$7,234 in State General Fund salaries and wages expenditures.
5. Shift of \$100,000 in expenditures recommended by the Governor to be financed from the State General Fund to special revenue funds as follows:

Egg Fee Fund	\$ 2,000
Dairy Fee Fund	10,000
Meat and Poultry Fee Fund	5,000
Entomology Fee Fund	7,000
Water Appropriation Cert. Fee Fund	7,000
Agricultural Chemical Fee Fund	10,000
Feeding Stuffs Fee Fund	5,000
Fertilizer Fee Fund	10,000
Pesticide Use Fee Fund	15,000
Seed Examination Fee Fund	17,000
Livestock Remedies Fee Fund	2,000
Grade A Milk Fee Fund	10,000
Total	<u>\$100,000</u>

The Subcommittee's recommendation is intended to offset State General Fund expenditures by expending balances in the above funds proposed by the agency and recommended by the Governor to be carried forward to FY 1987. Special revenue fund expenditures deleted by the Governor's recommendation in association with the salary adjustment reserve are not affected by this recommendation.

6. Increase of federal fund expenditures by a total of \$54,000 and establishment of expenditure limitations as follows on four new federal receipt accounts which the Governor recommends to be appropriated without expenditure limitation:

Operation of Alfalfa Weevil Parasite Processing Laboratory	\$ 26,000
Pest Detection and Survey	28,000
Gypsy Moth Detection Program	0
State Marketing Improvement	0
Total	<u>\$ 54,000</u>

7. Deletion of \$16,324 for KANS-A-N expenditures. The adjustment applies a 17.8 percent increase to the amounts budgeted for FY 1985 for KANS-A-N

and long-distance data communications expenditures, and retains an additional \$2,584 associated with additional positions proposed to be added for the Dairy Inspection subprogram. The reduction includes \$14,768 from the State General Fund, \$280 from the Grain Sorghum Commission Fund, \$172 from the Soybean Commission Fund, \$120 from the Corn Commission Fund, and \$984 from the Federal Meat and Poultry Fund. Special revenue fund savings in the Egg Inspection subprogram (\$36) and in the Agricultural Supply subprogram (\$738) are recommended to offset State General Fund costs elsewhere in the agency.

8. Deletion of \$51,801 recommended by the Governor for salary payments to retirants for accumulated leave, plus \$6,707 in associated fringe benefits, for a total of \$58,508. This amount allows savings of \$54,551 from the State General Fund and \$3,957 from the Federal Meat and Poultry Fund.
9. Reduction of \$9,388 from the State General Fund for central office rent costs. This adjustment retains a total of \$184,200 to finance central office rent at the present rate per square foot of \$6.00. The Subcommittee is aware that the current five-year lease expires effective May 1, 1985, and that the Department of Administration has determined that the agency will remain in the Mills Building rather than relocating to the Santa Fe Building. However, information is not yet available from the Department of Administration regarding the terms of the new lease. The Subcommittee therefore recommends that agency officials approach the House with the necessary information regarding the additional amounts which may be necessary to finance the new lease in FY 1986.
10. Deletion of \$31,267 recommended by the Governor to finance a utility surcharge in FY 1986. The Subcommittee notes that the appropriate amount to budget for the utility surcharge, if any, depends upon the terms of the new lease which is currently being negotiated. Therefore the Subcommittee recommends that the agency submit necessary data to the House in support of any request for utility surcharge funding for FY 1986. The adjustment is to be financed as follows: \$30,034 from the State General Fund, \$69 from the Corn Commission Fund, \$98 from the Soybean Commission Fund, \$160 from the Grain Sorghum Commission Fund, and \$906 from the Federal Meat and Poultry Fund. The special revenue fund savings of \$237 for the Egg Inspection subprogram and \$1,396 for the Agricultural Supply subprogram are assumed to offset State General Fund expenses elsewhere in the agency.
11. Reduction of \$500 from State General Fund expenditures recommended by the Governor for official hospitality expenditures specifically for the Secretary and Assistant Secretary. This adjustment retains \$1,000 for such costs in FY 1986. The Subcommittee also recommends revisions to the official hospitality proviso recommended by the Governor to allow the agency increased flexibility in the amount which may be legally expended such purposes.
12. Deletion of \$4,719 in salaries and wages, \$611 for associated fringe benefits, and 0.5 F.T.E. position recommended by the Governor to convert a half-time clerical position in the Meat and Poultry Inspection subprogram to full-time. This recommendation allows savings of \$2,665 from the State General Fund and an equal amount from the Federal Meat and Poultry Fund, for a total of \$5,330.

13. The Subcommittee notes that the Governor recommended \$2,500 to purchase protective clothing for personnel who have responsibilities in the area of anhydrous ammonia regulation. The Subcommittee also notes that the Governor did not recommend the requested \$750 to purchase a temperature-humidifier recorder for the weights and measures laboratory, to which the agency attaches a high priority. The Subcommittee notes that the agency may purchase the \$750 recording device and reduce expenditures for protective clothing by an equivalent amount if it wishes to do so.
14. Deletion of \$10,198 from the State General Fund for equipment purchases for the Water Appropriation subprogram.
15. Deletion of \$24,864 for salaries and wages, \$4,239 for fringe benefits, \$935 for capital outlay, and \$4,402 for travel expenses recommended by the Governor to finance 1.0 F.T.E. Civil Engineer II position for the proposed dam safety program. The Subcommittee does not foreclose the possibility of initiating such a program at some point in the future, but does not recommend establishing such a program in FY 1986. This recommendation allows a total of \$34,440 in State General Fund savings.
16. Deletion of \$10,000 from the State General Fund recommended by the Governor for a contractual study regarding integration of dam information into the Water Rights Information System.
17. Deletion of \$9,305 from the State General Fund for equipment for the Division of Laboratories. The adjustment retains \$7,200 for purchase of computer equipment, identified by the agency as its top priority.
18. The Subcommittee notes that it is apparently the Governor's intent to recommend an estimated \$21,408 for reclassification of marketing personnel effective FY 1986. The Subcommittee recommends deletion of \$2,388 plus \$309 for fringe benefits requested by the agency to reclassify clerical personnel. However, the Subcommittee notes that a technical error in the Governor's recommendation causes the salaries and wages budget to be underfinanced by an estimated \$13,778. Therefore, the Subcommittee does not recommend an adjustment to implement its recommendation at this time. The Subcommittee urges the Governor to submit a budget amendment to adequately finance the recommendation, at which time the Subcommittee recommends that the Legislature delete any funding included for reclassification of clerical personnel.
19. Reduction of \$7,766 from the State General Fund recommended by the Governor for salary (\$6,876) and fringe benefit (\$890) costs for reclassification of an Agricultural Inspector I to an Ecological Specialist in the Pesticide Use subprogram.
20. Reduction of \$5,000 plus \$390 for fringe benefits from the State General Fund for salaries and wage expenses for temporary harvest machine inspectors. The total adjustment is \$5,390.
21. Shift of \$224,000 in State General Fund expenditures recommended by the Governor for water audit contract services to be financed instead from a new special revenue fund. The Subcommittee recommends that water right permit holders reimburse the state for 50 percent of the state's cost for

performing field inspections of developed water rights. The Subcommittee intends that the agency bill water right holders for whom audits are performed not only by private engineering firms on behalf of the state, but also for those conducted by employees of the Division of Water Resources. The Subcommittee recommends that an expenditure limitation of \$224,000 be placed on the fund for FY 1986 and that expenditures from the fund are to be limited to costs associated with performing such field inspections. Together with the \$224,000 also recommended by the Subcommittee from the State General Fund, the total authorized for expenditure for FY 1986 for contracted water audits is \$448,000, the amount recommended by the Governor to be financed totally from the State General Fund.

22. Deletion of \$50,000 recommended by the Governor from the State General Fund for two components of a capital improvement project for the agency's laboratory facility. Of the remaining \$66,000 recommended for the capital improvement project, the Subcommittee recommends that \$16,500 be financed from the Feeding Stuffs Fee Fund and \$16,500 from the Fertilizer Fee Fund, allowing additional State General Fund savings of \$33,000. This adjustment adopts the recommendation of the Joint Committee on State Building Construction.
23. Revision of the appropriation bill format to coincide with the appropriation line item structure adopted by the 1984 Legislature.

The Subcommittee recommends that an interim legislative study be undertaken regarding the respective roles of various state agencies in the promotion of Kansas agricultural products. Specifically, the study should focus on the activities of the following agencies and programs:

Kansas Department of Economic Development
International Grains Program (KSU)
Wheat Commission
Board of Agriculture:
Agricultural Market Development subprogram
Grain Sorghum Commission
Corn Commission
Soybean Commission

The Subcommittee is of the opinion that the division of responsibilities among these agencies should be clarified by the Legislature.

Senate Committee Recommendation

The Committee concurs with the recommendations of the Subcommittee. The Committee notes that representatives of local health departments would like to present testimony on the issue of Grade A milk inspection activities. Because the request for a hearing did not come to the attention of the Senate until the Subcommittee's review was complete, the Committee urges the House to provide an opportunity for a hearing on this matter.

Senate Committee of the Whole Recommendation

The Senate concurs with the recommendations of the Committee.

House Subcommittee Recommendation

<u>Expenditure Summary</u>	<u>Senate Adj. to Gov. Rec.</u>	<u>Total Senate Rec.</u>	<u>House Subcommittee Adjustments*</u>
All Funds:			
State Operations	\$ (614,756)	\$ 11,225,517	\$ (3,790)
Capital Improvements	(50,000)	66,000	—
TOTAL	<u>\$ (664,756)</u>	<u>\$ 11,291,517</u>	<u>\$ (3,790)</u>
State General Fund:			
State Operations	\$ (981,095)	\$ 6,654,631	\$ (3,790)
Capital Improvements	(83,000)	33,000	—
TOTAL	<u>\$ (1,064,095)</u>	<u>\$ 6,687,631</u>	<u>\$ (3,790)</u>
F.T.E. Positions	(10.5)	307.5	—

* Includes adoption of Governor's Budget Amendment No. 2, Item 4.

The House Subcommittee concurs with the Senate recommendations with the following adjustments:

1. Addition of \$24,023 from the State General Fund to adequately finance central office rent costs for FY 1986 under the new lease which will be effective April 1, 1985. This adjustment provides funding for lease of 30,700 square feet at an annual rate per square foot of \$6.76 for the period July 1, 1985 through March 31, 1986, and \$6.85 for the period April 1, 1986 through June 30, 1986. The renegotiated lease rates include utility costs.
2. Addition of \$5,460 from the State General Fund for capital outlay for the Water Appropriation subprogram. This amount is to finance purchase of two pitot tubes (\$600), two pygmy meters (\$1,260), and two water level recorders (\$3,600).
3. Reduction of \$6,455 in State General Fund expenditures for travel and subsistence for the Administrative Services and Support subprogram. This adjustment retains \$31,552 for travel costs in FY 1986, which is the same level currently estimated for FY 1985. Actual FY 1984 travel expenditures in this subprogram were \$21,462.
4. Reduction of \$18,720 in State General Fund expenditures for travel costs for the Agricultural Market Promotion and Development Subprogram. This adjustment retains \$77,325 for such costs, which is the same expenditure level as estimated by the agency for FY 1985. Actual FY 1984 expenditures totaled \$53,214.
5. Deletion of \$13,464 for salaries and wages and \$1,084 for associated fringe benefits recommended by the Governor for the temporary salary of a special project worker to prepare information on dams for inclusion in the Water Rights Information System. This adjustment allows total State General Fund savings of \$14,548.

6. Reduction of \$2,181 in State General Fund expenditures for travel and subsistence for the Agricultural Laboratory pending passage of S.B. 329 and/or H.B. 2471, which would transfer statutory responsibility for milk sanitation under the interstate milk shipper program from the Secretary of Health and Environment to the State Dairy Commissioner. The Subcommittee notes that the Department of Health and Environment is currently authorized 1.0 F.T.E. position to perform this responsibility. If the proposed legislation passes, appropriate adjustments to both agency budgets should be made in the Omnibus appropriations bill.
7. Restoration of \$1,400 recommended by the Governor for purchase of a bacteriological hood for the Agricultural Laboratory.
8. Adoption of Governor's Budget Amendment No. 2, Item 4, which adds \$14,831 from the State General Fund to correct computational errors in the Governor's recommendation for the Agricultural Market Promotion and Development subprogram. In accordance with the Senate's recommendation pending receipt of the amendment, the Subcommittee recommends a reduction of \$2,697 in State General Fund expenditures recommended for reclassification of clerical personnel in the subprogram. The Subcommittee notes that the Division of Personnel's approval of the reclassification proposal pertains only to professional positions in the marketing program.
9. Addition of \$2,500 in State General Fund expenditures to allow the agency to continue use of the National Pesticide Information Retrieval System. The FY 1985 budget includes \$2,300 for this purpose. The agency had requested \$10,000 for FY 1986; the Governor, however, recommended no funding for this activity for FY 1986.
10. Reduction of an additional \$7,403 in State General Fund expenditures for communications in the Pesticide Use subprogram. The Subcommittee notes that the Governor recommended an increase of 102.7 percent as compared to the FY 1985 estimate for communications, in part in order to finance mailings to 14,500 private pesticide applicators whose certificates are to be renewed in calendar year 1986. The Subcommittee believes \$5,000 is adequate for the necessary renewal mailings. The FY 1986 Subcommittee recommendation of \$23,474 is computed by adjusting the FY 1985 estimate upward by 15 percent to allow for increases in ongoing postage, KANS-A-N, and other communications costs and by adding \$5,000 for postage associated with the renewal mailings. The Senate recommendation previously reduced communication expenditures in this subprogram by \$1,686 to adjust the KANS-A-N increase to 17.8 percent.
11. Deletion of language in the appropriation bill authorizing the TWX Reimbursement Fund.
12. Revision of the expenditure limitation on the USGS Cooperative Gage Agreement Fund from \$6,500 to No Limit. The Subcommittee notes this special revenue fund is solely for use as a pass-through mechanism for payments made by the Kansas Power and Light Company to the U.S. Geological Survey.

The Subcommittee also endorses the recommendation of the Senate for a interim study of state agencies involved in marketing activities. In addition to the agencies identified in the Senate Subcommittee recommendations, the House Subcommittee would urge that the study also include the International Trade Institute at Kansas State University.

It is noted for the Committee's information that the FY 1986 budget recommendation for the State Board of Agriculture includes the following sums to be expended as grant support for the International Grains Program at Kansas State University:

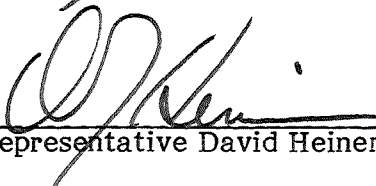
Grain Sorghum Commission	\$10,000
Soybean Commission	7,130
Corn Commission	6,500
TOTAL	<u>\$23,630</u>

In the past, this funding has been transferred by the Director of Accounts and Reports to Kansas State University pursuant to specific subsections in KSU's appropriation bill. The Subcommittee intends that this support be continued for FY 1986 as an expenditure from the Board of Agriculture's budget. To ensure that this intent is implemented, the Subcommittee proposes deletion of the subsections currently contained in S.B. 166 which direct that these transfers be made by the Director of Accounts and Reports. The Subcommittee urges the 1986 Legislature to review actual expenditures in FY 1986 to ensure that the Legislature's intent is being carried out by the three Commissions budgeted within the Board of Agriculture.


Representative Rochelle Chronister
Subcommittee Chairman


Representative Bill Bunter


Representative Lee Hamm


Representative David Heinemann


Representative Don Maaney

SUBCOMMITTEE REPORT

Agency: State Conservation Commission Bill No. NA Bill Sec. NA
 Analyst: Goering Analysis Pg. No. 177 Budget Pg. No. 5-27

<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	\$ 164,588	\$ 162,503	\$ (842)
Aid to Local Units	1,584,258	1,574,720	9,538
Other Assistance	1,673,903	1,673,903	—
TOTAL	<u>\$ 3,422,749</u>	<u>\$ 3,411,126</u>	<u>\$ 8,696</u>
State General Fund:			
State Operations	\$ 162,066	\$ 159,981	\$ (842)
Aid to Local Units	1,584,258	1,574,720	9,538
Other Assistance	1,673,903	1,673,903	—
TOTAL	<u>\$ 3,420,227</u>	<u>\$ 3,408,604</u>	<u>\$ 8,696</u>
F.T.E. Positions	4.5	4.5	—

Agency Request/Governor's Recommendation

The agency's revised FY 1985 budget estimate exceeds by \$185,963 the level of expenditures approved by the 1984 Legislature and Finance Council. Of the total increase, \$2,522 is to be financed from Federal Resource Conservation Act funds carried forward from prior years. The balance of \$183,441 is from the State General Fund and reflects reappropriated savings in water resources cost-sharing program grants (\$173,903) and the watershed dam construction grant program (\$9,538). Legislative action is not required to authorize these requested expenditure revisions.

The Governor's recommendation for FY 1985 exceeds current approved expenditures by \$174,340, but is \$11,623 less than the agency's revised estimate. The Governor recommends a reduction of \$2,085 in State General Fund expenditures for administrative costs. The Governor's recommendation also excludes expenditure of \$9,538 in reappropriated savings for the watershed dam construction program.

Senate Subcommittee Recommendations

The Subcommittee concurs with the Governor's recommendation with the following adjustments:

1. Increase in budgeted State General Fund expenditures of \$9,538 to reflect expenditure of reappropriated FY 1984 savings in the watershed dam construction assistance program.
2. Reduction of \$842 in the amount budgeted for office rent, to coincide with the current annual lease costs of \$11,772.
3. Reappropriation of FY 1985 savings to FY 1986 in accordance with past legislative policy.

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The Subcommittee notes that the Governor's recommendation reduces the agency's revised salaries and wages budget estimate by \$828, excluding fringe benefits, for the agency's 0.5 F.T.E. Clerk-Typist II position. The Subcommittee learned that the agency employed this position on a full-time basis for three months during the summer of 1984, although funds were approved by the 1984 Legislature only for half-time employment of this individual. The Subcommittee makes no recommendation on this item but suggests that the agency approach the Governor and the Division of the Budget if it is unable to absorb the shortfall.

Senate Committee Recommendation

The Senate Committee concurs with the Subcommittee recommendations.

Senate Committee of the Whole Recommendation


The Senate concurs with the Subcommittee recommendations.

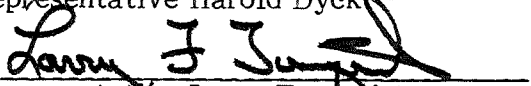
House Subcommittee Recommendation

<u>Expenditure Summary</u>	<u>Senate Adjustments to Gov. Rec.</u>	<u>Total Senate Recommend.</u>	<u>House Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ (842)	\$ 161,661	\$ —
Aid to Local Units	9,538	1,584,258	—
Other Assistance	—	1,673,903	—
TOTAL	<u>\$ 8,696</u>	<u>\$ 3,419,822</u>	<u>\$ —</u>
State General Fund:			
State Operations	\$ (842)	\$ 159,139	\$ —
Aid to Local Units	9,538	1,584,258	—
Other Assistance	—	1,673,903	—
TOTAL	<u>\$ 8,696</u>	<u>\$ 3,417,300</u>	<u>\$ —</u>
F.T.E. Positions	—	4.5	—

The House Subcommittee concurs with the Senate recommendation.


Representative Harold Guldner
Subcommittee Chairman


Representative Harold Dyck


Representative Larry Turnquist

SUBCOMMITTEE REPORT

Agency: State Conservation Commission Bill No. 87 Bill Sec. 7

Analyst: Goering Analysis Pg. No. 177 Budget Pg. No. 5-27

<u>Expenditure Summary</u>	<u>Agency Req. FY 86</u>	<u>Governor's Rec. FY 86</u>	<u>Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 430,896	\$ 185,052	\$ 2,477
Aid to Local Units	2,864,005	1,764,005	(197,500)
Other Assistance	3,000,000	2,000,000	(200,000)
TOTAL	\$ 6,294,901	\$ 3,949,057	\$ (395,023)
State General Fund:			
State Operations	\$ 430,896	\$ 185,052	\$ 2,477
Aid to Local Units	2,864,005	1,764,005	(197,500)
Other Assistance	3,000,000	2,000,000	(200,000)
TOTAL	\$ 6,294,901	\$ 3,949,057	\$ (395,023)
F.T.E. Positions	9.0	5.5	—

Agency Request/Governor's Recommendation

The agency's request for FY 1986 increases current staffing from 4.5 F.T.E. positions to 9.0 F.T.E. positions. The request would add 2.0 F.T.E. unclassified professional personnel and 2.5 F.T.E. classified clerical positions. The budget request also includes other operating expenditure increases associated with the requested staff expansion. Also requested is \$6,534, excluding fringe benefits, for temporary staff salaries to research and write a supplement to a 1969 publication on Kansas soil conservation districts. The state operations request includes \$6,508 for capital outlay, including \$3,508 for office equipment associated with the requested positions and \$3,000 for a microcomputer, printer, and software. The agency requests \$100,000 to provide contractual services for planning watershed dam projects eligible for federal P.L. 83-566 dam construction funding.

The Governor recommends 1.0 F.T.E. additional unclassified Conservation Coordinator position at a salary cost of \$20,952, excluding fringe benefits and salary adjustments. The Governor does not recommend the requested temporary salary funding. The Governor's recommendation eliminates all funding requested for capital outlay. No funding is recommended for watershed planning.

The following table reflects amounts requested and recommended for state aid programs relative to appropriations made a year ago for FY 1985 for these programs.

<u>State Aid Program</u>	<u>FY 1985 Appropriation</u>	<u>FY 1986 Appropriation</u>	
		<u>Agency Request</u>	<u>Gov. Rec.</u>
State Aid to Conservation Districts	\$ 749,720	\$ 764,005	\$ 764,005
Watershed Dam Construction Assistance	800,000	2,000,000	1,000,000
Water Resources Cost-Share Program	1,500,000	3,000,000	2,000,000

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Of the \$2,000,000 recommended by the Governor for the cost-share program, \$1,500,000 is proposed to be distributed in the same manner as in the past — 60 percent equally among the 105 conservation districts and 40 percent on the basis of an index composed of nonfederal rural acreage, erosion potential, and rainfall in each district. The additional \$500,000 recommended by the Governor for FY 1986 is recommended to be appropriated in a separate line item and is to be targeted to geographic areas of the state having special needs for conservation efforts.

Senate Subcommittee Recommendations

The Senate Subcommittee concurs with the Governor's recommendation with the following adjustments:

1. Reduction of \$400 for communications expenditures. This adjustment provides \$7,200 for FY 1986, a 20 percent increase above the FY 1985 estimated expenditure level of \$6,000.
2. Reduction of \$281 for unemployment insurance contributions. This adjustment recomputes this fringe benefit at the revised rate of 0.24 percent.
3. Reduction of \$842 for office lease expenses, based on the current lease agreement for 1,811 square feet at \$6.50 per square foot, for a total of \$11,772. The Governor had recommended \$12,614 for this purpose. The Subcommittee notes that the agency's lease agreement will expire at the end of March, 1986, and as a result adjustments may be required to this budget item by the 1986 Legislature.
4. Addition of \$4,000 for capital outlay expenditures to allow the agency to purchase a microcomputer, monitor, printer, software, and office equipment for the position recommended by the Governor.
5. Addition of \$2,500 for state aid to conservation districts to correct an arithmetic error in the amount requested by the agency and recommended by the Governor. The total of \$766,505 recommended by the Subcommittee will fund this state aid program at the maximum statutory level in accordance with past legislative policy.
6. Reduction of \$200,000 for watershed dam construction assistance. This adjustment retains \$800,000 for this program of state aid which is available to organized watershed districts for dam construction projects not eligible for federal P.L. 83-566 dam construction assistance.
7. Reduction of \$200,000 for the Water Resources Cost-Share Program. This adjustment retains a total of \$1,800,000 for this program for FY 1986. The Subcommittee concurs with the Governor's recommendation to distribute \$1,500,000 of this sum under the allocation methodology used currently. The additional \$300,000 recommended by the Subcommittee is intended to be targeted to areas which have particular needs for additional conservation efforts as proposed by the Governor. The Subcommittee recommends the additional \$300,000 as a first step toward implementation of the State Water Plan.

8. The Subcommittee recommends revisions to the appropriation bill to reappropriate FY 1985 savings to FY 1986 in accordance with past legislative policy.

The Subcommittee's recommendations for the state aid and assistance programs, in comparison with the Governor's recommendation and comparable amounts appropriated for FY 1985, are shown below:

<u>State Aid Program</u>	<u>FY 1985 Appropriation</u>	<u>FY 1986 Appropriation</u>	
		<u>Gov. Rec.</u>	<u>Subcomm. Rec.</u>
State Aid to Conservation Districts	\$ 749,720	\$ 764,005	\$ 766,505
Watershed Dam Construction Assis- tance	800,000	1,000,000	800,000
Water Resources Cost-Share Program: Current Distribution Method Targeted for Areas of Special Need	1,500,000 —	1,500,000 500,000	1,500,000 300,000
Subtotal - Cost-Share Program	<u>\$ 1,500,000</u>	<u>\$2,000,000</u>	<u>\$1,800,000</u>
TOTAL STATE AID AND ASSISTANCE	<u>\$ 3,049,720</u>	<u>\$3,764,005</u>	<u>\$3,366,505</u>

Senate Committee Recommendation

The Committee concurs with the Subcommittee's recommendations with the following adjustment:

1. Restoration of \$200,000 from the State General Fund for watershed dam construction assistance.

Senate Committee of the Whole Recommendation

The Senate Committee of the Whole concurs with the Committee's recommenda-
tion with the following adjustments:

1. Appropriation of \$100,000 from the State General Fund to provide state aid for detention dam construction by entities other than organized watershed districts.
2. Deletion of \$100,000 from the State General Fund appropriation for the targeted water resources cost-share program.

House Subcommittee Recommendation


<u>Expenditure Summary</u>	<u>Senate Adjustments to Gov. Rec.</u>	<u>Total Senate Recommend.</u>	<u>House Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 2,477	\$ 187,529	\$ 10,071
Aid to Local Units	102,500	1,866,505	—
Other Assistance	(300,000)	1,700,000	200,000
TOTAL	<u>\$ (195,023)</u>	<u>\$ 3,754,034</u>	<u>\$ 210,071</u>
State General Fund:			
State Operations	\$ 2,477	\$ 187,529	\$ 10,071
Aid to Local Units	102,500	1,866,505	—
Other Assistance	(300,000)	1,700,000	200,000
TOTAL	<u>\$ (195,023)</u>	<u>\$ 3,754,034</u>	<u>\$ 210,071</u>
F.T.E. Positions	—	5.5	.5

The House Subcommittee concurs with the recommendations of the Senate with the following adjustments:

1. Addition of \$3,588 plus \$465 for associated fringe benefits for salaries and wages. This adjustment will permit the agency to hire the new professional employee recommended by the Governor at the same salary level as is being paid currently to the individual employed in August, 1984 for comparable responsibilities.
2. Addition of a .5 F.T.E. Clerk-Typist II position to convert the existing part-time employee to full-time. This adjustment also adds \$5,328 for salaries and wages and \$690 for associated fringe benefit expenses, for a total of \$6,018.
3. Addition of \$200,000 to the Targeted Cost-Share Program line item appropriation. The Subcommittee also recommends that the \$100,000 recommended by the Senate Committee of the Whole for State Aid for Special Projects be merged into the line item appropriation for the Targeted Cost-Share Program. In conjunction, the Subcommittee recommends a revision to the proviso for the latter program to permit expenditures from this new appropriation for detention dam construction assistance as well as for projects traditionally eligible for aid through the Water Resources Cost-Share Program. The Subcommittee's recommendation would provide a \$500,000 appropriation for Targeted Cost-Share Assistance, as recommended by the Governor, but would extend the Commission's authority for expenditure of these funds to include assistance for construction of detention dams in areas outside organized watershed districts.

The following table shows the total Subcommittee recommendations for each of the state aid programs:

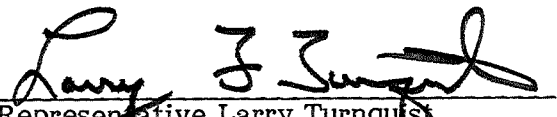
State Aid to Conservation Districts	\$ 766,505
Watershed Dam Construction Assistance	1,000,000
Water Resources Cost-Share Program	1,500,000
Targeted Cost-Share Program	500,000
TOTAL	<u>\$3,766,505</u>



Representative Harold Guldner
Subcommittee Chairman



Representative Harold Dyck



Representative Larry Turnquist

SUBCOMMITTEE REPORT

Agency: Kansas Wheat Commission Bill No. NA Bill Sec. NA

Analyst: Holt Analysis Pg. No. 170 Budget Pg. No. 5-47

<u>Expenditure Summary</u>	<u>Agency Req. FY 85</u>	<u>Governor's Rec. FY 85</u>	<u>Subcommittee Adjustments</u>
State Operations:			
All Funds	\$ 1,722,181	\$ 1,685,720	\$ (17,240)
State General Fund	—	—	—
F.T.E. Positions	8.0	8.0	—

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation with the following adjustments:

1. Reduction of \$12,925 for computer equipment and associated expenditures, to be shifted to FY 1986.
2. Addition of \$1,750 for the purchase of an electronic memory typewriter, recommended for FY 1986.
3. Reduction of \$6,065 for the Commission's membership in United States Wheat Associates in FY 1985. Although the 1984 Legislature appropriated \$460,000 for that purpose, actual expenditures were \$453,935.
4. Although the Subcommittee recommends a reduction to the amount budgeted for FY 1985, this recommendation reflects no reduction to the expenditure limitation for the current fiscal year.

Senate Committee Recommendation

The Senate Committee concurs with the Subcommittee's recommendations.

House Subcommittee Recommendation

The House Subcommittee concurs with the Senate's recommendation, but notes the following:

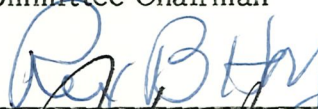
1. As stated in its FY 1986 report, the House Subcommittee recommends that the Division of Post-Audit conduct a study of the Wheat Commission's contractual activities. Therefore, the sum of \$10,000 that was authorized

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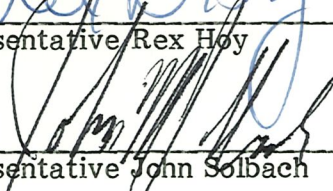
in FY 1985 for the agency to contract for such an evaluation is no longer warranted. However, the Wheat Commission chose to enter into another contractual agreement, without express Legislative approval, to finance an economic study that explores the potential benefits of higher protein wheats. Consequently, expenditures that might have been reduced under other circumstances have already been obligated.



Representative James Lowther
Subcommittee Chairman



Representative Rex Hoy



Representative John Solbach

SUBCOMMITTEE REPORT

Agency: Kansas Wheat Commission Bill No. 87 Bill Sec. 6
 Analyst: Holt Analysis Pg. No. 170 Budget Pg. No. 5-47

<u>Expenditure Summary</u>	<u>Agency Req. FY 86</u>	<u>Governor's Rec. FY 86</u>	<u>Subcommittee Adjustments</u>
State Operations:			
All Funds	\$ 1,764,160	\$ 1,753,003	\$ (1,563)
State General Fund	—	—	—
F.T.E. Positions	8.0	8.0	—

Agency Request/Governor's Recommendation

The Commission's FY 1986 request totals \$1,764,160 which includes \$225,297 for salaries, \$1,230,571 for contractual services, and \$308,292 for other agency operating expenditures.

The Governor's FY 1986 recommendation totals \$1,753,003 which includes \$214,885 for salaries (removing the proposed salary increase), \$1,249,071 for contractual services, and \$289,047 for other agency operating expenditures.

Senate Subcommittee Recommendations

The Senate Subcommittee concurs with the Governor's recommendation with the following adjustments:

1. Reduction of \$12,738 for the Commission's membership in United States Wheat Associates in FY 1986. The Committee was informed that the Commission's membership will be \$487,262 instead of the recommended amount of \$500,000.
2. A shift of \$12,925 from FY 1985 to FY 1986 for computer equipment and associated expenditures. The 1984 Legislature had authorized expenditures of \$10,125 for the purchase of this equipment in FY 1985.
3. A reduction of \$1,750 for the purchase of an electronic memory typewriter to be purchased instead in FY 1985.
4. The 1984 committee reports were concerned about the Commission's projected fee fund balance in FY 1985, and recommended that the agency consider curbing its operating expenditures in its FY 1986 budget request. The Senate subcommittee shares the concern expressed last year in these reports, particularly in light of the continued decline in the agricultural economy. Recommended expenditures for FY 1985 and FY 1986 exceed estimated receipts generated from wheat excise taxes in both fiscal years. Because wheat production may be reduced from FY 1985 to FY

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1986, the Subcommittee strongly recommends that the agency prepare a contingency plan for FY 1986 to accommodate a possible reduction in receipts. Based on the Subcommittee's adjustments to expenditures and the agency's projected level of receipts in fiscal years 1985 and 1986, the fee fund analysis is as follows:

<u>Resource Estimate</u>	<u>Actual FY 1984</u>	<u>Estimated FY 1985</u>	<u>Estimated FY 1986</u>
Beginning Balance	\$ 812,607	\$ 1,023,443	\$ 832,852
Net Receipts	1,622,124	1,561,004	1,673,500*
Total Funds Available	\$ 2,434,731	\$ 2,584,447	\$ 2,506,352
Less: Expenditures (Including refunds)	1,411,288	1,751,595	1,834,940
Ending Balance	<u>\$ 1,023,443</u>	<u>\$ 832,852</u>	<u>\$ 671,412</u>

*The agency's projected level of receipts for FY 1986 does not reflect a reduction of \$99,850, which the Governor recommended be transferred to Kansas State University. If this transfer were reflected, the agency's ending balance for FY 1986 would be \$571,562.

Senate Committee Recommendation

The Senate Committee concurs with the Subcommittee's recommendations.

House Subcommittee Recommendation

<u>Expenditure Summary</u>	<u>Senate Adjustments</u>	<u>Total Senate Rec.</u>	<u>House Subcommittee Adjustments</u>
State Operations:			
All Funds	\$ (1,563)	\$ 1,751,440	\$ 85,550
State General Fund	—	—	—
TOTAL	\$ (1,563)	\$ 1,751,440	\$ 85,550
F.T.E. Positions	—	8.0	—

The House Subcommittee concurs with the Senate's recommendation with the following adjustments and observations:

1. Reduction of \$10,000 from \$58,550 to \$48,550 for printing to equal the amount recommended for FY 1985.
2. Reduction of \$4,300 from \$80,000 to \$75,700 for travel and subsistence to equal the amount recommended for FY 1985.
3. Addition of \$99,850 for contractual services expenditures. Although not identified in the agency's FY 1986 budget request as receipts transfers, the

Governor recommends two transfers totaling \$99,850 to Kansas State University from the Kansas Wheat Commission: \$19,600 to finance a portion of the salary of the International Grains Program (IGP) Associate Director and \$80,250 to finance a project in the Grain Science Department on the nonfood and nonfeed uses of wheat. The House Subcommittee supports the Wheat Commission's request to reflect these amounts as direct expenditures in the agency's budget rather than as expenditures in Kansas State University's budget. The agency contends, and the Subcommittee concurs, that Kansas wheat farmers should know which projects are financed from their excise tax proceeds. In addition, the Subcommittee believes that the Wheat Commission should be responsible for monitoring those research projects which it entirely or in part supports.

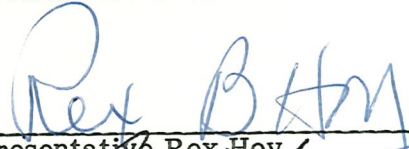
4. The 1983 Legislature authorized expenditures of \$10,000 to finance an evaluation of the effectiveness of the agency's contractual projects. This amount was not expended in FY 1984 and was subsequently shifted to FY 1985 by the 1984 Legislature. However, the agency has expressed difficulty in selecting a suitable firm with which to contract at the authorized amount. Therefore, the House Subcommittee recommends that the Division of Post-Audit be directed to conduct an audit of the agency's promotion and research projects to address the following questions: (1) how have the promotion and research projects funded by the Commission grown in recent years, and for what purposes? (2) how effective have those projects been in expanding the uses of Kansas wheat and increasing its sale in foreign and domestic markets? and (3) what additional plans does the Commission have for increasing the use and sale of Kansas wheat, and how will these activities be funded?

5. The House Subcommittee shares the Senate Subcommittee's concern that projected expenditures in FY 1985 and FY 1986 exceed estimated receipts generated from the wheat excise taxes in both fiscal years. Therefore, the House Subcommittee recommends that the agency not enter into any new contracts or commitments for projects until it develops a contingency plan for FY 1986, as recommended by the Senate Subcommittee. The agency should submit this plan to both the House and Senate Subcommittees prior to a final determination of its appropriations by the 1985 Legislature. Based on House Subcommittee adjustments to the Senate's recommendations, the fee fund analysis is as follows:

<u>Resource Estimate</u>	<u>Actual FY 1984</u>	<u>Estimated FY 1985</u>	<u>Estimated FY 1986</u>
Beginning Balance	\$ 812,607	\$ 1,023,443	\$ 832,852
Net Receipts	1,622,124	1,561,004	1,673,500
Total Funds Available	\$ 2,434,731	\$ 2,584,447	\$ 2,506,352
Less: Expenditures (Including refunds)	1,411,288	1,751,595	1,920,490
Ending Balance	<u>\$ 1,023,443</u>	<u>\$ 832,852</u>	<u>\$ 585,862</u>



Representative James Lowther
Subcommittee Chairman



Representative Rex Hoy



Representative John Solbach

SUBCOMMITTEE REPORT

Agency: Grain Inspection Department Bill No. 87 Bill Sec. 4
 Analyst: Holt Analysis Pg. No. 158 Budget Pg. No. 5-37

<u>Expenditure Summary</u>	<u>Agency Req. FY 86</u>	<u>Governor's Rec. FY 86</u>	<u>Subcommittee Adjustments</u>
State Operations:			
All Funds	\$ 5,136,654	\$ 4,695,212	\$ —
State General Fund	—	—	—
F.T.E. Positions	186.0	181.0	—

Agency Request/Governor's Recommendation

The agency requests \$5,136,654 for agency operations and the salaries of 186.0 F.T.E. positions. Of the amount, \$4,341,191 is requested for salaries and wages, to include \$448,254 for temporary and overtime expenditures.

The Governor recommends \$4,695,212 for agency operations and the salaries of 181.0 F.T.E. positions. Recommended expenditures provide \$3,946,613 for salaries and wages, of which \$343,021 is designated for temporary and overtime expenditures.

Senate Subcommittee Recommendations

FY 1985. The Senate Subcommittee concurs with the Governor's FY 1985 recommendation of \$4,562,633.

FY 1986. The Senate Subcommittee concurs with the Governor's FY 1986 recommendation of \$4,695,212.

Senate Committee Recommendation

The Senate Committee concurs with the Subcommittee's recommendation.

House Subcommittee Recommendations

FY 1985. The House Subcommittee concurs with the Senate's recommendation with the following adjustment:

1. Transfer \$30,000 from the Grain Inspection Fee Fund to the State General Fund. The Subcommittee's intent is to offset expenditures incurred by the Attorney General in its investigation of a grain shortage.

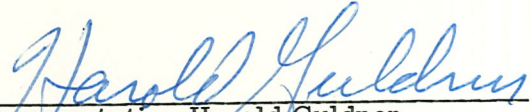
FY 1986. The House Subcommittee concurs with the Senate's recommendation with the following exceptions, which reflect a net addition of \$36,294:

1. Reduction of \$1,221 to reflect an adjustment to KANS-A-N costs.

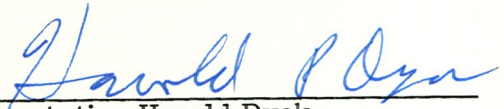
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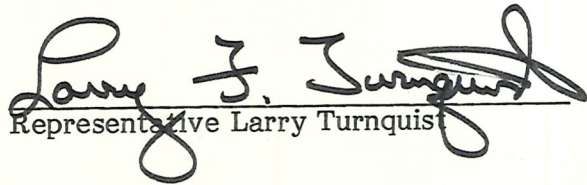
2. Reduction of \$3,185 to reflect an adjustment to mileage rates for private cars. Of that amount \$2,475 would be reduced from mileage expenditures associated with the contract sampling program.
3. Addition of \$40,700 for the contract sampling program. This program has expanded considerably since its inception in FY 1980. The Governor recommended \$124,300 for these services in FY 1986 and \$125,000 in FY 1985; however, expenditures as of March 21, 1985 have already totaled \$132,658.



Representative Harold Guldner
Subcommittee Chairman



Representative Harold Dyck



Representative Larry Turnquist

SUBCOMMITTEE REPORT

Agency: Secretary of State Bill No. 86 Bill Sec. 13

Analyst: Rothe Analysis Pg. No. 534 Budget Pg. No. 1-21

<u>Expenditure Summary</u>	<u>Agency Req. FY 86</u>	<u>Governor's Rec. FY 86</u>	<u>Subcommittee Adjustments</u>
State Operations:			
All Funds	\$ 2,052,094	\$ 1,959,694	\$ —
State General Fund	1,419,465	1,350,525	—
F.T.E. Positions	60.0	60.0	—

Agency Request/Governor's Recommendation

The agency's FY 1986 budget request totals \$2,052,094 of which \$1,419,465 would be financed from the State General Fund. The total request is an increase of \$83,855 over the current year estimate of \$1,968,239, and would maintain the same 60.0 F.T.E. positions approved for the current fiscal year. Principal increases are in the Administration program due to increasing computerization, development of the land survey activity, the prepaid deposit system, and the UCC filing service. The agency requests a decrease in funding for the Elections and Legislative Matters program because of a decrease in activities in a nonelection fiscal year. The agency also requests decreased expenditure approval in FY 1986 for the UCC program due to a continuing adjustment in the anticipated number of statements filed, and the number of mail and telephone inquiries made.

The Governor recommends total expenditures of \$1,959,694 for FY 1986, a reduction of \$92,400 from the agency's request. The Governor recommends \$1,350,525 of financing from the State General Fund, a reduction of \$68,940 from the requested amount. The Governor recommends FY 1986 expenditures of \$583,169 from various special revenue funds, a \$23,460 reduction from the agency's request. The Governor recommends 60.0 F.T.E. positions for FY 1986, as requested by the agency. Most of the Governor's recommended reduction from the agency's FY 1986 request is the result of the removal of \$80,279 for a 5.5 percent salary adjustment.

Senate Subcommittee Recommendations

FY 1985. The Subcommittee concurs with the Governor's recommendation for FY 1985.

FY 1986. The Subcommittee concurs with the Governor's expenditure recommendation of \$1,959,694 for FY 1986, including State General Fund financing of \$1,350,525. In addition, the Subcommittee makes the following recommendations:

1. Continue prior legislative practice of appropriating State General Fund financing in three line items for salaries and wages (reappropriate subject to expenditure limitation), other operating expenditures (similarly reappropriate), and official hospitality.

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2. The Subcommittee notes that the Information and Copy Service Fee Fund balance is estimated by the Governor to be \$24,930 as of June 30, 1985, and \$33,916 as of June 30, 1986. The Governor recommends fee fund expenditures of \$16,446 for FY 1985 and \$20,514 for FY 1986. The Subcommittee suggests that the Information and Copy Service Fee Fund balance be reviewed and adjusted if necessary during the 1986 Legislative Session.
3. The Subcommittee notes that the Uniform Commercial Code (UCC) Fee Fund balance is estimated by the Governor to be \$115,093 as of June 30, 1985, and \$253,450 as of June 30, 1986. The Governor recommends fee fund expenditures of \$426,410 for FY 1985 and \$402,003 for FY 1986. The Subcommittee suggests that the UCC fees and Fee Fund balance be reviewed and adjusted if necessary during the 1986 Legislative Session.

Senate Committee Recommendation

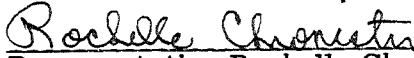
The Senate Committee concurs with the Subcommittee's recommendations.

Senate Recommendation

The Senate concurs with the Committee's recommendation.

House Subcommittee Recommendation

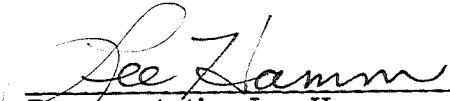
The House Subcommittee concurs with the Senate's recommendation.



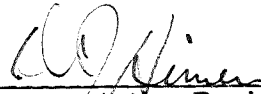
Representative Rochelle Chronister
Subcommittee Chairperson



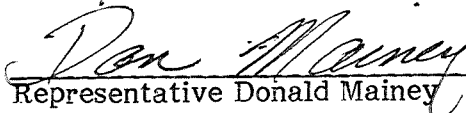
Representative Bill Bunten



Representative Lee Hamm



Representative David Heinemann



Representative Donald Maaney

SUBCOMMITTEE REPORT

Agency: Commission on Civil Rights Bill No. 86 Bill Sec. 2
 Analyst: Holt Analysis Pg. No. 479 Budget Pg. No. 1-87

<u>Expenditure Summary</u>	<u>Agency Req. FY 86</u>	<u>Governor's Rec. FY 86</u>	<u>Subcommittee Adjustments</u>
State Operations:			
All Funds	\$ 1,397,756	\$ 1,249,683	\$ (13,441)
State General Fund	1,157,756	989,683	(13,441)
F.T.E. Positions	45.7	42.7	—

Agency Request/Governor's Recommendation

The Commission's FY 1986 request of \$1,397,756 includes \$1,122,014 for salaries and wages and \$275,742 for other operating expenses. Of the total amount requested, \$1,157,756 would be financed from the State General Fund, and \$240,000 from federal funds.

The Governor's FY 1986 recommendation of \$1,249,683 includes \$1,011,704 for salaries and wages and \$237,979 for other operating expenses. Of the total amount recommended, \$989,683 would be financed from the State General Fund and \$260,000 from federal funds.

Senate Subcommittee Recommendations

FY 1985. The Subcommittee recommends that \$15,457 from the State General Fund be reappropriated from FY 1985 to FY 1986 to reflect the following current year adjustments:

1. Reduction of \$7,557 for rental expenditures.
2. Reduction of \$2,036 (Compliance and Education Program) for professional services fees.
3. Reduction of \$5,864 (Public Hearing Examiner Program) for professional services fees.

FY 1986. The Subcommittee concurs with the Governor's recommendations with the following adjustments to the State General Fund:

1. Reduction of \$3,732 for rental expenditures. The agency has overstated its request for copier rental expenditures.
2. Reduction of \$2,000 (Compliance and Education Program) for professional services fees.
3. Reduction of \$5,644 (Public Hearing Examiner Program) for professional services fees.

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4. Reduction of \$2,065 for communications expenditures to reflect an adjustment to KANS-A-N costs.
5. The Subcommittee is concerned that the number of hearings in past years (8 in FY 1982; 13 in FY 1983; and 6 in FY 1984) does not appear to justify the expenditures associated with supporting a full-time hearing examiner. The Subcommittee therefore recommends that upon retirement of the present hearing examiner, alternative arrangements be considered for hearing cases.

Senate Committee Recommendation


The Senate Committee concurs with the Subcommittee's recommendations for FY 1985 and FY 1986.

House Subcommittee Recommendations

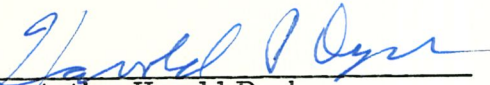
FY 1985. The House Subcommittee concurs with the Senate's recommendations for FY 1985.

FY 1986. The House Subcommittee concurs with the Senate's recommendations with the following adjustments, which reflect a reduction of \$2,608 from the State General Fund.

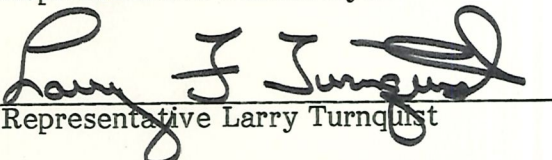
1. Increase the expenditure limitation of the Conversion of Materials and Equipment Fund from \$0 to \$925 and reduce by \$925 expenditures from the State General Fund.
2. The House Subcommittee believes that the number of hearings in past years does not appear to warrant the continued employment of a full-time hearing examiner and a full-time Secretary II. Therefore, the Subcommittee recommends that both positions be eliminated in FY 1987 when the present hearing examiner would be eligible for normal retirement benefits. The Subcommittee recommends that, commencing in FY 1987, the agency contract for hearing examiners, as needed, and use existing clerical support for administrative matters related to hearings.
3. Reduction of \$1,683 to reflect an adjustment to mileage rates for private cars.



Representative Harold Guldner
Subcommittee Chairman



Representative Harold Dyck



Representative Larry Turnquist

SUBCOMMITTEE REPORT

Agency: Kansas State Library Bill No. 68 Bill Sec. 2

Analyst: Holt Analysis Pg. No. 245 Budget Pg. No. 3-45

<u>Expenditure Summary</u>	<u>Agency Req. FY 86</u>	<u>Governor's Rec. FY 86</u>	<u>Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 1,591,310	\$ 1,262,204	\$ (8,991)
Aid to Local Units	3,809,946	2,694,064	—
TOTAL	<u>\$ 5,401,256</u>	<u>\$ 3,956,268</u>	<u>\$ (8,991)</u>
State General Fund:			
State Operations	\$ 1,181,787	\$ 856,977	\$ (7,878)
Aid to Local Units	3,110,427	1,994,545	—
TOTAL	<u>\$ 4,292,214</u>	<u>\$ 2,851,522</u>	<u>\$ (7,878)</u>
F.T.E. Positions	25.5	24.0	—

Agency Request/Governor's Recommendation

The Library's FY 1986 request of \$5,401,256 includes \$610,003 for salaries and wages for 25.5 F.T.E. positions, a net increase of 1.5 F.T.E. positions above the current year staffing level. In addition, this request provides \$297,500 (\$122,500 in federal funds; \$175,000 from the State General Fund) for payment to seven regional library centers for services to the blind and physically handicapped, \$2.2 million from the State General Fund for the Interlibrary Loan Development Plan, \$1,244,767 (\$509,340 in federal funds; \$735,427 from the State General Fund) for support for regional and public library system operations, \$15,000 from the State General Fund for the establishment of the Interlibrary Loan Materials Replacement Fund, \$208,000 from the State General Fund for the Reader Enrollment and Distribution System (READS), and \$20,470 from the State General Fund for the establishment and operation of the Kansas Union Catalog Maintenance Center.

The Governor's FY 1986 recommendation of \$3,956,268 includes \$543,134 for salaries and wages for 24.0 F.T.E. positions, the same number of positions as in FY 1985. In addition, the Governor's recommendation concurs with the agency's request of \$297,500 for payment to seven regional library centers for blind and physically handicapped services. The Governor recommends \$1.2 million from the State General Fund for the Interlibrary Loan Development Plan, \$1,128,885 for operating support for regional and public library systems, and \$18,459 from the State General Fund for maintenance of the Kansas Union Catalog data base. No funding is recommended for the establishment of the Interlibrary Loan Materials Replacement Fund and READS.

Senate Subcommittee Recommendation

FY 1985. The Senate Subcommittee concurs with the Governor's recommendations for FY 1985 with the following adjustments:

1. Remove the expenditure limitation for the Federal Library Services and Construction Act Fund and make it a no-limit fund.

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2. Delete the proviso that imposes an expenditure limitation on the state operations account of the Federal Library Services and Construction Act Fund. This deletion would not affect, however, the limitation of \$500 imposed on official hospitality expenditures.
3. Add \$1,625 from the State General Fund (Reference Services — Fees-Professional Services) for Westlaw — a data processing package to be used for legal bibliographic searches.

FY 1986. The Senate Subcommittee concurs with the Governor's recommendations for FY 1986 with the following adjustments:

1. Remove the expenditure limitation on the Federal Library Services and Construction Act Fund and make it a no-limit fund.
2. Delete the proviso that imposes an expenditure limitation on the state operations account of the Federal Library Services and Construction Act Fund.
3. Amend the expenditure limitation for official hospitality (federal funds) in the appropriations bill from \$600 to \$700 to properly reflect the Governor's recommendation. This is a technical adjustment which will not alter total expenditures.
4. Add \$3,900 from the State General Fund (Reference Services — Fees-Professional Services) for Westlaw — a data processing package to be used for legal bibliographic searches.
5. Reduce \$11,778 from the State General Fund and \$1,113 from federal funds for communications.
6. The Subcommittee does not recommend the establishment of an Inter-library Loan Materials Replacement Fund, as requested by the agency. However, the Subcommittee does recommend that a portion of the \$1.2 million for the Interlibrary Loan Development Plan be used to purchase books that have been lost through interlibrary loan transactions.

Senate Committee Recommendation

The Senate Committee concurs with the Subcommittee recommendations for both FY 1985 and FY 1986.

House Subcommittee Recommendation

FY 1985. The House Subcommittee concurs with the Senate's recommendations.

FY 1986. The House Subcommittee concurs with the Senate's recommendations with the following adjustments, resulting in a reduction of \$1,201,450 from the State General Fund:

1. Delete \$1,450 from the State General Fund. This amount represents savings that would be realized in FY 1986 with the enactment of H.B. 2032, which has been approved by the Governor. H.B. 2032 will enable the Library to eliminate a Clerk-Typist position and replace that position with two student assistants who would be ineligible for retirement or health insurance benefits totaling \$1,450.
2. Delete \$1,200,000 from the State General Fund for the Interlibrary Loan Development Plan. The Subcommittee strongly supports this plan but, due to prevailing fiscal constraints, believes that its implementation should be postponed. However, if funds were to become available for the implementation of this plan in FY 1986, the Subcommittee recommends that support be granted only to resource libraries and not to school, community college, private college, and special libraries which have other means of support.
3. Introduction of legislation during the 1986 Session that establishes a state income tax check-off to support interlibrary loan development and the acquisition of public library books and materials.



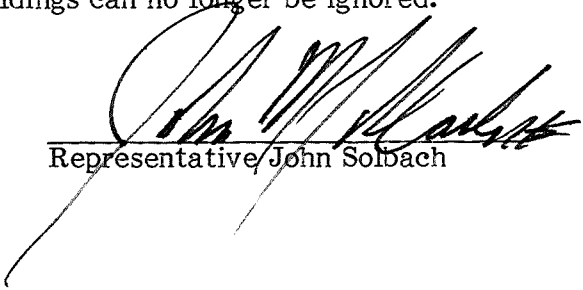
Representative James Lowther
Subcommittee Chairman



Representative Rex Hoy

MINORITY REPORT

I concur with all of the House Subcommittee recommendations except for the deletion of \$1,200,000 from the State General Fund for the Interlibrary Loan Development Plan. I believe that this plan is absolutely imperative if all Kansans are to be ensured accessibility to essential information and to educational opportunities. Kansas ranks 44th in the nation in per capita state funding of local library services. According to the State Library's annual publication, Kansas Public Library Statistics (1983), Kansas public libraries contain 2,071,189 volumes less than recommended by reputable collection standards. As libraries are considered indispensable vehicles for educating the public, the need for improved and expanded public library holdings can no longer be ignored.


Representative John Solbach