

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 11, 1985 in room 123-S of the Capitol.

All members were present except:

Committee staff present:

Research Department: Ed Ahrens, Lynne Holt, Robin Hunn, Carolyn Rampey,
Laura Howard, Scott Rothe, Alan Conroy, Julian Efird,
Ray Hauke, Paul West

Revisor's Office: Norman Furse

Committee Office: Judy Bromich, Doris Fager

Conferees appearing before the committee:

SB 86 - Appropriations FY 1986, General Government Agencies

SB 161 - Appropriations FY 1985, General Government Agencies

Senator Bogina stated that letters before the committee (from Woodson County Preservation Commission, Attachment A; and Kansas Association of Certified Development Companies, Attachment B) will be made part of the committee minutes for this date.

SB 86, Section 2 - Commission on Civil Rights

Senator Werts explained the subcommittee report on this section. There were no questions.

SB 161, Attorney General

There were no questions following Senator Winter's presentation of the subcommittee report for FY 1985.

SB 86, Section 3 - Attorney General

During Senator Winter's explanation of the subcommittee report on this section, there was extended discussion concerning recommendation No. 1, to transfer functions and positions responsible for administering the Health Care Stabilization Fund to the Office of the Attorney General from the Department of Insurance.

Motion was made by Senator Talkington and seconded by Senator Kerr to amend the subcommittee report to make the recommendation that the transfer of the administrative responsibility of the Health Care Stabilization Fund to the Attorney General be recommended for an interim study, along with other items regarding malpractice.

There was discussion among committee members about the above motion. There was general agreement that something needs to be done about the problem of malpractice. Senator Talkington indicated there had been additional discussion in the Judiciary Committee during this session.

A substitute motion was made by Senator Gaines and seconded by Senator Feleciano to delete the funds from the subcommittee report, but to retain suggestions for the change; and to proceed with introducing a bill to facilitate the transfer as suggested in recommendation No. 1. The substitute motion carried by voice vote.

There were questions regarding recommendation No. 4, and a planned lawsuit against the State of Colorado for interstate water rights from the Arkansas River. Senator Winter explained that the suit has not yet been filed, but that the Attorney General needs funds to hire an expert attorney and conduct engineering studies. He added that the Supreme Court will move very fast when the case is filed, and the Attorney General needs a lot of information and staff ready to work on the lawsuit.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS,

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

SB 86 - Continued
SB 161 - Continued

SB 161 - Attorney General--KBI

There were no questions following Senator Winter's explanation of the subcommittee report on this section.

SB 86, Section 4 - Attorney General--KBI

Senator Winter presented the subcommittee report on this section. There were no questions.

SB 161 - Public Disclosure Commission

No questions were asked following the explanation of the subcommittee report by Senator Winter.

SB 86, Section 5 - Public Disclosure Commission

There were questions for clarification of the recommendations made by the subcommittee concerning this section.

SB 86, Section 6 - Governor's Department

There were no changes in the Governor's recommendation for his Department, and no questions from committee members about the subcommittee's report.

SB 161, Section 5 - Department of Human Resources

Senator Werts explained the subcommittee recommendations for this Department. There were no questions.

SB 86, Section 7 - Department of Human Resources

The subcommittee report on this section was explained by Senator Werts. Motion was made by Senator Winter to amend the subcommittee report in recommendation No. 3 to change the word "may" to "shall"; and to introduce legislation amending K.S.A. 44-324 to provide that the Secretary shall take action to enforce or defend claims relative to wage and hour litigation. (Present law provides that the Secretary may take action.) The motion was seconded by Senator Werts and carried by voice vote.

Senator Feleciano had questions concerning deletion of the positions and financing in recommendation No. 3. He indicated he feels there is need for an attorney because of the number of claims processed. Senator Winter reminded him that the subcommittee has suggested the House may want to reinsert the funds deleted by this committee. He added that his subcommittee could not ascertain the amount of money needed.

SB 161 - Department of Economic Development

Senator Feleciano explained the subcommittee report on this section. There were no questions from committee members.

SB 86, Section 8 - Department of Economic Development

Senator Gannon questioned the subcommittee's recommendation No. 2 under Small Business Development concerning consolidating two field offices in western Kansas. Senator Winter answered that the subcommittee feels one office can service that area.

In answer to a question concerning recommendation No. 1 under Travel, Tourism, and Film Services, Senator Winter explained that the deletion of funds is only because of a change in construction schedule at the South Haven Tourist Information Center, and that funds will be made available when needed.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS,room 123-SS Statehouse, at 11:00 a.m./p.m. on March 11, 1985SB 86, Continued
SB 161, Continued

During presentation of recommendation No. 2, Travel, Tourism and Film Services, Senator Doyen expressed concern about promotion of the state within the state. He suggested buying time when one of the state sports teams is on national television. It was noted that some spots are donated by specific corporations. Senator Doyen asked Mr. Schwartz if an attempt has been made to get promotion spots donated on national television. The answer was in the negative. Mr. Schwartz volunteered information concerning the amounts spent for promotion of other states: Alaska, \$8 million, for instance. In comparison, Kansas has about \$140,000 to develop advertising and to buy spots. About \$50,000 of that amount is spent out of state. He indicated he could work toward donated spots on national television.

There was limited discussion about other recommendations in this section, but no changes were made.

SB 161 - Department of Insurance

There were no questions following the presentation of the subcommittee report on this section by Senator Winter.

SB 86, Section 9 - Department of Insurance

Before he presented the subcommittee report on this section, Senator Winter suggested that funds for the Health Care Stabilization Fund be re-inserted into the budget for the Insurance Department. It was the concensus of the committee to accept that suggestion.

Because of the decision made in conjunction with the Attorney General's office concerning the Health Care Stabilization Fund, staff was directed to amend recommendation No. 5 accordingly.

SB 86, Section 10 - Kansas Arts Commission

There were no questions following Senator Winter's explanation of the subcommittee report.

SB 86, Section 11 - Lieutenant Governor

No questions were asked following the subcommittee report by Senator Winter.

SB 86, Section 12 - State Board of Tax Appeals

Senator Feleciano presented the subcommittee report on this section. There were no questions following the presentation.

SB 86, Section 13 - Secretary of State

Committee members were given the opportunity to question Senator Feleciano following his explanation of the subcommittee report on this section.

SB 161 - Kansas Soldiers' Home

Senator Feleciano explained the subcommittee report on this section, and members of the committee were given the opportunity to question him.

SB 86, Section 14 - Kansas Soldiers' Home

During presentation of the subcommittee report on this section, it was noted that a post audit study of this institution is under way. Motion was made by Senator Winter and seconded by Senator Werts to amend the subcommittee report to reflect the fact that the post audit study is being done. 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 11, 1985

SB 86 - Continued
SB 161 - Continued

Following the explanation of the subcommittee report on the Kansas Soldiers' Home, it was noted that a bill needs to be introduced regarding disposition of fees at the institution. Motion was made by Senator Winter and seconded by Senator Werts to amend the subcommittee report to indicate need for the legislation, and to introduce the needed bill. (Attachment C) The motion carried by voice vote.

SB 161 - State Treasurer

There were no questions following Senator Winter's presentation of the subcommittee report.

SB 86, Section 15 - State Treasurer

Senator Winter explained the subcommittee recommendations for the office of the State Treasurer. There was a brief discussion about recommendation No. 3.

SB 86, Section 16 - Grant--Veterans of World War I

Senator Winter presented the subcommittee report on this section, and committee members were given the opportunity to question him.

Motion was made by Senator Winter and seconded by Senator Werts to adopt the subcommittee reports as amended, and to report SB 86 as amended favorably for passage. The motion carried by roll call vote.

SYSTEMWIDE ISSUES, BOARD OF REGENTS INSTITUTIONS

The Chairman indicated that, since the full committee was not present when the decision was made concerning unclassified salary increases, another vote needs to be taken.

Motion was made by Senator Harder and seconded by Senator Gaines to increase unclassified salaries by 5.5% (instead of the 6% voted upon at an earlier date.)

There were questions from Senators Johnston and Feleciano concerning the rationality of taking another vote on the subject, simply because there was not a full committee when the first vote was taken. Senators Gaines and Talkington stated that, when an important decision such as salaries is being considered, the attempt is made to have the full committee present. Senator Winter indicated that he felt the 6% voted earlier gave the committee a case for bargaining so that the increase could be at least 5.5%. He stressed that it is his hope that the 5.5% increase would be a firm position. The motion passed by voice vote.

APPROVAL OF MINUTES

Motion was made by Senator Gaines and seconded by Senator Feleciano to approve committee minutes for March 6. The motion carried by voice vote.

The meeting was adjourned by the Chairman.

Lee

MONDAY, MARCH 11

APPROVAL OF MINUTES FOR MARCH 6

Subcommittee reports and action on:

SB 86 - General Government Agencies

M I N U T E S !

MAYBE YOU SHOULD GIVE A GENTLE NUDGE TO SUBCOMMITTEE CHAIRMEN, ESPECIALLY ON THE REGENTS' BILL - SB 166 (Mary says Senator Harder (KSU) and Senator Doyen (KU) have done nothing)

House Appropriations bills are now being referred to us, and some are being scheduled next week. They all have a copy of the schedule.

WOODSON COUNTY PRESERVATION COMMISSION
P. O. Box 112
Yates Center, KS 66783

March 7, 1985

Doris Fager
c/o Sen. Gus Bogina
Kansas State Senate
State Capitol Building
Topeka, KS 66612

Dear Ms. Fager:

This letter to follow up our telephone conversation of this date with regard to the Senate Ways and Means Committee. Please find enclosed twelve copies of our letter to the Committee to be distributed and included in the minutes of Monday's hearing.

If you need anything further, please advise. Thank you very much.

Respectfully,



Brenda M. Manske
Chairman
Woodson County Preservation Commission

BMM:ei
ENCL.

March 7, 1985

WOODSON COUNTY PRESERVATION COMMISSION
P.O. Box 112
Yates Center, Kansas 66783

Kansas Senate Ways and Means Committee
Kansas State Senate
State Capitol
Topeka, Kansas 66612

Dear Committee Members:

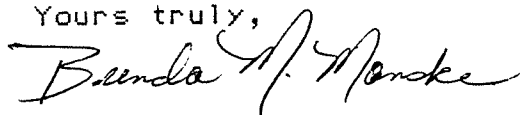
The Woodson County Preservation Commission requests your support of Kansas participation in the National Main Street Program, funding for which is included in the Kansas Department of Economic Development appropriation outlined in Senate Bill Number 86.

We feel that the opportunities for downtown economic revitalization offered by the Main Street Program could mean the difference between life and death for many small-town farm communities throughout the state. As the farm economy continues to suffer, more and more farmers are leaving the country to seek employment in town. In the state's more sparsely populated counties, even a county seat such as Yates Center is hard put to find work for these victims of high interest rates and low farm prices.

We believe that economic development within the context of historic preservation is the only hope for many small towns in Kansas. This year Yates Center has begun its own program of historic preservation and hopes to capitalize on tourism through National Register recognition of its historic town square. Such a project requires professional and financial resources that are in short supply in most farming communities. The National Main Street Program could provide much-needed training and technical assistance to Yates Center and other small towns that are struggling to recover from rapidly dwindling population and vanishing retail sales.

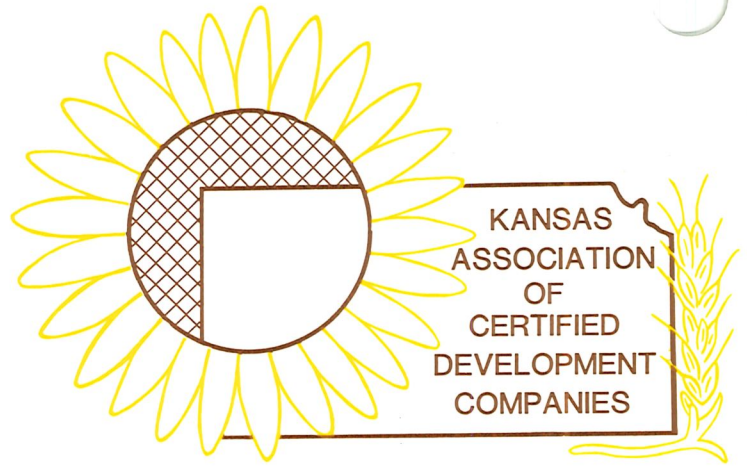
In closing, we ask that you take the action necessary to allow Kansas to join other states already profiting from participation in the National Main Street Program.

Yours truly,



Brenda M. Manske
Chairman
Woodson County Preservation Commission

cc: Ms. Peggy Livingood
Kansas Department of Economic Development
503 Kansas Avenue
Topeka, Kansas 66603



M E M O R A N D U M

TO: Senate Ways and Means Committee,
State of Kansas

FROM: Kansas Association of Certified
Development Companies

RE: Kansas Department of Economic
Development (KDED) Budget

DATE: March 11, 1985

During these times of economic distress and shrinking federal funds, it is imperative for the state of Kansas to continue state investment in programs which are designed to create and retain jobs throughout the State. As this is accomplished, economic vitality will be realized and the tax base broadened for both local and state units of governments. This will ensure continued financing of essential services for Kansas citizens.

These job creation and retention activities are the best measure of economic development programs. Throughout Kansas there is a broad-based, grassroots economic development effort underway which must be continued and accelerated if Kansas is to have a progressive business environment. For this to occur, three strong economic development elements must be in place and cooperatively integrated: local, area, and state. It is precisely the linking of resources at these three levels that is making economic development efforts successful.

As the network of economic development organizations which now blanket the State of Kansas, the Kansas Association of Certified Development Companies (KACDC) strongly urges ratification of the KDED budget as requested by the Governor. KDED has been an advocate at the State level and we value our close working relationships with the agency. The KACDC is strongly supportive of all the efforts of KDED. Of particular importance, however, is the effort to create the Small Business Development Division. Working closely with KACDC membership, this division will effectively

MEMORANDUM
March 11, 1985

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utilize and improve private sector resources and expertise. This public-private partnership will provide small firms access to capital, and other types of technical assistance. By improving capital availability and management assistance to small business, Kansas will witness economic growth, community revitalization and job creation. This is already occurring; but with adequate funding and more emphasis from state and area levels, more success stories will be written.

Outside the scope of the KDED budget is our \$680,000 request which will, if approved, provide additional funding for the continued operations of multi-county and area economic development organizations. These organizations are important bridges between local development organizations in their service areas and KDED. Until recently, some have been partially funded by federal grants. With the reduction and potential discontinuance of this support, area organizations are taking steps toward becoming self-supporting. During this transition period, however, they do need financial assistance from the state of Kansas as described in the attached proposal.

It is the opinion of KACDC members that economic development does not cost--it pays. We are anxious to prove our theory works. Therefore, we ask you to approve the KDED budget as proposed and also to ratify our request as outlined in the attachment.

PROPOSAL FOR STATE FUNDING

BY

THE KANSAS ASSOCIATION OF CERTIFIED DEVELOPMENT COMPANIES

THIS REQUEST IS FOR STATE FINANCIAL ASSISTANCE FOR SEVENTEEN ASSOCIATES OF THE KANSAS ASSOCIATION OF CERTIFIED DEVELOPMENT COMPANIES TO CONTINUE IMPLEMENTATION OF ITS STATE-WIDE SMALL BUSINESS REVITALIZATION PROGRAM. THIS PROGRAM IS MARKETING THE ECONOMIC DEVELOPMENT ACTIVITIES OF RETAINING, CREATING AND ATTRACTING JOBS AND BUSINESSES FOR THE STATE OF KANSAS. THIS REQUEST IS FOR \$680,000 A YEAR BEGINNING IN FY 86 FOR A PERIOD OF FIVE YEARS.

IN ADDRESSING ECONOMIC DEVELOPMENT POLICY AT THE STATE LEVEL, IT IS IMPORTANT TO RECOGNIZE THAT NATIONALLY OVER 60% OF ALL JOBS HAVE BEEN CREATED BY SMALL BUSINESSES. THE STATE OF KANSAS, RECOGNIZING THE IMPORTANCE OF SMALL BUSINESS DEVELOPMENT, HAS CREATED A NEW DIVISION OF SMALL BUSINESS IN THE KANSAS DEPARTMENT OF ECONOMIC DEVELOPMENT. THIS DIVISION WILL ASSIST IN THE ADMINISTRATION OF THIS SMALL BUSINESS REVITALIZATION PROGRAM.

IN STRIVING TO MEET THE STATE'S ECONOMIC DEVELOPMENT GOALS, THE DIVISION OF SMALL BUSINESS WILL PROVIDE MANAGERIAL ASSISTANCE, ONE-STOP PERMITTING AND TECHNICAL ASSISTANCE RELATED TO DEVELOPMENT FINANCING. BUT FOR A SMALL BUSINESS ECONOMIC DEVELOPMENT PROGRAM TO BE MORE SUCCESSFUL, IT ALSO MUST BE SOLD AND MARKETED. THE NETWORK OF ECONOMIC DEVELOPMENT PROFESSIONALS REPRESENTED BY THE KANSAS ASSOCIATION OF CERTIFIED DEVELOPMENT COMPANIES CAN SELL AND MARKET THE STATE, RETAINING AND CREATING JOBS, THUS IMPROVING THE FINANCIAL STABILITY OF KANSAS.

THIS STATE-WIDE NETWORK, KACDC, HAS DEVELOPED AN ECONOMIC DEVELOPMENT MARKETING PLAN THAT HAS INDUCED \$219,082,828.00 IN CAPITAL INVESTMENTS AND HAS RETAINED AND CREATED 6354 JOBS IN THE PAST FOUR YEARS.

THE KANSAS ASSOCIATION OF CERTIFIED DEVELOPMENT COMPANIES, KACDC, IS THE NETWORK OF ECONOMIC DEVELOPMENT ORGANIZATIONS THAT IS REQUESTING THIS STATE FUNDING TO CONTINUE IMPLEMENTING ITS STATE-WIDE SMALL BUSINESS REVITALIZATION PROGRAM.

ELIGIBLE ORGANIZATIONS FOR THIS FUNDING INCLUDE: MCPHERSON COUNTY SMALL BUSINESS DEVELOPMENT ASSOCIATION, MCPHERSON; WICHITA AREA DEVELOPMENT, INC., WICHITA; SOUTH CENTRAL KANSAS ECONOMIC DEVELOPMENT DISTRICT, WICHITA; NINE COUNTY DEVELOPMENT, INC., PRATT; GREATER SOUTHWEST KANSAS CERTIFIED DEVELOPMENT CO., GARDEN CITY; PIONEER COUNTRY DEVELOPMENT, INC., HILL CITY; NORTH CENTRAL REGIONAL PLANNING COMMISSION, BELOIT; MO-KAN DEVELOPMENT, INC., ST. JOSEPH; BIG LAKES REGIONAL COUNCIL, MANHATTAN; MID-AMERICA, INC., PARSONS; AVENUE AREA, INC., KANSAS CITY; CENTRAL AVENUE BETTERMENT ASSOCIATION, KANSAS CITY; ROSEDALE COORDINATING COUNCIL, KANSAS CITY; NORTH-EAST COOPERATIVE COUNCIL, INC., KANSAS CITY; TOPEKA-SHAWNEE COUNTY DEVELOPMENT, TOPEKA; EMPORIA STATE UNIVERSITY, EMPORIA; AND LENEXA DEVELOPMENT CO., INC., LENEXA.

THE PURPOSE OF THIS SMALL BUSINESS REVITALIZATION PROGRAM IS TO IMPROVE THE ECONOMIC DEVELOPMENT OF KANSAS THROUGH A COMPREHENSIVE MARKETING PLAN. KACDC'S MARKETING PLAN IS AIMED AT RETAINING, CREATING AND ATTRACTING JOBS AND BUSINESSES.

FIRST, IN MARKETING ECONOMIC DEVELOPMENT FOR KANSAS, THE KACDC RECOGNIZES THAT JOBS AND BUSINESSES MUST BE RETAINED. AS WELL AS OTHER SERVICES, THESE ORGANIZATIONS OFFER TO SMALL BUSINESS THE EXPERTISE AND FINANCIAL LOAN PACKAGING AND SERVICING NECESSARY FOR CURRENT BUSINESSES TO REMAIN AND GROW. THE FINANCIAL PROGRAMS UTILIZED TO RETAIN JOBS HAVE INCLUDED THE SMALL BUSINESS ADMINISTRATION'S 503, 502 AND 7A PROGRAMS, CONVENTIONAL BANK LOANS, INDUSTRIAL REVENUE BONDS, AND URBAN DEVELOPMENT ACTION GRANTS - UDAGS. IN THE PAST FOUR YEARS, 1252 JOBS HAVE BEEN RETAINED BY KACDC'S LOAN ACTIVITIES.

IN IMPLEMENTING AN ECONOMIC DEVELOPMENT MARKETING PLAN, THE RETENTION OF CURRENT BUSINESSES AND JOBS WILL HELP TO CREATE NEW JOBS. THE KACDC ILLUSTRATES THIS AS IN THE PAST FOUR YEARS 5102 JOBS HAVE BEEN CREATED THROUGH ITS LOAN ACTIVITIES.

EXISTING JOBS AND BUSINESSES MUST BE RETAINED AND/OR CREATED TO ENHANCE THE SUCCESS OF THE STATE TO ATTRACT NEW JOBS AND BUSINESSES. WITH THE TRACT RECORD DISPLAYED BY THE KACDC OVER THE PAST FOUR YEARS, AN ATMOSPHERE HAS BEEN CREATED THAT IS CONDUCIVE TO ATTRACTING INCREASED INVESTMENTS AND JOBS.

IF KANSAS IS TO CONTINUE TO IMPROVE ITS ECONOMY AND LONG-TERM FINANCIAL STABILITY, IT MUST HAVE A PLAN OF ACTION AND IT MUST WORK THIS PLAN. OF THE FY/1986 ESTIMATED STATE GENERAL FUND RECEIPTS, BETWEEN 70 AND 80% OF REVENUE WILL COME FROM INDIVIDUAL INCOME TAXES, OTHER INCOME TAXES, AND RETAIL SALES AND COMPENSATING USE TAXES. THIS TAX REVENUE IS A BY-PRODUCT OF JOBS, SINCE JOBS WILL GENERATE INDIVIDUAL INCOME TAXES, CORPORATE INCOME TAXES AND INCREASED RETAIL SALES AND COMPENSATING USE TAXES. THIS PROPOSED PLAN OF ACTION, THE SMALL BUSINESS REVITALIZATION PROGRAM, IS DIRECTED AT RETAINING AND INCREASING JOBS AND BUSINESS SALES.

IN IMPLEMENTING THE SMALL BUSINESS REVITALIZATION PROGRAM, THE KACDC HAS INDUCED \$219,082,828.00 OF CAPITAL INVESTMENT INTO THE ECONOMY AND RETAINED AND CREATED 6354 JOBS IN THE STATE OF KANSAS IN THE PAST FOUR YEARS. TO ENSURE THE SUCCESS AND CONTINUANCE OF THIS PROGRAM, THE KACDC IS ASKING THE STATE TO FUND THIS PROGRAM FOR A FIVE YEAR PERIOD, ENABLING INDIVIDUAL ORGANIZATIONS TIME TO ACHIEVE SELF-SUFFICIENCY. TO DATE, THE STATE OF KANSAS HAS NOT DIRECTLY ASSISTED WITH OPERATIONAL COSTS OF THIS PROGRAM. THE ANNUAL BUDGET FOR EACH ORGANIZATION TYPICALLY RUNS A MINIMUM OF \$80,000.00.

IN THE FIRST YEAR OF THE STATE FUNDING OF THIS SMALL BUSINESS REVITALIZATION PROGRAM, EACH ORGANIZATION WILL BE AWARDED AN AVERAGE OF \$40,000. THE PROPOSAL COMMITTEE IS DEVELOPING CRITERIA AND STANDARDS TO BE UTILIZED TO DETERMINE FUNDING AMOUNTS OF INDIVIDUAL ORGANIZATIONS.

THE PROPOSAL COMMITTEE WILL ALSO DEVELOP CRITERIA AND PROCEDURES THAT WILL ENSURE THE STATE OF KANSAS THAT THE KACDC IS ACCOUNTABLE FOR THE FUNDING OF ITS SMALL BUSINESS REVITALIZATION PROGRAM.

AN ACT concerning the Kansas soldiers' home; relating to the disposition of moneys; amending K.S.A. 76-1906 and repealing the existing section.

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

Section 1. K.S.A. 76-1906 is hereby amended to read as follows: 76-1906. The superintendent of the Kansas soldiers' home shall remit all moneys received by or for ~~him-or-her~~ the superintendent under article 19 of chapter 76 of Kansas Statutes Annotated and ~~amendments---thereto~~ acts amendatory of the provisions thereof or supplemental thereto and all moneys received from the United States veterans administration for reimbursements for the care of residents to the state treasurer at least monthly. Upon receipt of any such remittance the state treasurer shall deposit the entire amount thereof in the state treasury and the same shall be credited to the soldiers' home fee fund. All expenditures from such fund shall be made in accordance with appropriation acts upon warrants of the director of accounts and reports issued pursuant to vouchers approved by the director of the Kansas veterans' commission or by a person or persons designated by ~~him-or-her~~ the director.

Sec. 2. K.S.A. 76-1906 is hereby repealed.

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