

Approved 4-23-90
Date

MINUTES OF THE House COMMITTEE ON Appropriations

The meeting was called to order by Bill Bunten at
Chairperson

12:10 ~~am~~/p.m. on March 28, 1990 in room 514-S of the Capitol.

All members were present except: Representatives Wisdom and Solbach (both excused)

Committee staff present: Ellen Piekalkiewicz, Paul West, Ed Ahrens, Legislative Research Dept.
Jim Wilson, Revisor of Statutes
Sharon Schwartz, Administrative Aide
Sue Krische, Committee Secretary

Conferees appearing before the committee:

Ann Colgan, Director of Facilities, Dept. of Administration
Representative David Miller

Others attending: See attached list.

HB 3074 - Prohibit lease of certain real properties by state agencies.

Representative Helgerson explained that HB 3074 prohibits for ten years state leasing of any real property that the Secretary of Administration offered to purchase but subsequently did not purchase. Representative Helgerson introduced this bill to prevent the state having to pay for someone else's speculation.

Ann Colgan, Director of Facilities, Department of Administration, advised that the Department's concept of HB 3074 is positive. She stated that often when the state expresses interest in purchasing a building, developers become very interested in it because of the prospect of having the state as a tenant. Ms. Colgan provided for the Committee files a 1989 Space Inventory of state-owned and leased properties in Shawnee County (On file in the House Appropriations Committee Office). Chairman Bunten pointed out that under HB 3074, if the state bids on a building and does not get it, we would not be able to rent in that building for ten years even if the rental rates were very favorable. Ms. Colgan does feel HB 3074 would put the state in a stronger position when negotiating for the purchase of a building.

HB 2613 - Productivity process library established at Emporia State University.

The productivity process library in HB 2613 at Emporia State University would contain materials related to productivity enhancement with a strong collection of materials on the works of William E. Deming. Representative Fuller advised that the special subcommittee which reviewed this proposal believes the idea in HB 2613 has merit, but feels it needs more study by a number of entities prior to passage (Attachment 1). The Subcommittee recommended that the Joint Committee on Economic Development and any other interested parties review this topic during the 1990 Interim to determine the proposed library's role in the state's economic development structure and how the library would fit into the existing technology transfer and industrial extension programs. Representative Fuller moved adoption of the subcommittee report on HB 2613. Representative Kline seconded. Motion carried.

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Appropriations

room 514-S, Statehouse, at 12:10 ~~xxx~~/p.m. on March 28, 1990

HB 2900 - State Finances.

Representative David Miller explained the HB 2900 requires the Director of the Budget to continuously monitor the status of the State General Fund and periodically estimate the unencumbered ending balance for the current fiscal year. If the estimated ending balance is less than five percent of current year expenditures and demand transfers, the Director of the Budget would certify to the Governor the percentage difference between five percent and the projected ending balance. Upon receipt of this certification, the Governor would have the option of applying across-the-board reductions to the State General Fund appropriations and demand transfers for the current fiscal year. State Finance Council approval would be necessary to implement the reductions.

Representative Miller noted that under current law the allotment system can only be utilized when the State General Fund is going to have an ending balance of zero or less. HB 2900 is an alternative for the Governor to avoid having to use the allotment system if the State Finance Council agrees.

SUBCOMMITTEE REPORT ON HB 2867 AND HB 2900

Representative Vancrum reviewed the subcommittee report on the study of the provisions of HB 2867 and HB 2900 (Attachment 2). He also provided two balloons of proposed amendments on HB 2867 (Attachment 3) and HB 2900 (Attachment 4). Staff reviewed the balloons for the Committee. Representative Vancrum moved adoption of the subcommittee report and the proposed amendments on HB 2867 and HB 2900. Representative Moomaw seconded. Motion carried. Representative Vancrum moved that HB 2867, as amended, be recommended favorably for passage. Representative Chronister seconded. Representative Teagarden opposes HB 2867 believing that the Governor already has the authority provided in this bill and, therefore, it is not necessary for the responsible management of state government. Several members favor the concept of setting aside some balances as proposed in the bill. On Representative Vancrum's motion, the motion carried.

Representative Vancrum moved that HB 2900, as amended, be recommended favorably for passage. Representative Chronister seconded.

Representative Heinemann noted that HB 2900 specifies that every State General Fund line item would be cut by a set percentage causing bond payments to be cut as well. He does not feel bond payments should be put in jeopardy. Representative Heinemann made a substitute motion to amend HB 2900 to exclude items of appropriation that are solely a contractual bond obligation. Representative Kline seconded. Motion carried. Representative Kline stated the total amount in bond payments in an agency should not be included in figuring their pro-rata share of the budget reduction. Several members agreed that this was the intent in Representative Heinemann's motion to exclude bond payments.

Representative Vancrum made a conceptual motion to amend HB 2900 to change it from an item-by-item of appropriation approach to reduced State General Fund spending to an agency-as-a-whole approach. Representative Chronister seconded. Representative Teagarden noted that this motion would allow agencies to cut programs to make up the specified percentage reduction in State General Fund. He feels this would undercut the budgeting process in which specific programs are funded and given priority by the Legislature. On Representative Vancrum's motion to amend HB 2900, the motion failed.

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Appropriations,
room 514-S, Statehouse, at 12:10 ~~am~~ p.m. on March 28, 1990.

Representative Heinemann made a motion to amend HB 2900 to omit from the provisions of the bill the appropriation for aid to local units. Representative Shriver seconded. Motion carried.

Representative Vancrum moved that HB 2900, as amended, be recommended favorably for passage. Representative Moomaw seconded. Motion carried.

INTRODUCTION OF BILLS

Representative Shriver requested introduction of a bill concerning a moratorium on ICF/MR beds. This bill will be written according to the proviso attached to the SRS bill by the Senate. Representative Shriver moved introduction of the bill. Representative Chronister seconded. Motion carried.

The meeting was adjourned at 2:00 p.m.

SUBCOMMITTEE REPORT

on

House Bill No. 2613

Background

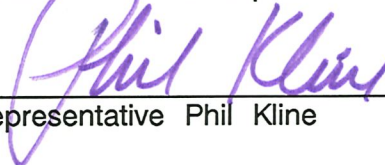
H.B. 2613 would allow the establishment of a productivity process library at Emporia State University. The library would be a collection of materials related to productivity enhancement with a strong collection of materials on the works of William E. Deming. The bill provides that a director shall be appointed by the President of Emporia State and that the director would be responsible to the director of the William Allen White Library. A ten-member advisory board would also be established, with terms of three years each. The library is to be funded through an appropriation from Kansas Technology Enterprise Corporation for FY 1991 and through appropriations directly to Emporia State in subsequent years.

Subcommittee Recommendation

The Subcommittee notes that while the proposed productivity process library may have a role in the state's economic development, the proposal has not been presented to the State Board of Regents; the Joint Committee on Economic Development; Kansas, Inc.; or KTEC. The Subcommittee recommends that the Joint Committee on Economic Development and any other interested parties review this topic during the 1990 interim to determine the proposed library's role in the state's economic development structure and how the library would fit into the existing technology transfer and industrial extension programs.



Representative Wanda Fuller
Subcommittee Chairperson



Representative Phil Kline



Representative Ken Francisco

SUBCOMMITTEE REPORT

HOUSE APPROPRIATIONS SUBCOMMITTEE ON HOUSE BILL NOS. 2867 AND 2900

As instructed, your Subcommittee has reviewed the provisions of House Bill Nos. 2867 and 2900. We recommend certain amendments be made to the bills and the bills as amended be recommended for passage.

House Bill No. 2867, as introduced, would carry out the Governor's recommendation for a "State Spending Lid" which is discussed on page 13 of Volume 1 of The Governor's Report on the Budget for fiscal year 1991. In essence, this legislation is directed at the legislative appropriations process and sets an eventual target for end-of-year General Fund balances which are effectively equal to 10 percent of authorized expenditures and demand transfers (expressed in the bill as a basic 5 percent for cash flow purposes plus an additional increment). Expenditure measures which would reduce the estimated ending balance for a fiscal year below the target would require the affirmative votes of two-thirds of the members of each house. As introduced the bill sets the targeted balance at 5 percent for FY 1991, 7.5 percent for FY 1992, and 10 percent for FY 1993 and thereafter.

While endorsing this basic concept of H.B. 2867, the Subcommittee recommends adoption of the following amendments:

1. The absence of any reference to the Governor's budget report should be corrected by requiring that the Governor's budget recommendations adhere to the same targeted General Fund balances that would apply to the legislative appropriations process.
2. The bill should be amended to provide a longer phasing-in of the eventual General Fund target balance of 10 percent; *i.e.*, commencing for FY 1992, the targeted balance should be 6 percent, and the target should increase by increments of 1 percent until the target is an effective 10 percent for FY 1996.
3. Concerning the revenue side of the equation, H.B. 2867 places reliance upon the consensus estimates of the Director of the Budget and the Director of the Legislative Research Department as originally arrived at and as subsequently amended, including amendments for subsequent enactments of revenue measures; and the Subcommittee recommends that the initial Fall consensus and Spring revision thereof take place on or before December 4 and April 4, respectively.
4. As introduced, H.B. 2867 establishes a State Capital Improvements Reserve Fund to be credited with General Fund resources in excess of a stated percentage; and the Subcommittee recommends that this provision be deleted.
5. Inasmuch as H.B. 2867 imposes substantial changes to the present appropriations process, it is recommended that the Committee on Appropriations request the Legislative Coordinating Council to charge an interim Committee with the task of recommending procedural revisions which may be necessary or desirable. The Subcommittee does not believe it is practical to implement H.B. 2867 this Session and therefore suggests that its provisions first be made applicable to FY 1992.

HA
3-28-90
Attachment 2

The Subcommittee believes that H.B. 2900 with amendments is an important fiscal management measure and is likewise favorably recommended. H.B. 2900 authorizes the Governor to issue an executive order or orders with the approval of the State Finance Council to reduce, prorata, General Fund appropriations and demand transfers in the event that estimated General Fund balances would fall below a stated ending balance of 5 percent of expenditures and demand transfers for the fiscal year. The Subcommittee recommends that amendments be made to H.B. 2900 to clarify that, with regard to demand transfers, any changes therein which would result from revised revenue estimates should be taken into account before the Director of the Budget certifies a percentage reduction to the Governor for his consideration as to the necessity of issuing an executive order of prorata reduction.



Representative Robert Vancrum



Representative Max Moomaw



Representative George Teagarden

90-391

PROPOSED AMENDMENTS
For Consideration by House APPROPRIATIONS

3-28-90

HOUSE BILL No. 2867

By Committee on Appropriations

2-7

9 AN ACT concerning state finances; prescribing certain restrictions
10 and limitations on authorized expenditures and transfers from the
11 state general fund; establishing a state cash operating reserve fund
12 ~~and a state capital improvements reserve fund~~; providing for rev-
13 enue estimates and imposing restrictions regarding bills appro-
14 priating or transferring moneys from the state general fund

the governor's budget report and

amending KSA 75-3721 and repealing
the existing section

15
16 Be it enacted by the Legislature of the State of Kansas:

4

17 Section 1. (a) On or before each December ~~and on or before~~
18 ~~the 85th calendar day of each regular session~~, the director of the
19 Budget and the director of the legislative research department shall
20 prepare a joint estimate of revenue to the state general fund for the
21 current fiscal year and the ensuing fiscal year.

each April 4

22 (b) If prior to final adjournment of any regular session of the
23 legislature any law is enacted providing for additional or less revenues
24 to be deposited in the state treasury to the credit of the state general
25 fund, the director of the budget and the director of the legislative
26 research department shall prepare a joint estimate of such revenues.

27 (c) In the event of a disagreement or failure to agree upon a
28 joint estimate of revenue pursuant to subsection (a) or (b), the leg-
29 islature shall utilize the estimates of the director of the legislative
30 research department and the governor shall utilize the estimates of
31 the director of the budget.

Commencing with the regular session
of the legislature in 1991, the

32 Sec. 2. (a) ~~The~~ last appropriation bill passed in any regular ses-
33 sion of the legislature shall be the omnibus reconciliation spending
34 limit bill. Each bill which is passed during a regular session of the
35 legislature and which appropriates or transfers money from the state
36 general fund for the ensuing fiscal year shall contain a provision that
37 such bill shall take effect and be in force from and after the effective
38 date of the omnibus reconciliation spending limit bill for that regular
39 session of the legislature or from and after such effective date and
40 a subsequent date or an event occurring after such effective date.

41 (b) The total amount of expenditures and demand transfers from
42 the state general fund that may be authorized by act of the legislature
43 during a regular session of the legislature for the ensuing fiscal year

Attachment 3
3-28-90
HA

or prescribed by statute for such fiscal year shall be subject to the following limitation:

(1) During the 1991 regular session of the legislature, the maximum amount authorized to be expended or transferred by demand transfer from the state general fund for the ensuing fiscal year 1992 is hereby fixed so that there will be an ending balance in the state general fund for such fiscal year that is equal to ~~2.5%~~ or more of the total amount authorized to be expended or transferred by demand transfer from the state general fund in such fiscal year, but excluding any amount transferred to the state cash operating reserve fund under section 4; ~~and~~

1%

during the 1992 regular session

(2) ~~For fiscal year 1993 and each fiscal year thereafter,~~ the maximum amount authorized to be expended or transferred by demand transfer from the state general fund is hereby fixed so that there will be an ending balance in the state general fund for such fiscal year that is equal to ~~5%~~ or more of the total amount authorized to be expended or transferred by demand transfer from the state general fund in such fiscal year, but excluding any amount to be transferred to the state cash operating reserve fund under section ~~4-1~~

for the ensuing fiscal year 1993

2%

Sec. 3. If the total amount of authorized expenditures and demand transfers from the state general fund for the ensuing fiscal year exceeds the limitation imposed by section 2, the omnibus reconciliation spending limit bill shall require the affirmative vote of 2/3 of the members of each house of the legislature for passage. When such limitation is exceeded for a fiscal year and such bill fails to receive the affirmative vote of 2/3 of the members of each house of the legislature, the legislature shall prepare a new omnibus reconciliation spending limit bill which reduces the amount of authorized expenditures and demand transfers from the state general fund so as to make the total amount of authorized expenditures and demand transfers from the state general fund equal to or less than the limitation for that fiscal year.

Insert attached paragraphs (3), (4) + (5)
(3) Same as (1) except:
during 1993 regular session
for FY 1994 3%
(4) Same as (1) except:
during 1994 regular session
for FY 1995 4%
; and
(5) Same as (1) except:
during 1995 regular session
for FY 1996 5%.

Sec. 4. (a) The state cash operating reserve fund is hereby established in the state treasury. The state cash operating reserve fund shall be administered by the director of the budget in accordance with the provisions of this section.

1991

(b) On July 1, ~~1990~~, the director of accounts and reports shall transfer from the state general fund to the state cash operating reserve fund the amount equal to 5% of the amount of expenditures and demand transfers from the state general fund authorized by act of the legislature for fiscal year ~~1991~~ or prescribed by statute for such fiscal year, as certified by the director of the budget. Commencing with the ~~1991~~ regular session of the legislature, the leg-

1992

1993

and during each regular session of the legislature

60
p

1 legislature shall include in the omnibus reconciliation spending limit
2 bill ~~each year~~ provisions to transfer moneys from the state general
3 fund to the state cash operating reserve fund on the first day of the
4 ensuing fiscal year in an amount equal to not less than 5% of the
5 total authorized expenditures and demand transfers from the state
6 general fund for such fiscal year, but excluding the amount trans-
7 ferred to the state cash operating reserve fund under this section.

for such session,

1992

8 (c) Commencing with fiscal year ~~1992~~, whenever any bill provides
9 in the current fiscal year for supplemental appropriations or addi-
10 tional demand transfers from the state general fund which have not
11 previously been accounted for in transfers to the state cash operating
12 reserve fund in accordance with subsection (b), the bill containing
13 any such supplemental appropriation or authorizing any such addi-
14 tional demand transfer from the state general fund also shall contain
15 provisions for a transfer from the state general fund to the state cash
16 operating reserve fund in an amount equal to 5% of the total amount
17 of all such supplemental appropriations and additional demand trans-
18 fers. In any case where current year appropriations or demand trans-
19 fers from the state general fund are reduced by act of the legislature,
20 the legislature may decrease balances in the state cash operating
21 reserve fund by transferring from the state cash operating reserve
22 fund to the state general fund an amount equal to not more than
23 5% of the total amount of such reductions.

during the current fiscal year

for such fiscal year

fiscal

fiscal year 1992 or

thereafter

24 (d) During ~~any fiscal year~~ the director of the budget shall request
25 the director of accounts and reports to transfer amounts from the
26 state cash operating reserve fund to the state general fund whenever
27 the director of the budget determines that the amount of money
28 credited to and available in the state general fund is insufficient to
29 satisfy the cash operating requirements of projected expenditures
30 and demand transfers authorized or prescribed by law for such fiscal
31 year. Upon receipt of any such request, the director of accounts and
32 reports shall transfer the amount or amounts specified in such request
33 from the state cash operating reserve fund to the state general fund
34 on the date or dates specified in such request.

35 (e) On June 30 of each fiscal year, the director of accounts and
36 reports shall transfer all moneys in the state cash operating reserve
37 fund to the state general fund.

38 (f) All moneys credited to the state cash operating reserve fund
39 shall be used to assist in meeting the cash flow demands of the state
40 general fund in accordance with this section.

41 (g) The provisions of this section shall not be subject to the
42 provisions of appropriations acts.

6
6

43 Sec. 5. (a) The state capital improvements reserve fund is hereby]

1 established in the state treasury. Commencing in fiscal year 1991,
 2 whenever the amount of the ending balance in the state general
 3 fund on June 30 of any fiscal year is greater than the amount equal
 4 to 7% of the total amount of authorized expenditures and demand
 5 transfers from the state general fund for such fiscal year, but ex-
 6 cluding any amount transferred to the state cash operating reserve
 7 fund under section 4, the director of accounts and reports, in the
 8 first 60 days of the ensuing fiscal year, shall transfer from the state
 9 general fund to the state capital improvements reserve fund the
 10 amount by which the amount of the ending balance in the state
 11 general fund exceeds the amount equal to 7% of the total amount
 12 of authorized expenditures and demand transfers from the state gen-
 13 eral fund for such fiscal year, but excluding any amount transferred
 14 to the state cash operating reserve fund under section 4.

15 (b) Moneys in the state capital improvements fund may be ap-
 16 propriated for capital improvements and are not subject to the lim-
 17 itation established pursuant to this act.

18 Sec. 8. This act shall take effect and be in force from and after
 19 its publication in the statute book.

Insert Attached sections 5 and 6.

Sec. 5. KSA 75-3721 is hereby amended.

Sec. 6. KSA 75-3721 is hereby repealed.

7

p-8

Sec. 5. K.S.A. 75-3721 is hereby amended to read as follows:
75-3721. (a) On or before the eighth calendar day of each regular legislative session, the governor shall submit the budget report to the legislature, except that in the case of the regular legislative session immediately following the election of a governor who was elected to the office of governor for the first time, that governor shall submit the budget report to the legislature on or before the 21st calendar day of that regular legislative session.

(b) The budget report of the governor shall be set up in three parts, the nature and contents of which shall include the following:

(1) Part one shall consist of a budget message by such governor, including the governor's recommendations with reference to the fiscal policy of the state government for the ensuing budget period, describing the important features of the budget plan, embracing a general budget summary setting forth the aggregate figures of the budget so as to show the balanced relation between the total proposed expenditures and the total anticipated income, with the basis and factors upon which the estimates were made, and the means of financing the budget for the ensuing budget period, compared with the corresponding figures for at least the last completed fiscal year and the current year, and the director of the budget shall prepare the figures for the governor for such comparisons. The budget plan shall not include (A) any proposed expenditures of anticipated income attributable to proposed legislation that would provide additional revenues from either current or new sources of revenue, (B) any proposed expenditures of moneys in the ending balance in the state general fund required by section 2, or (C) any proposed expenditures of the moneys required to be transferred to the state cash operating reserve fund under section 4. The general budget summary may be supported by explanatory schedules or statements, classifying the expenditures

contained therein by state agencies, objects, and funds, and the income by state agencies, funds, sources and types. The general budget summary shall include all special or fee funds as well as the state general fund, and shall include the estimated amounts of federal aids, for whatever purpose provided, together with estimated expenditures therefrom.

(2) Part two shall embrace the detailed budget estimates, both of expenditures and revenues, showing the requests of the state agencies, if any, and the incoming governor's recommendations thereon. It shall also include statements of the bonded indebtedness of the state, showing the actual amount of the debt service for at least the last completed fiscal year, and the estimated amount for the current fiscal year and for the next budget period, the debt authorized and unissued, and the condition of the sinking funds.

(3) Part three shall consist of a draft of a legislative measure or measures reflecting the incoming governor's budget.

(c) The division of the budget, upon request, shall furnish the governor or the legislature with any further information required concerning the budget.

(d) Nothing in this section shall be construed to restrict or limit the privilege of the governor to present supplemental budget messages or amendments to previous budget messages, which may include proposals for expenditure of new or increased sources of revenue derived from proposed legislation.

Sec. 6. K.S.A. 75-3721 is hereby repealed.

HOUSE BILL No. 2900

By Representative D. Miller

2-7

AN ACT concerning state finances; relating to the unencumbered balance in the state general fund at the end of the fiscal year; authorizing the governor to reduce expenditures and demand transfers under certain circumstances; prescribing certain powers, duties and functions; amending K.S.A. 79-2959, 79-2964, 79-3425e, 79-34,147 and 82a-953 and K.S.A. 1989 Supp. 44-566a and 72-7067 and repealing the existing sections.

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

New Section 1. (a) The director of the budget shall continuously monitor the status of the state general fund with regard to estimated and actual revenues and approved and actual expenditures and demand transfers. Periodically, the director of the budget shall estimate the amount of the unencumbered ending balance of moneys in the state general fund for the current fiscal year and the total amount of anticipated expenditures, demand transfers and encumbrances of moneys in the state general fund for the current fiscal year. If the amount of such unencumbered ending balance is less than 5% of such total amount of authorized and anticipated expenditures, demand transfers and encumbrances, the director of the budget shall certify to the governor the percentage difference between 5% and the amount of such unencumbered ending balance stated as a percentage of such total amount of expenditures, demand transfers and encumbrances.

(b) Upon receipt of any such certification and subject to approval of the state finance council acting on this matter which is hereby declared to be a matter of legislative delegation and subject to the guidelines prescribed by subsection (c) of K.S.A. 75-3711c and amendments thereto, the governor may issue an executive order reducing (1) the amount authorized to be expended from each appropriation from the state general fund for the current fiscal year ~~by the percentage so certified~~ and (2) the amount of each demand transfer from the state general fund for the current fiscal year.

(c) The percentage reduction imposed by an executive order issued under this section shall be determined by the governor and

PROPOSED AMENDMENTS
FOR CONSIDERATION HOUSE APPROPRIATIONS

3-28-90

after adjusting the estimates of the amounts of such demand transfers with regard to new estimates of revenues to the state general fund, where appropriate

by a percentage reduction, determined by the governor in accordance with this section

Att a chmnd 4
3-28-90

1 may be equal to or less than the percentage certified under sub-
2 section (a). Such percentage reduction shall be the same for each
3 item of appropriation and each demand transfer and shall be imposed
4 equally on all such items of appropriation and demand transfers
5 without exception. The provisions of such executive order shall be
6 effective for all state agencies of the executive, legislative and judicial
7 branches of state government.

8 (d) If the governor issues an executive order under this section,
9 the director of accounts and reports shall not issue any warrant for
10 the payment of moneys in the state general fund or make any demand
11 transfer of moneys in the state general fund for any state agency
12 unless such warrant or demand transfer is in accordance with such
13 executive order and such warrant or demand transfer does not exceed
14 the amount of money permitted to be expended or transferred from
15 the state general fund.

16 (e) Nothing in this section shall be construed to (1) require the
17 governor to issue an executive order under this section upon receipt
18 of any such certification by the director of the budget; or (2) restrict
19 the number of times that the director of the budget may make a
20 certification under this section or that the governor may issue an
21 executive order under this section.

22 Sec. 2. K.S.A. 1989 Supp. 44-566a is hereby amended to read
23 as follows: 44-566a. (a) There is hereby created in the state treasury
24 the workers compensation fund. ~~The workmens compensation~~
25 ~~fund created by this section is hereby abolished, and on July~~
26 ~~1, 1982, the director of accounts and reports shall transfer all~~
27 ~~moneys in the workmens compensation fund to the workers~~
28 ~~compensation fund. All amounts which are required to be paid~~
29 ~~out of the workmens compensation fund for liability arising~~
30 ~~from injuries occurring prior to July 1, 1982, whether reduced~~
31 ~~to award or not, shall be paid out of the workers compensation~~
32 ~~fund. The commissioner of insurance shall be responsible for ad-~~
33 ~~ministering the workers compensation fund, and all payments from~~
34 ~~the workers compensation fund shall be upon warrants of the director~~
35 ~~of accounts and reports issued pursuant to vouchers approved by~~
36 ~~the commissioner of insurance or a person or persons designated by~~
37 ~~the commissioner. The commissioner of insurance annually shall re-~~
38 ~~port to the governor and the legislature the receipts and disburse-~~
39 ~~ments from the workers compensation fund during the preceding~~
40 ~~fiscal year.~~

41 (b) (1) Each September the commissioner of insurance shall cer-
42 tify, with the commissioner's annual budget request, the amount of
43 state general fund entitlement of the workers compensation fund for.

1 the ensuing fiscal year. Such entitlement shall be equal to the sum
2 of the amounts paid from the workers compensation fund during the
3 preceding fiscal year in payment of awards made to handicapped
4 employees in accordance with the provisions of K.S.A. 44-569 and
5 amendments thereto, including attorney fees, less the sum of the
6 amounts deposited during the preceding fiscal year to the credit of
7 the workers compensation fund in accordance with the provisions of
8 K.S.A. 44-570 and amendments thereto, except that (A) no state
9 general fund entitlement for a fiscal year shall be more than
10 \$4,000,000, and (B) *each such state general fund entitlement is sub-*
11 *ject to reduction under section 1.* For the purpose of providing funds
12 to meet and pay awards made to handicapped employees, within
13 appropriations therefor, there shall be transferred not later than July
14 1 each year, or more frequently by appropriation acts of the legis-
15 lature, from the state general fund to the workers compensation
16 fund, the amount certified by the commissioner of insurance to be
17 the entitlement of the workers compensation fund from the state
18 general fund, or a part thereof followed by supplemental certifications
19 to complete the entitlement for each such fiscal year, subject to the
20 limitation of a total amount of \$4,000,000 for any such fiscal year
21 *and to reduction under section 1.* Such transfer shall be considered
22 to be a demand transfer from the state general fund.

23 (2) On July 1 each year, the commissioner of insurance shall
24 impose an assessment against all insurance carriers, self-insurers and
25 group-funded workers compensation pools insuring the payment of
26 compensation under the workmens compensation act, the proceeds
27 of which shall be credited to the workers compensation fund. The
28 total amount of each such assessment shall be equal to an amount
29 sufficient, in the opinion of the commissioner of insurance, to pay
30 all amounts, including attorney fees and costs, which may be required
31 to be paid from such fund during the current fiscal year, less amounts
32 required to be transferred from the state general fund to the workers
33 compensation fund. The total amount of each such assessment shall
34 be apportioned among those upon whom it is imposed, such that
35 each is assessed an amount that bears the same relation to such total
36 assessment as the amount of money paid or payable in workers
37 compensation claims by such insurance carrier, self-insurer or group-
38 funded workers compensation pool in the immediately preceding
39 calendar year bears to all such claims paid or payable during such
40 calendar year. Not later than September 1 each year, the commis-
41 sioner of insurance shall notify all such insurance carriers, self-in-
42 surers and group-funded workers compensation pools of the amount
43 of each assessment imposed under this subsection on such carrier,

1 self-insurer or group-funded workers compensation pool, and the
2 same shall be due and payable on the October 1 following.

3 (3) The commissioner of insurance shall remit all moneys received
4 by or for such commissioner under this subsection to the state treas-
5 urer. Upon receipt of any such remittance the state treasurer shall
6 deposit the entire amount thereof in the state treasury to the credit
7 of the workers compensation fund.

8 (c) (1) Whenever the workers compensation fund may be made
9 liable for the payment of any amounts in proceedings under the
10 ~~workmens~~ workers compensation act, the commissioner of insur-
11 ance, in the capacity of administrator of such fund, shall be impleaded
12 in such proceedings and shall represent and defend the workers
13 compensation fund. The commissioner of insurance shall be deemed
14 impleaded in any such proceedings whenever written notice of the
15 proceedings setting forth the nature of the liability asserted against
16 the workers compensation fund, is given to the commissioner of
17 insurance. The commissioner of insurance may be made a party in
18 this manner by any party to the proceedings. A copy of the written
19 notice shall be given to the director and to all other parties to the
20 proceedings.

21 (2) The director or administrative law judge shall dismiss the
22 workers compensation fund from any proceeding where the director
23 has determined that there is insufficient evidence to indicate in-
24 volvement by the workers compensation fund.

25 (d) The commissioner of insurance, in the capacity of adminis-
26 trator of the workers compensation fund, may make settlements of
27 any amounts which may be payable from the workers compensation
28 fund with regard to any claim under the ~~workmens~~ workers com-
29 pensation act, subject to the approval of the director.

30 (e) The workers compensation fund shall be liable for:

31 (1) Payment of awards to handicapped employees in accordance
32 with the provisions of K.S.A. 44-569 and amendments thereto;

33 (2) payment of workers compensation benefits to an employee
34 who is unable to receive such benefits from such employce's em-
35 ployer under the conditions prescribed by K.S.A. 44-532a and
36 amendments thereto;

37 (3) reimbursement of an employer or insurance carrier pursuant
38 to the provisions of K.S.A. 44-534a and amendments thereto, sub-
39 section (d) of K.S.A. 44-556 and amendments thereto, subsection (c)
40 of K.S.A. 44-569 and amendments thereto and K.S.A. 44-569a and
41 amendments thereto;

42 (4) payment of the actual expenses of the commissioner of in-
43 surance which are incurred for administering the workers compen-

1 sation fund, subject to the provisions of appropriations acts; and

2 (5) any other payments or disbursements provided by law.

3 (f) If it is determined that the workers compensation fund is not
4 liable as described in subsection (e), attorney fees incurred by the
5 workers compensation fund may be assessed against the party who
6 has impleaded the workers compensation fund other than implead-
7 ings pursuant to K.S.A. 44-532a and amendments thereto.

8 (g) The legislature shall provide for the implementation of the
9 workers compensation fund as provided in this section and shall be
10 responsible for ensuring the fund's adequacy to meet and pay claims
11 awarded against it.

12 Sec. 3. K.S.A. 1989 Supp. 72-7067 is hereby amended to read
13 as follows: 72-7067. (a) (1) For taxable year 1989, each district is
14 entitled to an amount equal to 23% of the resident individual income
15 tax liability within the district after credits allowed against such tax,
16 with the exception of credits for taxes paid to another state and
17 credits allowed under K.S.A. 79-32,100 and 79-32,104, and amend-
18 ments thereto.

19 (2) For taxable year 1990, and each taxable year thereafter, each
20 district is entitled to an amount equal to 24% of the resident in-
21 dividual income tax liability within the district after credits allowed
22 against such tax, with the exception of credits for taxes paid to
23 another state and credits allowed under K.S.A. 79-32,100 and 79-
24 32,104, and amendments thereto.

25 (3) *The amount each district is entitled to receive under this*
26 *section is subject to reduction in proportion to any reduction in the*
27 *amount of the demand transfer from the state general fund under*
28 *section 1/2*

29 (b) The secretary of revenue shall certify to the director of ac-
30 counts and reports the entitlements of districts, and, subject to a
31 reduction under section 1/2, an amount equal thereto shall be trans-
32 ferred in accordance with the provisions of this subsection by the
33 director from the state general fund to the school district income
34 tax fund, which is hereby created, for distribution thereof to districts.
35 Such certification shall be based on returns filed, with any adjust-
36 ments or corrections made by the director of taxation. Subject to
37 the provisions of section 1/2 the director of accounts and reports shall
38 transfer moneys attributable to entitlements of districts, as prescribed
39 and certified under the provisions of this section, from the state
40 general fund to the school district income tax fund as follows:

41 (1) Prior to September 1 of the current school year, an amount
42 equal to 20% of the amount of such moneys which have been credited
43 to the state general fund since May 1 of the preceding school year;

and
this
section

, after making adjustments for any
new estimates of revenues to the
state general fund which shall be
certified to the state board of
education by the director of the
budget

4-5

1 (2) prior to October 1 of the current school year, an amount of
2 such moneys equal to the amount transferred from the state general
3 fund for distribution to districts on September 1;

4 (3) prior to November 1 of the current school year, an amount
5 of such moneys equal to the amount transferred from the state
6 general fund for distribution to districts on October 1;

7 (4) prior to December 1 of the current school year, an amount
8 of such moneys equal to twice the amount transferred from the state
9 general fund for distribution to districts on November 1;

10 (5) prior to February 1 of the current school year, any such
11 moneys remaining in the state general fund;

12 (6) prior to May 1 of the current school year, an amount equal
13 to 50% of the amount of such moneys which have been credited to
14 the state general fund since February 1 of the current school year;
15 and

16 (7) prior to June 15 of the current school year, the remainder
17 of the amount of such moneys which have been credited to the state
18 general fund since February 1 of the current school year.

19 (c) All transfers made in accordance with the provisions of this
20 section shall be considered to be demand transfers from the state
21 general fund.

22 Sec. 4. K.S.A. 79-2959 is hereby amended to read as follows:
23 79-2959. (a) There is hereby created the local ad valorem tax re-
24 duction fund. All moneys transferred or credited to such fund under
25 the provisions of this act or any other law shall be apportioned and
26 distributed in the manner provided herein.

27 (b) On January 15 and on July 15 of each year, the director of
28 accounts and reports shall make transfers in equal amounts which
29 in the aggregate equal 4.5% of the total retail sales and compensating
30 taxes credited to the state general fund pursuant to articles 36 and
31 37 of chapter 79 of Kansas Statutes Annotated and acts amendatory
32 thereof and supplemental thereto during the preceding calendar year
33 from the state general fund to the local ad valorem tax reduction
34 fund, except that: (1) The transfers on January 15, 1988, and
35 July 15, 1988, shall be in equal amounts which in the aggregate
36 equal 4.320% of such taxes credited to the state general fund
37 during calendar year 1987; and (2) the transfers on January 15,
38 1989, and July 15, 1989, shall be in equal amounts which in
39 the aggregate equal 4.320% of such taxes credited to the state
40 general fund during calendar year 1988 such transfers are subject
41 to reduction under section 1. All transfers made in accordance with
42 the provisions of this section shall be considered to be demand
43 transfers from the state general fund.

1 (c) The state treasurer shall apportion and pay the amounts trans-
2 ferred under subsection (b) to the several county treasurers on Jan-
3 uary 15 and on July 15 in each year as follows: (1) Sixty-five percent
4 of the amount to be distributed shall be apportioned on the basis
5 of the population figures of the counties certified to the secretary
6 of state pursuant to K.S.A. 11-201 and amendments thereto on July
7 1 of the preceding year; and (2) thirty-five percent of such amount
8 shall be apportioned on the basis of the equalized assessed tangible
9 valuations on the tax rolls of the counties on November 1 of the
10 preceding year as certified by the director of property valuation.

11 Sec. 5. K.S.A. 79-2964 is hereby amended to read as follows:
12 79-2964. There is hereby created the county and city revenue sharing
13 fund. All moneys transferred or credited to such fund under the
14 provisions of this act or any other law shall be allocated and dis-
15 tributed in the manner provided herein. The director of accounts
16 and reports in each year on July 15 and December 10, shall make
17 transfers in equal amounts which in the aggregate equal 3.5% of the
18 total retail sales and compensating taxes credited to the state general
19 fund pursuant to articles 36 and 37 of chapter 79 of the Kansas
20 Statutes Annotated and acts amendatory thereof and supplemental
21 thereto during the preceding calendar year from the state general
22 fund to the county and city revenue sharing fund, except that: (a)
23 The transfers on July 15, 1988, and December 10, 1988, shall
24 be in equal amounts which in the aggregate equal 3.367% of
25 such taxes credited to the state general fund during calendar
26 year 1987; and (b) the transfers on July 15, 1989, and December
27 10, 1989, shall be in equal amounts which in the aggregate
28 equal 3.367% of such taxes credited to the state general fund
29 during calendar year 1988 such transfers are subject to reduction
30 under section 1. All transfers made in accordance with the provisions
31 of this section shall be considered to be demand transfers from the
32 state general fund.

33 Sec. 6. K.S.A. 79-3425e is hereby amended to read as follows:
34 79-3425e. On January 15 and July 15 of each year, the director of
35 accounts and reports shall transfer a sum equal to the total taxes
36 collected under the provisions of K.S.A. 79-6a04 and 79-6a10 and
37 amendments thereto and credited to the state general fund during
38 the six months next preceding the date of transfer, from the state
39 general fund to the special city and county highway fund, created
40 by K.S.A. 79-3425 and amendments thereto, *except that such trans-*
41 *fers are subject to reduction under section 1.* All transfers under
42 this section shall be considered to be demand transfers from the
43 state general fund.

1 Sec. 7. K.S.A. 79-34,147 is hereby amended to read as follows:
2 79-34,147. (a) On ~~October 1, 1989, and on~~ each January 1, April
3 1, July 1 and October 1 ~~thereafter~~, the secretary of revenue shall
4 certify to the director of accounts and reports the amount equal to
5 10% of the total revenues received by the secretary from the taxes
6 imposed under the Kansas retailers' sales tax act and deposited in
7 the state treasury and credited to the state general fund during the
8 preceding three calendar months.

9 (b) Upon receipt of each certification under subsection (a), the
10 director of accounts and reports shall transfer from the state general
11 fund to the state highway fund an amount equal to the amount so
12 certified, ~~on October 1, 1989, and on January 1, 1990, April 1,~~
13 ~~1990, and July 1, 1990, and on each October 1, January 1, April~~
14 ~~1 and, July 1 thereafter and October 1, except such transfers are~~
15 ~~subject to reduction under section 1.~~

16 (c) All transfers made in accordance with the provisions of this
17 section shall be considered to be demand transfers from the state
18 general fund.

19 Sec. 8. K.S.A. 82a-953 is hereby amended to read as follows:
20 82a-953. In each fiscal year beginning on or after July 1, 1990, the
21 director of accounts and reports shall transfer \$6,000,000 from the
22 state general fund to the state water plan fund created by K.S.A.
23 82a-951, $\frac{1}{2}$ of such amount to be transferred on July 15 and $\frac{1}{2}$ to
24 be transferred on January 15, *except that such transfers are subject*
25 *to reduction under section 1.* All transfers under this section shall
26 be considered to be demand transfers from the state general fund.

27 Sec. 9. K.S.A. 79-2959, 79-2964, 79-3425e, 79-34,147 and 82a-
28 953 and K.S.A. 1989 Supp. 44-566a and 72-7067 are hereby repealed.

29 Sec. 10. This act shall take effect and be in force from and after
30 its publication in the statute book.

8-7