

Approved 4-4-86
Date

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 Tuesday, March 25, 19 86n room 514-S of the Capitol.

All members were present except:

Committee staff present: Jim Wilson, Revisors Office
Gloria Timmer, Research
Laura Howard, Research
Sharon Schwartz, Administrative Aide
Nadine Young, Committee Secretary

Conferees appearing before the committee:
Clark Duffy, State Water Office
Charles Simmons, Department of Corrections
Representative Kent Ott
Others present (see Attachment A)

Chairman Buntten called the meeting to order at 1:30 p.m. and turned to final action on the following bills:

SB 669 - allows additional payments to be made for architectural services if additional services are rendered by a project architect as a result of state ordered changes. Must be within the appropriations for the project.

Representative Chronister moved that SB 669 be recommended favorably for passage. Seconded by Representative Wisdom. Motion carried.

SB 628 - changes the formula for community corrections supplemental grants by making the supplemental 70% of the regular grant. Applies to counties with populations of 15,000 to 100,000. There is a positive fiscal impact of \$1600. Representative Rolfs moved that SB 628 be recommended favorably for passage. Seconded by Representative Wisdom. Motion carried.

SB 581 - establishes an employee service award program. The appropriation would come from the first year savings generated by the agency. Maximum of \$5,000 or 10% of first year's savings, minimum award of \$25. Superintendent would get an additional 10% of employee's award. There is no fiscal note; although separate appropriations could be made.

Representative Wisdom presented a proposed amendment (Attachment B) to provide compensation to the employee's supervisor and moved for adoption of the amendment. Representative Rolfs seconded. Motion carried.

On the bill, Representative Wisdom moved that SB 581, as amended, be recommended favorably for passage. Seconded by Representative Rolfs. Motion carried.

Chairman turned to HB 2721 -- an act concerning water; relating to the state water plan storage act.

Chark Duffy appeared on behalf of the Water Office and presented a handout (Attachment C) which contains several proposed amendments as well as a sheet showing a breakdown of costs.

Chairman Buntten turned the chair over to Vice-Chairperson Chronister. Representative Buntten offered a motion that Line 401 be deleted from the bill. Seconded by Representative Rolfs. The amendment would be to remove the language which says that the fund would retain the interest. It would remain part of the policy which states that all interest goes into the state general fund. Motion carried.

Chair recognized Representative Kent Ott who presented a proposal that was

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 a.m./p.m. on Tuesday, March 25, 1986

previously presented to the Energy & Natural Resources committee, but failed to pass. This proposal affects how all the programs included in the water plan will be funded. Quoting from his testimony, "I am proposing to you today that of this advance that we have created from state general fund, that we borrow that money from PIB and pay back the state general fund in an amount equal to that. That then would require that water users would pay the interest and principle to eventually pay back the PIB for this loan. That component is included in the present price formula".

Asked why the Energy Committee did not approve the proposal, Representative Kent Ott replied there was concern on borrowing money from PIB, also the amendment had not yet been actually drafted at the time they voted.

Copies of the amendment were passed around (Attachment D) however he did say that the amendment is not technically correct.

Considerable discussion continued; however, committee was of the opinion that more detailed information needed to be seen. With that, Chairman Bunten asked that Representative Ott have more time to gather figures and further study the matter, and that committee would not take action today.

Chairman turned to SB 715 -- an act relating to state contracts and purchases; authorizing the rejection of bids under certain circumstances; amending K.S.A. 75-3740 and repealing the existing section.

Jim Wilson briefed the committee on the provisions of the bill which would allow rejection of bids if the business is not properly registered to collect and remit taxes. Representative Wisdom moved that SB 715 be recommended favorably for passage. Seconded by Representative Bunten. Motion carried.

SB 717 -- an act repealing K.S.A. 75-5232 relating to hours constituting workweek for employees of department of correction.

Charles Simmons, Department of Corrections testified in support of the bill which repeals the statute that establishes the work week for Department of Corrections at 40-hour, and would allow the Department to adopt a 43-hour work week. This would limit potential overtime cost. The bill has a positive fiscal note.

Representative Bunten moved that SB 717 be recommended favorably for passage. Seconded by Representative Hamm. Motion carried.

HB 3106 -- an act concerning the state park and resources authority; increasing the motor vehicle permit late payment fee; amending K.S.A. 74-4509c and repealing the existing section.

Representative Lowther reviewed for the committee the provisions of the bill. The bill is the result of the subcommittee report for Parks and Resources. It would increase the motor vehicle permit late payment fee in state parks from \$2 to \$5, and adds \$5000 to the department's budget. Representative Miller moved that the bill be amended by striking "statute book" and inserting "Kansas Register". Seconded by Representative Dyck. Representative Solbach offered a substitute motion that the bill be amended per the previous motion and that language also be added that would make the increase effective January 1, 1987. Representative Lowther seconded. Motion carried.

Representative Louis requested introduction of a bill relating to relocating electrical wires in telephone lines near the historical building in Lecompton. Representative King seconded. Motion carried.

Representative Dyck requested introduction of a bill which is the equivalent to Substitute SB 139 and recommended it be referred to the Committee of the Whole. Seconded by Representative King. Motion carried.

Representative Duncan requested introduction of two bills relating to Department of Revenue's budget. One provides for registration fee increase to pay for ^{VIPS} Kipps system. The other bill concerns county inheritance tax fund and will save \$1.5 million in the general fund. On a motion by Representative Duncan and a second by Representative Mainey, the bills were introduced.

Meeting adjourned at 3:30 p.m.

Date 3-25-86

Name

Address

Representing

Jim Mass

Topeka

KPA

Kevin Davis

ic

League of Ks Municipalities

Hannes Zacharis

Lawrence

City of Lawrence

Jan Johnson

Topeka

Budget Division

Kirby L. Stopman

Hawthorn

D.B.

Shaun McGrath

Topeka

Kansas Natural Resource Council

Mary Harper

Healy

Jerry Duwall

Topeka

Ks Water Office

CR Dink

"

" "

Susan Kunk

Topeka

Budget Bureau

Charles Stephens

Topeka

KDOC

Jim Turner

Topeka

KLSI

Bob Endrey

✓

KPRA

A

PROPOSED AMENDMENTS TO SENATE BILL NO. 581

As Amended by Senate Committee

On page 1, in line 29, following the period by inserting the following: "Except as provided in section 4, if a cash award is made to a state employee, an additional cash award shall be awarded to the immediate supervisor of the state employee who made the suggestion, which additional cash award shall be in an amount equal to 10% of the amount of the cash award to the state employee.";

On page 2, in line 59, preceding "under" by inserting the following: ", either for suggestions or as immediate supervisors,"; in line 65, by striking ", staff"; in line 70, preceding "for" by inserting "and immediate supervisors"; in line 79, by striking "approved" and inserting the following: "made to a state employee for a suggestion";

Atch. B
H. W. W. 3/25/86 B

Testimony on
H.B. 2721, As Amended
(Amendments to the Water Marketing Program)

by
Kansas Water Office

House Committee on Ways and Means

March 1986

Atch. c
H. W.M. 3/25/86

**PROPOSED AMENDMENTS
to
Implement State Water Plan**

TO IMPLEMENT ASSURANCE PROGRAM

(Companion to
H.B. 2704, 2705)

The Act Does Not Apply to Assurance Program Line 76-77;
377-378

Waters stored in state conservation water supply storage which would be dedicated to the Assurance Program (H.B. 2705) should not apply to the provisions of the Marketing Program.

**Authorization for Expenditures from
Development Fund** Line 376-377
399-406; 412-417

Intent is to allow expenditures from this fund for the purposes of acquiring state water supply storage in impoundments deemed necessary to implement the State Water Plan (H.B. 2705) and to provide legislative options to finance additional storage purchases from savings account or bond account (H.B. 2704).

TO IMPLEMENT WATER MARKETING SECTIONS

**Volume of Water Contracted to be
Based on Graduated Use Schedule** Line 124 to 142

Allows municipal and industrial users and state to do better long-range planning.

**Allow for Contracting in Advance
of Availability of Water** Line 190 to 201

Companion to H.B. 2720. Contracts would be required before the state can purchase additional storage.

**Requires Consideration of Conservation
Plans Prior to Contracting** Line 345 to 346

Companion to Substitute for H. B. 2703 which may require purchasers to implement conservation plans and practices.

**Provides for Interest Earned by the
Development Fund to be Retained Thereon** Line 401

Intent is to use Development Fund as a savings account for purchasing storage.

**PROPOSED AMENDMENTS
To Address "Capped" Contracts**

Deposit of Receipts

Line 390-398

Allows receipts to be used to repay actual costs to the State General Fund first, then remainder of the receipts will be deposited to the Development Fund. This will eliminate the adverse impact of the "Capped" contracts on the State General Fund and the marketing customer. All shortfalls will be a loss in receipts to the Development Fund.

Apply Changes to 1986 Rate

Line 395-396

The 1986 rate for water has been established at 16.36 cents per 1,000 gallons. The intent is to retroactively apply the new 1986 rate which would be established by the amendments contained in this bill. The new rate would be 14.29 cents per 1,000 gallons.

Current Contracts

| Purchaser | 1986 Rate | Frequency of Price Review | Volume Under Contract MGY |
|--------------------|-----------|---------------------------------|------------------------------------|
| KS Gas & Electric | 10¢ | (10 yrs) | 9,672 |
| Lawrence | 6.626¢ | (5 yrs) | 3,650 |
| Baldwin | 6.626¢ | (5 yrs) | 340 |
| Dg. Co. RWD #1 | 6.626¢ | (5 yrs) | 50 |
| Dg. Co. RWD #2 | 16.36¢ | each year | 50 |
| Dg. Co. RWD #3 | 7.402¢ | (10 yrs) | 720 |
| Dg. Co. RWD #4 | 6.626¢ | (5 yrs) | 72 |
| Dg. Co. RWD #5 | 6.626¢ | (5 yrs) | 48 |
| Dg. Co. RWD #6 | 7.402¢ | (10 yrs) | 25 |
| Hillsboro | 7.402¢ | (10 yrs) | 300 |
| KP & L | 7.402¢ | (10 yrs) | 7,300 |
| Miami Co. RWD #2 | 7.402¢ | (5 yrs) | 239 |
| Emporia | 7.402¢ | (5 yrs) | 1,095 |
| Iola | 7.402¢ | (5 yrs) | 110 |
| Marion | 7.402¢ | (5 yrs) | 238 |
| Coffeyville | 7.402¢ | (5 yrs) | 1,900 |
| PWWSD #5 | 7.402¢ | (5 yrs) | 87 |
| Johnson Co. RWD #7 | 16.36¢ | each year | 110 |
| PWWSD #4 | 16.36¢ | each year | 548 |
| Spring Hill | 16.36¢ | each year | 20 |
| White Mem. Camp | 16.36¢ | each year | 2 |

Estimate of Receipts Not Collected
Due to "Capped" Contracts for 1987^{1,2}

| | Current Law | | HB 2721 | |
|---|-------------|-------------|---------|-------------|
| | SGF | Dev. Fund | SGF | Dev. Fund |
| Capital Costs | (\$87,899) | \$ 0 | \$ 0 | \$ 0 |
| Operation & Maintenance | (68,515) | 0 | 0 | 0 |
| Administration & Enforcement | (19,385) | 0 | 0 | 0 |
| Interest on Advances from State General Fund | 0 | (315,892) | 0 | (425,210) |
| Depreciation Reserve | 0 | (391,923) | 0 | (391,923) |
| Subtotal | (\$175,799) | (\$717,815) | \$ 0 | (\$817,133) |
| | ===== | | ===== | |
| Total | | (\$883,614) | | (\$817,133) |

Estimate of Receipts by Component for 1987^{1,2}

| | Current Law | | HB 2721 | |
|---|-------------|-------------|-----------|-------------|
| | SGF | Dev. Fund | SGF | Dev. Fund |
| Capital Costs | \$349,460 | \$ 0 | \$410,752 | \$ 0 |
| Operation & Maintenance | 272,393 | 0 | 340,625 | 0 |
| Administration & Enforcement | 77,067 | 0 | 96,753 | 0 |
| Interest on Advances from State General Fund | 0 | 435,768 | 0 | 273,236 |
| Depreciation Reserve | 0 | 36,131 | 0 | 36,131 |
| Subtotal | \$698,920 | \$471,899 | \$848,130 | \$309,367 |
| | ===== | | ===== | |
| Total | | \$1,170,819 | | \$1,157,497 |

¹Based on 13,287,470 million gallons per year of usage under current contracts.

²Based on estimated rate of 12.28¢ under current law and 11.8¢ under HB 2721.

**PROPOSED AMENDMENTS
Clarifying and Technical**

Definition of Capital Cost

Line 50-51

The intent is to clarify that capital cost is defined as the principle and interest payment owed to the federal government. This component does not include interest paid on advances from the State General Fund.

Price Calculations Based on Preceding Calendar Year

Line 164,

166, 249-

250; 424

Intent is to calculate rate on the basis of the preceding calendar year's actual experience rather than estimates of cost and usage. This will allow for an accurate determination of the rate.

Repealer

Line 226-237

This section was only applicable during the 1983 legislative session.

Capital Cost Component

Line 245

Interest is computed in component 2, therefore, should not be included here.

Amount of Water Used Under Contract

Line 258-279

Intent is to clarify that in calculating the rate usage shall be based on 50 percent of the amount under contract or the actual amount of water withdrawn for each contract instead of the sum of these amounts from all contracts.

Transmittal of Information

Line 300-320

Intent is to require transmittal of information to the Kansas Water Authority at the time an applicant requests to negotiate a contract rather than to transmit such information at the time the applicant files the application. Under current law, applications can remain on file for up to 13 years before the applicant is required to request contract negotiations.

Procedures to Withdrawal Water

Line 356-357

Intent is to clarify that certain contracts have specific procedures for withdrawal in addition to the stipulations in the current law.

**Deposits of Funds for Administering
the Act**

Line 386

The intent is to clarify that funds which are received for administering and enforcing the act shall be deposited in the State Treasury. Current law does not include the deposit of funds collected for administering the act.

Proposed Amendment to House Bill No. 2721
(As Amended by House Committee)

On page 7, in line 245, by striking "amortized" and inserting "annual"; by striking all in lines 248 to 261, inclusive; in line 262, by striking "(3)" and inserting "(2)";

On page 8, in line 270, by striking "(4)" and inserting "(3)"; in line 280, by striking "(5)" and inserting "(4)";

On page 11, in line 380, by striking all after "(b)"; by striking all of lines 381 to 398, inclusive, and inserting in lieu thereof the following: "That portion of all moneys received by the state treasurer attributable to paragraphs (1), (2) and (3) of subsection (a) of K.S.A. 82a-1308a, and amendments thereto, shall be deposited in the state treasury and credited to the state general fund. That portion of all moneys received by the state treasurer pursuant to: (1) Paragraph (4) of subsection (a) of K.S.A. 82a-1308a, and amendments thereto; (2) an amount on the unused balance of water reserved under contract as computed under paragraphs (2) and (6) of subsection (a) of K.S.A. 82a-1306, and amendments thereto; and (3) any amount received under K.S.A. 82a-1317, and amendments thereto, shall be deposited in the state treasury and credited to the state conservation storage water supply fund which is hereby established. The director shall provide the state treasurer with an accounting of the total remittances. For the purposes of calculating the rate in K.S.A. 82a-1308a, and amendments thereto, all moneys deposited to the state general fund pursuant to this act since 1975 shall be credited for repayment of the components in the following order: Paragraphs (1), (3) and (2) of subsection (a) of K.S.A. 82a-1308a, and amendments thereto.";

On page 12, following line 430, by inserting:

"New Sec. 12. (a) There is hereby created a fund not to exceed \$10,000,000 consisting of the net amount of moneys advanced from the state general fund for payment of the amortized capital costs incurred and associated with the state's

Atch. D
J. W. M. 3/25/86

D

conservation storage water supply capacity prior to July 1, 1986. Such fund shall be reimbursed by a loan from the pooled money investment board.

Any person who contracted for water under the state water plan storage act after January 1, 1983, shall pay annually to the pooled money investment board:

(1) An amount as interest computed as a rate per annum equal to the average rate of interest earned the preceding calendar year on repurchase agreements of less than 30 days' duration entered into by the pooled money investment board on the net amount of moneys advanced from the state general fund for payment of the amortized capital costs incurred and associated with the state's conservation storage water supply capacity divided by the total amount of water under contract by the particular person; and

(2) An amount which is equal to such person's proportionate share of the amortized capital costs incurred and associated with the state's conservation storage water supply capacity.

(b) Of the amount remaining, the state general fund shall reimburse the pooled money investment board annually the amount of interest on the account, and an amount required to repay the balance in the account that is not attributable to persons who contracted for water under the state water plan storage act after January 1, 1983.";

By renumbering sections 12 and 13 as sections 13 and 14, respectively;