

Approved January 22, 1990
Date

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS

The meeting was called to order by AUGUST "GUS" BOGINA, Jr. at
Chairperson

10:00 a.m./~~p.m.~~ on December 9, 1989 in room 123-S of the Capitol.

All members were present except:

All Present

Committee staff present:

Research Dept - Chris Courtwright, Ed Ahrens

Conferees appearing before the committee:

Staff reviewed SS 1989 BH 2003.

The meeting was recessed until 2:15 p.m.

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Chairperson

2:15 ~~XXX~~ p.m. on December 9, 1989 in room 123-S of the Capitol.

All members were present except:

All Present

Committee staff present:

Research Dept - Diane Duffy, Scott Rothe, Julian Efird, Alan Conroy
Committee Staff - Pam Parker, Secretary

Conferees appearing before the committee:

Bernie Koch, Wichita Area Chamber of Commerce
Don Schnacke, Kansas Independent Oil & Gas Association (KIOGA)
Bud Grant, Kansas Chamber of Commerce and Industry (KCCI)
Bill Brundage, President, KTEC
Kevin Allen, Executive Vice-President, Motor Car Dealers Association
Mike Beam, Kansas Livestock Association
Michael J. Steinle, Associated Students of Kansas at KSU
Glen Coulter, Kansas Contractors Association
Mary Turkington, Kansas Motor Carriers Association
Elizabeth Taylor, Kansas Tobacco and Candy Distributors & Vendors Association
Paul Fleenor, Kansas Farm Bureau
Horace Edwards, Secretary, Department of Transportation

Hearing on SS 1989 HB 2003

The following information from the Kansas Legislative Research Department was distributed at the beginning of the meeting: Attachment A - State Gaming Revenues Fund; Attachment B - FY 1990 funding for SRS; Attachment C - Economic Development Initiatives Fund for FY 1990, December 9, 1989; and, Attachment D - Economic Development Initiatives Fund, May 26, 1986.

Bernie Koch, Wichita Area Chamber of Commerce. Mr. Koch stated that over 80 percent of the Wichita Chamber's membership is businesses with 100 employees or less. In outlining the Wichita Chamber's objections to SS 1989 HB 2003, he stated that the Wichita community is very supportive of the comprehensive highway plan and opposes any reductions in the highway funds. Secondly, he expressed concern regarding any reductions in the Economic Development Initiatives Fund (EDIF) and outlined the positive effects of EDIF projects in Wichita. His third concern was the added two percent excise tax on inventory over \$100,000. In Sedgwick County this effects approximately 4,000 businesses. He discussed the excise tax in connection with the competitive outlook for Kansas in attracting business compared to surrounding states. In answer to questions, he stated that he felt time was needed to study how a circuit breaker should be funded.

Don Schnacke, Kansas Independent Oil and Gas Association (KIOGA). Mr. Schnacke stated that he was also appearing on behalf of MESA Petroleum. He called the Committee's attention to the accelerated tax on page 15, line 18 of SS 1989 HB 2003. He explained that this provision eliminates 30 days from the collection procedure for the oil and gas industry to remit the tax. According to Mr. Schnacke the current law which provides for 50 days is very tight for many companies.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS
room 123-S, Statehouse, at 2:15 ~~XXX~~ p.m. on December 9, 1989

Bud Grant, Kansas Chamber of Commerce and Industry (KCCI). Mr. Grant stated that philosophically his organization agrees with the intent of SS 1989 HB 2003 to provide relief for those aggrieved under the current property tax system; however, the KCCI does not support the bill in its present form. The KCCI objects to the transfers from the highway fund and questions the possible effect of a transfer on bond ratings. KCCI is concerned about EDIF withdrawals and the impact on KIT, centers of excellence and other programs. KCCI would reluctantly support the continuation of the 30 percent which has been going to reappraisal for the last three years to help with the appeals process. KCCI has no specific position on the accelerated tax payment; however is concerned about the February 1 payment because it could cause some severe hardships. Finally, KCCI is concerned with the excise tax because it appears in actuality to be a property tax. He feels the excise tax sends a terrible message across the nation to those businesses thinking about relocating in Kansas. Mr. Grant stated that they would hope that SS 1989 HB 2003 would be put aside for a few weeks to be studied when the legislature comes back in January. In answer to a question, Mr. Grant stated that he felt there is validity in opening the appeals process. He stated that KCCI could support a circuit breaker, but additional time is needed to determine how to fund a circuit breaker.

Bill Brundage, President, KTEC. Mr. Brundage stated that Kansas is one of the most underfunded programs in the country, in regard to economic development initiatives. The state's future depends on economic development endeavors and advanced technology. In FY 1988 a total of 44 states invested in KTEC-like activities spending a total of \$560 million. Of the 44 states, they spent an average of \$7.7 million more than KTEC received for FY 1988. In FY 1986, the five leading states had per capita expenditures of \$6.87 and Kansas expended \$1.30 per capita. Currently, Kansas expends \$2.45 per capita and in states surrounding Kansas they are spending a little over \$5 per capita. Mr. Brundage discussed how KTEC prepares the budget and stated that to date all but \$1.8 million has been encumbered. KTEC has companies scheduled for proposal presentations for the balance of the uncommitted funds.

Kevin Allen, Executive Vice-President, Motor Car Dealers Association. Mr. Allen stated his association represents 325 franchise new car dealers in the state. His association's main concern regarding SS 1989 HB 2003 is with excise tax. He noted that it takes very few vehicles in a dealer's inventory to reach the \$100,000 inventory threshold when parts and other equipment which the dealer holds for resale are included in the total. Many small dealers in Kansas will be effected by this measure. Dealer profits are at an all time low. Many small dealers in rural areas would be lost and dealers in Johnson and Wyandotte Counties will be less competitive with dealers in Missouri. Some dealers would benefit from a circuit breaker, but that relief would be very insignificant compared to the increase in commercial property taxes and the new proposed excise tax.

Mike Beam, Kansas Livestock Association. (Attachment E)

Michael J. Steinle, Associated Students of Kansas at Kansas State University. He stated that he is a graduate student at K-State and was not appearing with an official position on SS 1989 HB 2003. He outlined the effects this bill would have on university students. Mr. Steinle stated that the long term effects of the EDIF program cannot be easily measured, however, if EDIF programs are cut relationships between corporations and the universities would be impaired.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS

room 123-S, Statehouse, at 2:15 ~~XXX~~ p.m. on December 9, 1989

Glenn Coulter, Kansas Contractors Association. Mr. Coulter pointed out the advantages of the Highway program passed by the 1989 legislature. The members of his association have purchased millions of dollars worth of new and used equipment and hired hundreds of people for Kansas highway construction and repair. The legislature should find a way to affect tax relief without using the dollars appropriated for the highway program.

Mary Turkington, Kansas Motor Carriers Association. (Attachment F)

Elizabeth Taylor, Kansas Tobacco and Candy Distributors and Vendors Association. She addressed the inventory tax by stating that only small "jobbers" selling only vending services would be covered, and most "jobbers" are small businesses and would not be protected under the \$100,000 limit.

Paul Fleenor, Kansas Farm Bureau. He stated that the Kansas Farm Bureau echoes the position of the Kansas Livestock Association. He stated that they oppose utilizing highway funds for other than the intended purposes in HB 2014.

Horace Edwards, Secretary, Department of Transportation. Mr. Edwards pointed out the removal of \$25.7 million in FY 1990 from the Highway Fund in actuality represents a total in excess of \$48 million over the life of the highway program due to additional bonded debt of over \$17 million and approximately \$6 million in interest lost. Cost of contract deferral is not included in the estimated \$48 million. The unquantifiable cost of what happens when they negotiate the sale of bonds in the financial community is not known, but it is his personal belief that the financial community will interpret the Kansas Legislature as "fickle". He stated the conclusion that one has to draw is that while the amounts of money withdrawn may appear to be modest, the leveraging effect is inordinate; so much so that not very much is taken from the program before a trigger point is reached and the entire program is ended. In answer to questions, Mr. Edwards stated that the \$18.7 million would remove approximately \$40 million from the program. There is no recommended amount from the Administration. He said that the Governor does not advocate the removal of \$18.7 million from the highway program, but that up to \$18.7 million might be acceptable as long as it does not exceed that amount and that it be extracted in two years, FY 1990 and FY 1991.

Following Committee discussion, Senator Gaines moved, Senator Winter seconded, to table SS 1989 HB 2003 as amended by the House Committee of the Whole.

Following further Committee discussion, the Chairman adjourned the meeting.

STATE GAMING REVENUES FUND

	<u>Actual FY 1989</u>	<u>Approved FY 1990</u>	<u>Revised a) FY 1990</u>	Estimated FY 1990		
				<u>Jan.-June Transfers</u>	<u>Unencumbered Balances c)</u>	<u>Balances Projected</u>
<u>Transfers:</u>						
Regular Lottery Transfers	\$20,115,848	\$21,000,000	\$21,000,000	\$12,368,190	--	--
Other Lottery Transfers	1,444,696	--	--	--	--	--
Parimutuel Transfers b)	--	4,685,440	5,021,484	5,021,484	--	--
Total:	\$21,560,544	\$25,685,440	\$26,021,484	\$17,389,674	\$0	\$0
<u>Other Funds Activity:</u>						
	<u>Receipts</u>	<u>Receipts</u>	<u>Receipts</u>	<u>Receipts</u>		
Econ. Devp. Initiatives Fund	\$12,936,326	\$15,411,264	\$15,612,890	\$10,433,804	\$345,540	\$10,779,344
County Reappraisal Fund	6,468,163	7,705,632	7,806,445	5,216,902	4,610,892	\$9,827,794
Correctional Insts. Bld. Fund	2,156,054	2,568,544	2,602,148	1,738,967	2,819,791	\$4,558,758
Total:	\$21,560,544	\$25,685,440	\$26,021,484	\$17,389,674	\$7,776,223	\$25,165,897 d)
Subtotal--EDIF & CRF				15,650,707	4,956,432	20,607,139

- a) Does not include any state operations expenditure increase above the currently approved amount.
- b) Does not assume any payback of the State General Fund loans and interest, or an increase in FY 1990 expenditures.
- c) Unencumbered as of Dec. 7, 1989; includes \$3.9 million in Co. Reappraisal Fund assumed for SGF transfer at the end of FY 1990.
- d) Balance exceeds revised transfers since it includes prior fiscal year balances plus this fiscal year transfers.

ATTACHMENT A
SWAM 12-9-89

TRANSMITTAL MEMORANDUM

Kansas Legislative Research Department

Room 545-N -- Statehouse
Topeka, Kansas 66612-1586
(913) 296-3181

December 9, 1989

To: Senate Ways and Means Committee

Re: SRS FY 1990 Funding

Attached is a copy of information provided by the SRS budget office which includes an estimate of funding needed in the current fiscal year to maintain and implement all programs as approved by the 1989 Legislature. The FY 1990 maintenance column also includes caseload adjustments and other additional costs estimated by the agency.

srsfund.tm/LH/jl

ATTACHMENT B
SWAM 12-9-89

Comparison of SRS FY 1990 Approved to FY 1990 Revised Maintenance Level

Program		FY 1989 Actual	FY 1990 Maint Level	FY 1990 Approved	FY 1990 Difference
Administration	SGF	26,806,034	26,507,824	26,358,643	(149,181)
	TOTAL	57,420,052	53,249,967	52,073,314	(1,176,653)
Alcohol & Drug	SGF	3,305,146	4,072,385	4,068,144	(4,241)
	TOTAL	9,040,519	10,632,488	10,561,343	(71,145)
Cash Assistance	SGF	58,579,808	64,662,066	58,782,341	(5,879,725)
	TOTAL	132,219,724	151,756,568	142,209,719	(9,546,849)
Medical Assistance	SGF	155,114,670	197,436,417	171,903,193	(25,533,224)*
	TOTAL	325,025,985	410,503,254	368,937,607	(41,565,647)
KANWORK	SGF	3,618,014	5,783,286	5,783,286	0
	TOTAL	5,120,678	11,994,439	13,040,940	1,046,501
Income Maintenance	SGF	12,704,849	14,744,600	14,404,518	(340,082)
	TOTAL	28,145,260	34,349,185	31,957,083	(2,392,102)
M H & R S	SGF	23,348,951	29,703,690	29,703,690	0
	TOTAL	28,071,303	34,040,161	34,040,161	0
Adult Services	SGF	14,382,507	16,569,629	16,005,046	(564,583)
	TOTAL	45,338,473	50,835,176	49,985,678	(849,498)
Youth Services	SGF	29,417,854	37,108,288	34,830,334	(2,277,954)
	TOTAL	48,298,026	56,452,879	53,546,680	(2,906,199)
Reha Services	SGF	3,863,501	4,337,538	4,363,060	25,522
	TOTAL	24,352,120	25,084,412	25,321,799	237,387
Subtotal #628	SGF	331,141,334	400,925,723	366,202,255	(34,723,468)
	TOTAL	703,032,140	838,898,529	781,674,324	(57,224,205)
Capital Improvemen	SGF	372,660	437,540	437,540	0
	TOTAL	391,760	4,161,558	4,161,558	0
Youth Centers	SGF	14,020,243	15,711,445	15,542,215	(169,230)
	TOTAL	15,164,302	16,805,718	16,225,863	(579,855)
Institutions	SGF	92,634,622	90,989,936	91,385,426	395,490
	TOTAL	139,406,101	151,286,792	150,765,076	(521,716)
GRAND TOTAL	TOTAL SGF	438,168,859	508,064,644	473,567,436	(34,497,208)
	TOTAL ALL	857,994,303	1,011,152,597	952,826,821	(58,325,776)

Source: SRS Budget Unit 12-7-89

* Medical Assistance - State General Fund:

	FY 90 Maint.	FY 90 Approved	Difference
Regular Medical	\$117,959,049	\$103,882,783	\$(14,076,266)
Long Term Care	79,477,368	68,020,410	(11,456,958)

ATTACHMENT B 2
SWAM 12-9-89

	Projected Jan	Projected Feb	Projected Mar	Projected Apr	Projected May	Projected Jun	TOTAL
ME							
Prior Balance	1,264,388	1,074,697	1,397,472	1,459,497	386,937	492,990	921,097
Lottery	846,000	1,161,000	990,000	981,000	1,035,000	2,031,297	12,600,000
Racing	261,264	510,000	510,000	510,000	510,000	510,000	2,811,264
Net Liq. Enc.	0	0	0	0	0	0	68
Interest	8,471	7,200	9,363	9,779	2,592	3,303	190,772
Subtotal	2,380,123	2,752,898	2,906,835	2,960,276	1,934,529	3,037,590	16,523,202

							APPROVED	BALANCE
							AMOUNT	1 - 2 - 90
KTEC	502,431	502,431	502,431	502,431	502,431	502,431	5,059,310	3,014,586
Arts	100,000	0	0	100,000	0	0	450,000	200,000
Wildlife & Parks	117,495	117,495	8,157	235,408	53,608	53,608	1,000,000	585,771
Agriculture	18,000	18,000	18,000	18,000	18,000	18,000	180,000	108,000
SRS	0	50,000	0	0	0	0	50,000	50,000
Broadcasting	0	0	0	0	0	0	30,000	0
Kansas, Inc.	0	0	0	0	0	0	50,000	0
KDFA	0	0	0	1,000,000	0	0	1,000,000	1,000,000
WSU	0	0	0	0	0	0	100,000	0
Conservation Comm.	0	0	251,250	0	0	0	451,250	251,250
Commerce	0	0	0	0	0	0	750,000	0
Health & Environ.	150,000	150,000	150,000	200,000	150,000	150,000	1,600,000	800,000
Subtotal	887,926	837,926	929,838	2,055,839	724,039	724,039	10,720,560	6,009,607

EXPENDITURES

Commerce	417,500	517,500	517,500	517,500	717,500	2,248,140	5,737,230
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Ending Balance	1,074,697	1,397,472	1,459,497	386,937	492,990	65,412	65,412
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Department of Commerce	Budgeted Expenditures	Year to Date Expenditures	Differ.	Current Encumb.	Current Balance
State Operations	461,642	120,275	341,367	175,613	165,754
Industrial Training	1,425,000	0	1,425,000	0	1,425,000
SBDC Grants	100,000	100,000	0	0	0
CDC Grants	100,000	99,700	300	0	300
Mainstreet Grants	51,000	600	50,400	6,750	43,650
Partnership Oper.	19,385	7,833	11,552	0	11,552
Trade Show Asst.	100,000	15,895	84,115	0	84,115
Eisenhower Promo.	62,500	41,007	21,493	21,493	0
Partnership Loans	3,417,703	0	3,417,703	206,000	3,211,703
TOTAL	5,737,230	385,300	5,351,930	409,856	4,942,074

REVISED 12-9-89 KLRD

ATTACHMENT
SWAM
C
12-9-89

ECONOMIC DEVELOPMENT INITIATIVES FUND
FY 1990 Demand

Bill No.	Agency/Project	Agency Request		Governor's Recommendation		Senate Recommendation		House Recommendation		Final Status	
		EDIF	All Funds	EDIF	All Funds	EDIF	All Funds	EDIF	All Funds	EDIF	All Funds
S.B. 31	Kansas, Inc.:										
	Special Studies	\$ 75,000	\$ 257,553	\$ --	\$ 221,323	\$ --	\$ 166,343	\$ 50,000	\$ 216,343	\$ 50,000	\$ 216,343
S.B. 31	KTEC:										
	Salaries and Wages	\$ --	\$ 312,346	\$ 61,346	\$ 286,037	\$ 180,380	\$ 305,071	\$ --	\$ 305,071	\$ --	\$ 305,071
	OOE	--	309,515	215,432	215,432	153,930	253,929	153,930	253,929	153,930	253,929
	Research Matching Grants	2,000,000	2,000,000	1,250,000	1,250,000	850,000	850,000	850,000	850,000	850,000	850,000
	Business Innovation Matching Grants	450,000	450,000	300,000	300,000	150,000	150,000	150,000	150,000	150,000	150,000
	Centers of Excellence	--	2,000,000	1,200,000	1,200,000	1,725,000	2,300,000	2,055,380	2,450,000	2,055,380	2,450,000
	Value-Added Center	--	628,825	175,000	175,000	175,000 ^C	425,000 ^C	175,000 ^C	425,000 ^C	210,000 ^C	460,000 ^C
	Seed Capital	1,500,000	1,500,000	1,000,000	1,000,000	440,000	440,000	440,000	440,000	440,000	440,000
	Research Equipment Grants	1,000,000	1,000,000	700,000	700,000	650,000	650,000	650,000	650,000	650,000	650,000
	Training Equipment Grants	250,000	250,000	250,000	250,000	--	--	--	--	--	--
	Special Projects	500,000	500,000	125,000	125,000	150,000	150,000	150,000	150,000	150,000	150,000
	Data Base Development	72,000	72,000	--	--	72,000	72,000	72,000	72,000	72,000	72,000
	Industry Liaison	150,000	150,000	150,000	150,000	478,000	478,000	478,000	478,000	328,000	328,000
	Subtotal -- KTEC	\$ 5,922,000	\$ 9,172,686	\$ 5,426,778	\$ 5,651,469	\$ 5,024,310	\$ 6,074,000	\$ 5,174,310	\$ 6,224,000	\$ 5,059,310	\$ 6,109,000
S.B. 31	Department of Commerce:										
	Salaries and Wages	\$ 88,761	\$ 742,921	\$ 110,775	\$ 658,228	\$ 110,775	\$ 771,533	\$ --	\$ 771,533	\$ --	\$ 771,533
	Training Programs	3,000,000	3,000,000	1,425,000	2,450,000	1,425,000	2,750,000	1,425,000	2,750,000	1,425,000	2,750,000
	OOE	320,807	1,758,808	259,385	946,944	359,385	1,096,944	481,027	1,107,811	481,027	1,107,811
	Partnership Fund	9,891,854	9,891,854	3,417,703	3,417,703	3,417,703	3,417,703	3,417,703	3,417,703	3,417,703	3,417,703
	Main Street Grants	51,000	51,000	51,000	51,000	51,000	51,000	51,000	51,000	51,000	51,000
	CDC Grants	100,000	425,000	100,000	425,000	100,000	425,000	100,000	425,000	100,000	425,000
	SBDC Grants	275,000	450,000	100,000	275,000	100,000	275,000	100,000	275,000	100,000	275,000
	Education Awards	50,000	50,000	--	--	--	--	--	--	--	--
	Trade Show Assistance	100,000	100,000	--	--	--	--	--	--	100,000	100,000
	Export Loan Guarantee Program	--	--	--	--	1,000,000	1,000,000	--	--	750,000	750,000
	Eisenhower Centennial Promotion	--	--	--	--	--	150,000	125,000	125,000	62,500	125,000
	Subtotal -- Commerce	\$ 13,877,422	\$ 16,469,583	\$ 5,463,863	\$ 8,223,875	\$ 6,563,863	\$ 9,937,180	\$ 5,699,730	\$ 8,923,047	\$ 6,487,230	\$ 9,773,047
S.B. 29	Department of Wildlife and Parks:										
	Salaries and Wages	\$ --	\$ --	\$ 102,290	\$ 160,180	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
	Resort Study	30,000	30,000	--	--	--	--	--	--	--	--
	OOE	--	--	137,710	254,280	--	--	--	--	--	--
	Hillsdale Park Development	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
	Wetlands Acquisition	27,173	27,173	--	27,173	--	27,173	--	27,173	--	27,173
	Cheyenne Bottoms Renovation	1,500,000	1,500,000	--	1,500,000	--	1,500,000	--	1,500,000	--	1,500,000
	Land Acquisition	215,000	485,000	--	485,000	--	485,000	--	485,000	--	485,000
	Education Center Displays	200,000	200,000	--	-- ^a	--	-- ^a	--	-- ^a	--	-- ^a
	Improvement Districts	1,000,000	1,000,000	--	825,540	--	--	--	--	--	--
	Recreation Access Program	1,500,000	1,500,000	960,000	960,000	--	--	--	--	--	--
	Campground Development	156,260	156,260	--	156,260	--	156,260	--	156,260	--	156,260
	Wichita Education Center	175,000	175,000	--	--	--	--	--	--	--	--
	Subtotal - Wildlife	\$ 5,803,433	\$ 6,073,433	\$ 2,200,000	\$ 5,368,433	\$ 1,000,000	\$ 3,168,433	\$ 1,000,000	\$ 3,168,433	\$ 1,000,000	\$ 3,168,433

ATTACHMENT D
12-9-89
SWAM

Bill No.	Agency/Project	Agency Request		Governor's Recommendation		Senate Recommendation		House Recommendation		Final Status	
		EDIF	All Funds	EDIF	All Funds	EDIF	All Funds	EDIF	All Funds	EDIF	All Funds
J. 29	State Board of Agriculture: Water Use Program	\$ 75,000	\$ 200,000	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
	Marketing Program OOE	335,404	986,593	180,000	549,641	180,000	549,641	180,000	549,641	180,000	549,641
	Subtotal - Agriculture	<u>\$ 410,404</u>	<u>\$ 1,186,593</u>	<u>\$ 180,000</u>	<u>\$ 549,641</u>	<u>\$ 180,000</u>	<u>\$ 549,641</u>	<u>\$ 180,000</u>	<u>\$ 549,641</u>	<u>\$ 180,000</u>	<u>\$ 549,641</u>
S.B. 29	State Conservation Commission: Jetmore Multipurpose Small Lake	\$ --	\$ 1,301,250	\$ 451,250	\$ 1,301,250	\$ 451,250	\$ 1,301,250	\$ 451,250	\$ 1,301,250	\$ 451,250	\$ 1,301,250
S.B. 67	Wichita State University: Rehabilitation Engineering Center	\$ --	\$ --	\$ --	\$ --	\$ 200,000	\$ 200,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
S.B. 68	Kansas Arts Commission: Programming Grants	\$ 804,000	\$ 2,042,300	\$ 100,000	\$ 827,155	\$ 443,500 ^b	\$ 1,170,655 ^b	\$ 450,000	\$ 1,225,694	\$ 450,000	\$ 1,225,694
H.B. 2028	Department of Social and Rehabilitation Services: KanWork Entrepreneur Program	\$ --	\$ --	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
H.B. 2029	Department on Aging: McMasters Program	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
	Economic Impact Study	15,000	15,000	--	--	--	--	--	--	--	--
	Senior Citizen Foundation	20,000	20,000	--	--	--	--	--	--	--	--
	Subtotal -- Aging	<u>\$ 55,000</u>	<u>\$ 55,000</u>	<u>\$ 20,000</u>	<u>\$ 20,000</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
H.B. 2029	Department of Health and Environment: Contamination Remediation	\$ --	\$ 3,000,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000
	Superfund Match	--	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
	Subtotal -- H and E	<u>\$ --</u>	<u>\$ 3,100,000</u>	<u>\$ 1,600,000</u>	<u>\$ 1,600,000</u>	<u>\$ 1,600,000</u>	<u>\$ 1,600,000</u>	<u>\$ 1,600,000</u>	<u>\$ 1,600,000</u>	<u>\$ 1,600,000</u>	<u>\$ 1,600,000</u>
S.B. 407	Development Finance Authority: Enterprise Loan Program	\$ --	\$ --	\$ --	\$ --	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
S.B. 407	Public Broadcasting Commission KODD Grant	\$ --	\$ --	\$ --	\$ --	\$ 30,000	\$ 30,000	\$ --	\$ --	\$ 30,000	\$ 30,000
	GRAND TOTAL	<u>\$ 26,947,259</u>	<u>\$ 39,658,398</u>	<u>\$ 15,491,891</u>	<u>\$ 23,813,146</u>	<u>\$ 16,542,923</u>	<u>\$ 25,247,502</u>	<u>\$ 15,755,290</u>	<u>\$ 24,358,408</u>	<u>\$ 16,457,790</u>	<u>\$ 25,123,408</u>

Resource Estimate -- EDIF

	Governor	Senate	House
Beginning Balance	\$ 687,276	\$ 1,216,433	\$ 1,537,721
Lottery Transfers	12,600,000	12,600,000	12,600,000
Racing Transfers	2,811,264	2,811,264	2,811,264
Interest Earnings	41,914	37,774	59,894
Total Available	\$ 16,140,454	\$ 16,665,471	\$ 17,008,879
Less: Expenditures and Transfers	15,491,891	16,457,790	16,457,790
Ending Balance	<u>\$ 648,563</u>	<u>\$ 207,681</u>	<u>\$ 551,089</u>

a) Recommended in FY 1989 from the State General Fund (H.B. 2040).

b) In addition, \$6,500 reappropriated from FY 1989 will be available for this program.

c) In addition, \$100,000 reappropriated from FY 1989 will be available for this program.



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Owns and Publishes The Kansas STOCKMAN magazine and KLA News & Market Report newsletter.

December 9, 1989

To: Kansas Legislators

From: Rich McKee, Executive Secretary, Feedlot Division
Mike Beam, Executive Secretary, Cow-Calf/Stocker Division

Re: Excise Tax on Merchants, Manufacturers, and Livestock Inventories.

The Kansas Livestock Association is firmly opposed to the excise tax provision of the "circuit breaker" passed by the House of Representatives yesterday. We believe this new tax proposal is flawed, impractical, and one that will have a significant impact on the states livestock industry.

As adopted by the House, the provision enacts a 2% excise tax on the value of a producers livestock inventory in excess of \$100,000.00. With todays prices this tax will hit producers with more than 140 cows; or 160 yearlings/feeders; or 125 fed steers. Furthermore, this new tax would equal about \$14.00 per cow; \$12.30 per yearling/feeder; or \$17.60 for a fed steer! (Previous to the exemption, the tax on cows was approximately \$6.00 to \$8.00 per head.)

Please consider these points when acting on such a proposal:

- * Kansas ranks third in the nation in cattle feeding. The top two competing states, Texas and Nebraska, have no livestock tax. Most successful cattle feeders (farmers and ranchers) strive for an average per head profit of \$20.00. How can we expect feeders, even Kansas feeders, to feed in this state with a new \$14.00 to \$18.00 per head tax!
- * A cow-calf producer, with 500 cows, would be faced with a \$5000.00 tax increase! (This takes into consideration the \$100,000.00 exemption.)
- * The previous property tax revenue from livestock was used by local units of government. Under this plan, the money will be distributed statewide and could be used in taxing units that were not effected by the livestock exemption.
- * Much of the reasoning for exempting inventories and livestock was that it is difficult to administrate, and places many businesses in a competitive disadvantage with other states.

We urge the legislature to concentrate their efforts on reappraisal problems and refrain from enacting new taxes such as the proposed excise tax!

ATTACHMENT E
SWAM 12-9-89

Saturday, December 9, 1989

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE:

On behalf of the Kansas Motor Carriers Association and the highway transportation industry, we wish to oppose House Bill 2003 as adopted by the Kansas House of Representatives.

We fully understand the need for some meaningful tax relief for those commercial businesses which suffered major real estate tax increases. Our own real estate taxes on our building at 2900 S. Topeka Avenue here in our town increased from \$5,200 paid on a 207 mill levy last year to over \$13,800 in 1989 -- based on a 155-mill levy. We will have to use our nominal reserve funds to pay our increased taxes and surrender any interest those tax dollars would have earned for our current budget requirements.

We welcome the opportunity to review our property appraisal with our local officials and address the real problem with respect to our increased taxes -- the appraised value assessed on a building that was constructed in 1937 and whose income-producing capabilities are limited to its present highest and best use as an office building.

We respectfully submit that enactment of a temporary "circuit breaker" does nothing to solve the real problem -- and -- until sufficient data is available upon which to base even such a temporary solution for "hardship cases", it is not possible for this special session of the Legislature to fashion "circuit breaker" assistance that would be fair -- or meaningful.

ATTACHMENT F
SWAM 12-9-89

House Bill 2003 - December 9, 1989

We strongly oppose the funding measures incorporated in Rep. Bill Roy's amendment to H.B. 2003.

1. Lifting over 25 million dollars from the Kansas highway program in its initial year of operation we believe breaks faith with the integrity of the public policy decisions reached only late in the 1989 session to fund the highway program.
2. Utilization of the other proposed funds for the "circuit breaker" places new taxes on those businesses with inventories in excess of \$100,000 and absorbs almost every other source of funding which might be explored to meet other needs that will receive limited consideration in a very tight budget year.
3. The proposed circuit breaker concept would be implemented without any real facts to determine the dimensions of the need, the guidelines under which taxpayers would receive funds, and where public policy guidelines would be drawn. Needless to say, there will be taxpayers just above or just below the "eligibility line" -- wherever that is drawn. Who factually can say who will receive help and who will not? Wouldn't it be far more prudent -- and far more fair -- to study this matter in the regular session and determine the dimensions of the "circuit breaker" problems before you raise the expectations of Kansas taxpayers -- and then find sending state dollars back to local units really does not solve the real taxpayer problems?

ATTACHMENT F2
SWAM 12-9-89

House Bill 2003 - December 9, 1989

If the public is upset about property tax problems as they currently exist -- we respectfully suggest that further tax complications are not the solution.

The needs and the dimensions of the highway program adopted by this Legislature in 1989 are known. The funding mechanisms for the highway program are in place. They received widespread support from Kansans in 1989 and these taxes continue to have the support of those who pay the taxes for the purposes for which they were assessed.

Disruption of this program apparently has been achieved by those who did not vote for the highway program in the first place. That is a consequence that does not please the highway transportation industry nor one that serves the critical need for the future economic development of our state.

We ask that this committee table House Bill 2003 and that the creation of a workable "circuit breaker" be considered fully by the 1990 Session of the Legislature when more valid information will be available and reasoned judgment can develop an equitable, meaningful measure of tax relief to commercial property taxpayers who need such assistance.

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ATTACHMENT F 3
SWAM 12-9-89