

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS

The meeting was called to order by Senator August "Gus" Bogina at
Chairperson

11:00 a.m./p.m./ on March 8, 1985 in room 123-S of the Capitol.

All members were present except:
Senators Doyen and Harder

Committee staff present:

Research Department: Mary Galligan, Robin Hunn, Lyn Goering
Revisor's Office: Arden Ensley, Norman Furse
Committee Office: Judy Bromich, Doris Fager

Conferees appearing before the committee:

Mark Tallman, Associated Students of Kansas
Tom Rawson, Board of Regents

SB 179 - Relating to Nurse Anesthetists
SB 226 - Relating to municipal utilities
SB 273 - Authorizing 24 hours a day nursing personnel in adult care homes

Senator Talkington explained to the committee that the three bills noted above had been referred to Ways and Means, and that they should be reported back to the floor of the Senate.

Motion was made by Senator Talkington and seconded by Senator Winter to report SB 179, SB 226 and SB 273 without recommendation. The motion carried by voice vote.

SB 57 - Appropriations FY 1985, Department of Education

Senator Bogina explained that the bill is not necessary because the identical appropriation is contained in SB 88.

Motion was made by Senator Talkington and seconded by Senator Werts to report SB 57 adversely. The motion carried by roll call vote.

INTRODUCTION OF BILLS

Atch. A
Motion was made by Senator Johnston and seconded by Senator Feleciano to introduce a bill (RS 1237) concerning the Kansas agricultural production loan interest rate reduction act. It was noted that this was a request from the Governor's office. The motion carried by voice vote.

Atch. B
Motion was made by Senator Talkington and seconded by Senator Winter to introduce a bill relating to taxation of certain banking and financial institutions; granting tax credit to institutions making agricultural production loans at reduced rates, etc. (RS 1220). The motion carried by voice vote.

Systemwide Issues, State Board of Regents

Student Salary Base Increases (2-24, Budget Analysis) Attachment A, Feb. 26

Following committee discussion, motion was made by Senator Talkington and seconded by Senator Gaines to recommend a 5.5% increase for student hourly employees. The motion carried by voice vote.

It was the concensus of the committee that the additional funds to expand the salary base be not recommended.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS,
 room 123-S, Statehouse, at 11:00 a.m./p.m. on March 8, 1985.

Systemwide Issues, State Board of Regents (Continued)
(See Budget Analysis, Attachment A, February 26, 1985)

Off-Campus Work-Study

There were several suggestions during discussion of this subject. Senator Winter suggested that, since there are differences in the success of the program on the several campuses, there should be a specific amount given to each campus for FY 1986, and that amount should be equal to that actually expended in FY 1985. Senator Gaines suggested that the program be expanded to include nonstate public employers.

There were questions about the amount of off-campus work-study funds to be used for the remainder of FY 1985. Staff indicated the assumption was to take the universities at their word as set out on page 2-26 of the Budget Analysis. When Senator Winter asked Mr. Tallman if he had any word on the expenditures, he noted that the information he had received was different from that in the Budget Analysis.

It was decided to provide \$350,773 (the same as FY 1985 estimated expenditures) for the work-study program for FY 1986. This would be a new appropriation of approximately \$238,000, and would be about \$50,000 less than the Governor recommended. FY 1985 balances will be re-appropriated.

Motion was made by Senator Gaines and seconded by Senator Johnston to broaden the participation to include nonstate public employers. The motion carried by voice vote.

Graduate Teaching Assistants' Stipends (Page 2-27, Budget Analysis)

Motion was made by Senator Talkington and seconded by Senator Kerr to increase G.T.A. fee waivers to 75%, as recommended by the Governor, and to include the University of Kansas Medical Center in that increase; but to make no increase in stipends. The motion carried by voice vote.

Other Operating Expenditures (Page 2-29, Budget Analysis)

Motion was made by Senator Gaines and seconded by Senator Talkington to grant an increase of 5.5% in other operating expenditures (O.O.E.). Following a brief discussion on the subject, the motion carried by voice vote.

Library Acquisitions (Page 2-32, Budget Analysis)

There was committee discussion concerning the importance of the library system in the state. It was the decision of the committee to agree with the Governor's recommendation.

Motion was made by Senator Gaines and seconded by Senator Johnston to add \$50,000 to the Library Acquisitions for the University of Kansas Medical Center. The motion carried by voice vote.

Motion was made by Senator Kerr and seconded by Senator Talkington to not include the additional library funding in the base budgets for that purpose. Following a brief discussion for clarification of the motion, it passed by voice vote.

Academic Computing (Page 2-33, Budget Analysis)

During discussion of this item, Senators Werts and Kerr expressed dismay concerning the installments for lease-purchase of computer equipment. They indicated that the Legislature needs to take a look at the amount of debt involved in the purchase of this equipment.

Motion was made by Senator Talkington to add \$25,000 for the University of Kansas Medical Center to the \$321,000 total recommended by the Governor, and to add a proviso that the funds not be used for long-term lease-purchase of equipment. The motion carried by voice vote.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS

room 123-S, Statehouse, at 11:00 a.m. ~~p.m.~~ on March 8, 1985.

Systemwide Issues, State Board of Regents (Continued)
(See Budget Analysis, Attachment A, February 26, 1985)

Instructional Equipment (Page 2-34, Budget Analysis)

It was the concensus of the committee to concur with the Governor's recommendation for this expenditure.

Utilities (Page 2-35, Budget Analysis)

Senator Gaines reminded the committee that the universities had been given the opportunity to use utility savings for energy conservation efforts. He suggested it was a good public policy. He further noted that he does not think any more money should be appropriated than was spent in the previous year.

There was discussion regarding the actual utility expenditures for FY 1985. Mr. Rawson said the Board will take action next week for requests from Kansas Technical Institute and Kansas State University for approximately \$350,000 for additional utility expenditures. He added that all other universities have adequate funds, and some may save--perhaps a total of \$300,000 to \$400,000.

Motion was made by Senator Gaines and seconded by Senator Talkington to delete the \$1,816,049 recommended by the Governor and noted on page 2-36 of the budget analysis. The motion carried by voice vote.

Senator Werts stated that a notation should be made in subcommittee reports that more information is expected regarding utility expenditures for FY 1985.

The committee agreed to adopted Items 1, 2 and 3 on page 2-36 of the Budget Analysis.

Servicing New Buildings (Page 2-39, Budget Analysis)

There was a brief discussion about the formula used for computing the costs of servicing new buildings. The Chairman commented that he is not satisfied with the formula.

Motion was made by Senator Talkington and seconded by Senator Gannon to delete the amount of \$58,764 for Wichita State University, in accordance with withdrawal of the request by that university after the Governor presented his budget to the Legislature. The motion carried by voice vote.

The Chairman asked if the committee wishes to use a format similar to that used last year as far as the total appropriations bill for the Regents' institutions is concerned. It was the committee concensus to do so.

The meeting was adjourned by Senator Bogina.

SENATE BILL NO. _____

By Committee on Ways and Means

AN ACT enacting the Kansas agricultural production loan interest rate reduction act; amending K.S.A. 75-4210 and repealing the existing section.

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

Section 1. Recognizing the financial distress of the agricultural sector of the Kansas economy, the importance of the health of the sector to the entire Kansas economy, the need for interest rate reduction for financially distressed farmers, that interest has become a significant portion of total farm operating expenses, that reduction in operating expenses translates into additional net income for farmers and that additional net income means stronger rural economies, there is hereby established the agricultural production loan interest rate reduction program.

Sec. 2. K.S.A. 75-4210 is hereby amended to read as follows: 75-4210. Interest shall be paid by banks having inactive accounts in amounts which shall be determined as follows:

(a) Every month the board shall meet and determine the average yield before taxes of ninety-one day United States treasury bills for the three (3) months next preceding such meeting. The first such determination shall be made in the month this act takes effect. Each such determination shall be computed to five (5) significant places by using a formula approved by the board and the attorney general, and such determination shall be based upon information published in the monthly issues of the federal reserve bulletin or other authoritative sources of the federal government. Such determination shall be recorded and shall be available for inspection by any person at all reasonable times in the office of the treasurer.

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(b) Commencing on the first day of each interest period, interest shall be earned on inactive accounts at a rate equal to ~~one--hundred--percent--(100%)~~ 100% of the average market yield before taxes of ninety-one day United States treasury bills as determined by the board in the most recent such determination prior to the interest period, except the rate for any interest period in which any bank has maintained agricultural production loans to eligible agricultural borrowers in accordance with section 3 of this act shall be reduced by three whole percentage points on the amounts qualified as agricultural production loans to eligible agricultural borrowers in accordance with section 3 of this act. Interest earned in any interest period shall be paid on the last day of such interest period at the interest rate determined to be effective at the beginning of such interest period.

(c) Interest on additions to any inactive account shall be earned at the rate applicable to the balance in such inactive account at the time the addition is made and shall continue at such rate until the end of the interest period then current.

New Sec. 3. (a) The reduced interest loan component of this act authorizes and establishes a reduced interest loan program utilizing as its base interest rate reductions on current interest rate contracts let on state inactive accounts. The interest rate due the state on inactive account balances shall be reduced by three whole percentage points on the equivalent amount loaned by banks to eligible agricultural borrowers.

(b) For the purposes of this act, the term "eligible agricultural borrower" means any person engaged primarily in the business of agriculture that has a projected cash flow which does not exceed 105% and has adequate capital to secure a requested loan.

(c) Banks will be eligible for interest rate reductions on agricultural production loans to any one agricultural borrower having a total dollar value of not more than \$75,000 after May 1, 1985, and prior to August 1, 1986, only if the loans to eligible

agricultural borrowers are made with an interest rate reduction of at least three whole percentage points below the lowest equally collateralized existing loan made by such bank.

New Sec. 4. The pooled money investment board in cooperation with the bank commissioner and the controller of the currency shall audit and review the implementation and application of the reduced interest loan program established by this act.

Sec. 5. K.S.A. 75-4210 is hereby repealed.

Sec. 6. This act shall take effect and be in force from and after its publication in the Kansas register.

SENATE BILL NO. _____

By

AN ACT relating to the taxation of certain banking and financial institutions; granting a tax credit to institutions making agricultural production loans at reduced rates; and providing for the computation thereof.

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

Section 1. (a) Every taxpayer making agricultural production loans from and after the effective date of this act at a rate equal to three whole percentage points less than the lowest rate at which the taxpayer is making agricultural production loans to its best agricultural loan customers with equivalent collateral or reducing the rate of interest on existing agricultural production loans after the effective date of this act by three whole percentage points below the rate or rates originally fixed for such loans shall be entitled to claim a tax credit against the tax liability imposed against such taxpayer pursuant to K.S.A. 79-1106 to 79-1116, inclusive, and amendments thereto, as hereinafter provided. Such tax credit shall be based upon agricultural production loans of such taxpayer having a total dollar value not exceeding an amount equal to 15% of the total dollar value of agricultural loans made by such taxpayer during calendar year 1983, as reported by such taxpayer in its Report of Condition filed with the Federal Deposit Insurance Corporation as of December 31, 1983, and shall be in an amount equal to the difference between the total amount of interest which would have been earned from such agricultural production loans had the rates of interest not been reduced pursuant to this act and the amount of interest actually received from such loans at such reduced rate of interest. Such credit shall apply to agricultural production loans made or existing

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loans upon which the interest rates are reduced from and after the effective date of this act and prior to July 1, 1986.

(b) Such tax credit shall be prorated equally for years in which the taxpayer has a tax liability during the five-year period commencing on January 1, 1986.

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