

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS

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

10:00 a.m./p.m./ on April 9, 1985 in room 123-S of the Capitol.

All members were present except:

Committee staff present:

Research Department: Robin Hunn  
Revisor's Office: Norman Furse, Mary Torrence  
Committee Office: Judy Bromich, Doris Fager

Conferees appearing before the committee:

Dr. Robert Harder, Secretary, Social and Rehabilitation Services  
Alan Alderson, Kansas Recreation and Parks Association  
Don Jolley, City of Salina  
Scott Lambers, City of Overland Park  
Bill Ramsey, City of Olathe  
Ernie Mosher, League of Kansas Municipalities  
Tuck Duncan, Kansas Wine and Spirits Wholesalers Association

SB 370 - Disposition of revenues from taxes on sales of alcoholic beverages by clubs

Dr. Harder distributed Attachment A, giving an outline of SB 370. He then reviewed the bill in detail and urged the committee to pass the measure.

Senator Harder asked questions concerning materials available for distribution to schools in the area of alcohol and drug abuse prevention. Dr. Harder replied that his department has ample materials, and will be happy to work with the Board of Education in this matter.

Senator Winter asked for examples of use of funds if SB 370 were passed. Dr. Harder explained that SRS operates with a Citizens Advisory Committee which develops a state-wide plan. The suggestion would be to review that plan and fit the programs accordingly. Dr. Harder said this would not preclude Domestic Violence Centers receiving money. He said SRS would suggest that they use available funds to reach families where alcohol and drug abuse is the primary problem.

Mr. Alderson distributed his statement (Attachment B) and presented his views to the committee. He appeared in opposition to SB 370. There were questions from Senator Werts about how many school districts are utilizing mill levy authority provided by statute. Mr. Alderson said there are numerous districts who are not using the authority, and stressed he is talking about only those recreation departments created under a city or school district.

Mr. Jolley said he would like to respond to Senator Werts question about the mill levy for recreation. He said that, at last count, there are about 160 communities that have a tax levy for recreation. All those require a vote of the people in order to establish the program. He added that the provision of public recreation is extremely widespread.

Mr. Jolley continued by stating that he is appearing at the direction of the City of Salina. He said that each year since the club tax passed, someone has tried to take the portion of the fund earmarked for Parks and Recreation services. He explained that the City of Salina provides for handicapped, those unable to pay and those being treated for alcohol and drug abuse. He said that, not only have funds been lost from the land and water conservation fund, but from CETA, college work-study programs, community development, public works programs, etc. He reminded the committee that nearly all federal funds have been lost for these programs.

CONTINUATION SHEET

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room 123-S, Statehouse, at 10:00 /a.m./p.m. on April 9, 1985

Mr. Jolley indicated that cities have been considering the need to replace lost federal funds at the state level. He commended the Legislature for helping Parks and Recreations Departments a few years ago with the tax being discussed at this meeting. He stressed that the bill, as written, would result in a significant loss to the general public and to individuals mentioned above. He concluded by stating that the City of Salina would like to see SB 370 reported unfavorably.

Mr. Jolley observed that the problem is a matter of philosophy--there is a question of whether the funds should be returned to the local level. In addition, he indicated that if they are returned to the local entities, all funds should be considered--not parks and recreation only. In answer to a question from Senator Gaines, Mr. Jolley said the city of Salina has never given Parks any of their portion from the General Fund; but that he has not asked for any of it, either.

Mr. Lambers said that the City of Overland Park would lose approximately \$120,000 in 1987 as a result of passage of SB 370. He suggested the bill does not provide money for local alcohol and drug abuse programs, because it gives all the money to the state. He stated that 50% should go to local alcohol programs.

At issue, according to Mr. Lambers, is the fact that there are no guidelines established concerning determination of use of these funds; it is an attempt to have statewide control because of isolated abuses of local funds; and there is no provision for funds if a plan is not approved by SRS; i.e., will these funds be carried over? He stressed that he is concerned about loss of revenue and loss of local control.

There were questions from committee members concerning present use of funds by the City of Overland Park. He said that, as far as he knows, all funds received are used for alcohol and drug abuse programs.

Mr. Ramsey explained that he is appearing in opposition to SB 370 from the perspective of concern about the continued erosion of revenue sources for cities. He reminded the committee that cities are faced with the loss of revenue sharing, community development block grants, etc., and that this is another "piece of the pie" being lost.

Mr. Ramsey observed that SB 370 would probably shift the problem. One problem would be solved, and another would be created. Senator Gaines asked if there are any facilities for juveniles in the drug and alcohol abuse program. Mr. Ramsey answered that juveniles are not taken care of as adequately as they should be, but he is aware of a number of cooperative facilities in Johnson County.

Mr. Mosher expressed concern about passage of SB 370. He said the General Fund and the Park Fund are considered general use purpose funds from the cities' perspective. He reminded the committee that if money is taken from one fund and transferred to the other, it creates a problem in the fund from which it is taken. He again reminded the committee of the gradual loss of federal funding for various city programs.

Mr. Mosher said he is supportive of a program where the Department of Social and Rehabilitation Services is authorized to develop plans for drug and alcohol abuse services, but it should be before the fact and not after.

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SB 370 - Continued

Senator Bogina asked Mr. Mosher if the League of Kansas Municipalities has any suggestions concerning providing drug treatment facilities, or if the League is taking any action. Mr. Mosher replied that some communities use federal revenue sharing funds to support this treatment, and he was quite sure some local sales tax revenues support drug programs. He suggested that SB 370 does not allocate revenue for this kind of program, and his organization would feel more comfortable if this were done.

Senator Feleciano suggested the discussion concerning allocation of alcohol tax funds should have been begun earlier in the legislative session. He stressed that it is his feeling SB 370 is a mistake.

Mr. Duncan said Kansas Wine and Spirits have been consistently against earmarking of funds. If earmarked programs have greater needs, the tax is increased, and he reminded the committee that this is continually being done. He said his organization feels it is appropriate that the revenue from taxes on alcoholic beverages sold in private clubs to to the State General Fund, and that the appropriations process be used to decide the use of that revenue.

Mr. Duncan continued by stating that he feels there should also be a 10% tax on cereal malt beverages sold in private clubs. He suggested that the tax is being charged in some clubs and is not being reported to the state. According to Mr. Duncan, if the tax were charged on cereal malt beverages, there would be an additional \$600,000 available.

This concluded the hearing on SB 370.

SB 303 - Architectural services fees

Senator Bogina distributed a proposed amendment to SB 303 which had been given to him by Mr. Hipp, the State Architect. Following a brief discussion and explanation of the amendment (Attachment C) motion was made by Senator Gaines and seconded by Senator Werts to amend SB 303 as suggested by Mr. Hipp. The motion carried by voice vote.

Motion was made by Senator Gaines and seconded by Senator Werts to report SB 303 as amended favorably for passage. The motion carried by roll call vote.

RETIREMENT BILLS IN WAYS AND MEANS COMMITTEE

The Chairman reminded the committee that most of the retirement bills in the Ways and Means Committee had been included in HB 2218, and that most of them could be reported adversely for that reason. He then suggested that HB 2017 and HB 2220 be held in committee, and that the following bills be reported adversely: SB 163, SB 356, SB 215, SB 270, HB 2182, HB 2500, and HB 2219. Senator Johnston requested that SB 215 be held in committee, and that request was granted.

Motion was made by Senator Talkington and seconded by Senator Harder to report the following bills adversely: SB 163, SB 270, SB 356, HB 2219, HB 2182 and HB 2500. The motion carried by roll call vote.

SB 143 - Tuition for spouses and children of Regents' faculty

Motion was made by Senator Kerr and seconded by Senator Feleciano to report SB 143 adversely. The motion carried by roll call vote.

SB 304 - Allowances for non-uniform clothing, Highway Patrol

Motion was made by Senator Kerr and seconded by Senator Feleciano to report SB 304 adversely. The motion carried by roll call vote.

CONTINUATION SHEET

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room 123-S Statehouse, at 10:00 a.m./p.m./on April 9, 1985

HB 2126 - DISC: Purchase of certain property and casualty insurance

Senator Bogina reminded the committee that the bill before them had been discussed previously. He then reviewed the bill for the members. It was decided that there is certain provision in present law for emergency funding in case of disaster, and that the measure may not be necessary. The concensus of the committee was to withhold action at this time.

INTRODUCTION OF BILL

Senator Talkington explained that HB 2173 had been inadvertently overlooked or delayed as it was reported from the Senate Transportation Committee to the floor of the Senate. He said the Chairman of that committee had asked that the Ways and Means Committee introduce an identical bill so that it may be debated on the floor. (Only bills from Ways and Means and Federal and State Affairs Committees may be debated at this time).

Motion was made by Senator Talkington and seconded by Senator Doyen to introduce a new bill identical to HB 2173 as amended by Senate Committee.  
The motion carried by voice vote.

SB 355 - Increasing lobbyists' fees

Motion was made by Senator Winter and seconded by Senator Johnston to report SB 355 adversely. The motion carried by voice vote.

The meeting was adjourned by the Chairman.



DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES  
ALCOHOL AND DRUG ABUSE SERVICES

Senate Bill 370

I. TITLE

An act concerning taxes on sales of alcoholic beverages by clubs; relating to disposition of revenues; amending K.S.A. 79-41a03 and 79-41a04 and repealing existing sections.

II. PURPOSE

This proposal will, over the next year, phase out the distribution of local liquor tax monies to local parks and recreation programs. These dollars will be shifted to the State General Fund.

This proposal will also require the Secretary of the Department of Social and Rehabilitation Services or his designee to approve the expenditure of funds from the local alcohol and drug programs fund.

III. BACKGROUND

Currently one-third of the money distributed back to local governmental units is designated for parks and recreation. There is a question as to the relationship that parks and recreation has with liquor tax dollars. This bill would transfer these dollars to the State General Fund.

Since the implementation of the original bill, there have been concerns about the way the monies in the local alcohol and drug programs fund have been spent. Local units of government have been extremely liberal with their interpretation of what is an alcohol and drug abuse prevention, education, intervention and treatment and rehabilitation program. This has led to the siphoning of dollars from programs whose principle purpose is to provide these services.

IV. EFFECT OF PASSAGE

The passage of language that would provide the Secretary of SRS, or his designee, with the authority to approve the plans of local units of government regarding the expenditure of local Alcohol and Drug Program Fund dollars would provide for a more consistent and appropriate approach for the funding of alcohol and drug abuse Continuum of Care programs throughout Kansas. These monies will not be able to be used for programs that show little actual relationship to the alcohol and drug abuse Continuum of Care.

V. SRS RECOMMENDATION

The Department of Social and Rehabilitation Services recommends the passage of language that would allow the Secretary or his designee the authority to approve the expenditure plans of local units of government in regards to expenditures made from the local Alcohol and Drug Programs Fund.

Robert C. Harder, Secretary  
Department of Social and  
Rehabilitation Services  
296-3271  
April 9, 1985

0194 *the county treasury;*

0195 (B) *on and after January 1, 1986, and before January 1, 1987,*

0196 *2/5 to such general fund, 1/5 to such special parks and recreation*

0197 *fund and 2/5 to such special alcohol and drug programs fund;*

0198 *and*

0199 (C) *on and after January 1, 1987, 1/2 to such general fund and*

0200 *1/2 to such special alcohol and drug programs fund.*

0201 (2) *Subject to the provisions of subsection (f), moneys in*

0202 *such special funds shall be under the direction and control of the*

0203 *board of county commissioners. Moneys in the special parks and*

0204 *recreation fund shall be expended only for the purchase, es-*

0205 *tablishment, maintenance or expansion of park and recreational*

0206 *services, programs and facilities. Moneys in the special alcohol*

0207 *and drug programs fund shall be expended only for the purchase,*

0208 *establishment, maintenance or expansion of services or programs*

0209 *of alcoholism and drug abuse prevention and education, alcohol*

0210 *and drug detoxification, intervention in alcohol and drug abuse*

0211 *or treatment of persons who are alcoholics or drug abusers or are*

0212 *in danger of becoming alcoholics or drug abusers. In any county*

0213 *in which there has been organized an alcohol and drug advisory*

0214 *committee, the board of county commissioners shall request and*

0215 *obtain, prior to making any expenditures from the special alcohol*

0216 *and drug programs fund, the recommendations of the advisory*

0217 *committee concerning such expenditures. The board of county*

0218 *commissioners shall adopt the recommendations of the advisory*

0219 *committee concerning such expenditures unless the board, by*

0220 *unanimous vote of all commissioners, adopts a different plan for*

0221 *such expenditures.*

0222 (f) *No moneys shall be expended from any special alcohol*

0223 *and drug programs fund created pursuant to subsection (d) or*

0224 (e) *unless ~~such expenditure~~ has been approved by the secretary*

0225 *of social and rehabilitation services or the secretary's designee.*

0226 (g) *Each year, the county treasurer shall estimate the amount*

0227 *of money the county and each city in the county will receive*

0228 *from the local alcoholic liquor fund and from distributions pur-*

0229 *suant to K.S.A. 79-41a05 and amendments thereto. The state*

0230 *treasurer shall advise each county treasurer, prior to June 1 of*

Change to "a plan for such expenditures"

MEMORANDUM

TO: MEMBERS OF THE SENATE WAYS AND MEANS COMMITTEE

FROM: ALAN F. ALDERSON, ATTORNEY  
KANSAS RECREATION AND PARKS ASSOCIATION

RE: SENATE BILL NO. 370

DATE: April 9, 1985

The KRPA wishes to express its appreciation for the opportunity to appear in opposition to Senate Bill No. 370.

Senate Bill 370 does not represent a new proposal. This is the fourth consecutive year that an effort has been initiated in the Senate to eliminate the portion of the liquor excise tax which is credited to the special parks and recreation funds of cities and counties. To the best of my recollection, the effort to eliminate this funding source has always been mounted in the waning days of the session in each of those years.

Inasmuch as the liquor excise tax represents a significant revenue source for city and county recreation programs, the KRPA wishes to express its concern that it is being put in the position of salvaging its chief state revenue source at the tail end of the legislative session each year. If the elimination of state funding to local park and recreation programs is felt by some to have merit, we respectfully request that the issue either be thoroughly studied during the interim or that a bill be proposed at the beginning of a session to avoid hasty decisions.

Senate Bill No. 370 was introduced on March 28. The KRPA has had inadequate opportunity to prepare any meaningful presentation to show



either the full impact of the revenue loss on local units of government or the merits of recreation programs with respect to avoidance of alcohol abuse. At best, we can tell you that there are only two sources of state funding which directly benefit local recreation programs: The liquor excise tax and the land and water conservation funds funneled through the State by the federal government.

In 1980, the first year of distribution of liquor excise tax funds, local park and recreation departments received \$1,642,300 from the liquor excise tax and \$2,710,080 in federal monies from the land and water conservation fund. In 1983, local units received \$2,107,896 from liquor excise tax, but only \$692,200 from the land and water conservation fund. While I do not have the 1984 figures today, I know that only about \$200,000 had been anticipated from the land and water conservation fund.

I have been in many legislative committee meetings where concern and resentment has been expressed by legislative members about the federal government dangling federal money by various strings which can be cut at any time. The KRPA expresses the same concerns about both the federal and state government with respect to funding of park and recreation programs. At a time when federal monies are dwindling to nothing, it would be ill-advised to also remove all state funds, particularly where no alternate revenue is being made available.

The KRPA would note that SB 370 purports to have as its purpose, increased funding to the local alcoholic liquor fund with control of the expenditure of those funds being vested in SRS. Even this concept is not being carried out in SB 370 as introduced. With respect to cities having a population of less than 10,000, the special parks and recreation fund is

being completely eliminated with NO BENEFIT TO THE LOCAL ALCOHOL AND DRUG PROGRAMS FUND. All of the revenue will go to the general fund. It is difficult for local park and recreation departments to view this provision as anything more than an attempt to divest park and recreation programs of their funding. It cannot be argued that taking the money from the special parks and recreation funds benefits alcohol treatment in any way.

You may have heard it argued that providing some revenue to city and county general funds enables those local units to provide funding to alcohol treatment or recreation programs. At a time when local street, utility and other funds are severely strained or depleted, we hope you don't seriously believe that any significant funding will be provided to either of these programs.

The KRPA has never heard of any abuses in expenditures from the special parks and recreation funds. We also question why, if the so-called "sin-taxes" should be used to fund their own cures, none of the cigarette tax is used for cancer research or treatment and only one-tenth of the liquor gallonage tax is earmarked for the community alcoholism and intoxication fund. There is no reason why such a significant portion of the tax on drinks sold in private clubs should bear the burden of funding alcoholism treatment, as proposed in SB 370.

The Kansas Recreation and Parks Association urge you to report Senate Bill No. 370 unfavorably.

**269. Fees for architectural services provided by secretary of administration, projects over \$250,000; architectural services recovery fund.** (a) ~~Whenever the total cost of a capital improvement project for a state agency is expected to exceed \$250,000 or the secretary of administration provides architectural services for the project under K.S.A. 75-1254 and amendments thereto and the estimated construction cost of the project is more than \$10,000, the secretary shall charge and collect a fee for architectural services and management services provided for such project. The amount of the fee shall be fixed in each case by the secretary of administration and shall be equal to 1% of the estimated construction cost of the capital improvement project. Upon notification by the secretary of the amount of the fee for a capital improvement project, the state agency for which the project is being undertaken shall pay the fee from moneys appropriated for the project or available therefor.~~

(b) As used in this section:  
 (1) "Architectural services" has the meaning ascribed thereto by K.S.A. 75-1251 and amendments thereto;

(2) "management services" means management, consultation, direction, oversight, inspection and other services performed by the secretary of administration under K.S.A. 75-3740 to 75-3742, inclusive, 75-3783 to 75-3785, inclusive, and 75-1250 to 75-1268, inclusive, and any amendments to such statutes.

(c) All moneys received by the secretary of administration under this section shall be credited to the architectural services recovery fund, which is hereby created in the state treasury. All expenditures from the architectural services recovery fund shall be for operating expenditures of the division of architectural services in accordance with appropriations acts upon warrants of the director of accounts and reports issued pursuant to vouchers approved by the secretary of administration or by a person or persons designated by the secretary.

History: L. 1983, ch. 268, § 1; July 1.

For capital improvement projects funded from the Kansas educational building fund or state institutional building fund for which the department of administration will provide architectural services, engineering services or management services, the secretary of administration shall charge a one percent fee for such services. Subject to the provisions of subsection (b), commencing on July 1, 1986 and each July 1 thereafter, the director of accounts and reports shall transfer from appropriation accounts from the Kansas educational building fund and state institutional building fund to the architectural services recovery fund an amount equal to one percent of the appropriations made from the Kansas educational building fund and state institutional building fund for the current fiscal year.

(b) On July 1, 1986 and each July 1 thereafter, the secretary of administration or the secretary's designee shall submit to the director of accounts and reports a listing of capital improvement projects funded for the current fiscal year from the Kansas educational building fund and state institutional building fund for which the department of administration will not be providing architectural services, engineering services or management services. The appropriations for such projects shall not be included by the director of accounts and reports in computing the amount to be transferred pursuant to subsection (a).

(c)  
 (2) "Engineering services" has the meaning ascribed thereto by K.S.A. 75-5802 and amendments thereto;

(3)  
 75-5801 to 75-5807, inclusive,

(d)