

Approved February 1, 1990  
Date

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS

The meeting was called to order by SENATOR AUGUST "GUS" BOGINA a.  
Chairperson

~~11:15~~ a.m. on JANUARY 24, 1990 in room 123-S of the Capitol.

All members were present except:

Committee staff present:

Research Department: Diane Duffy, Leah Robinson  
Revisor: Norm Furse, Gordon Self  
Committee Staff: Judy Bromich, Administrative Assistant  
Ronda Miller, Committee Secretary  
Conferees appearing before the committee:

Steve Stotts, Acting Director of Taxation, Department of Revenue  
Larry Woodson, Director, Division of Inspection, Board of Agriculture

Chairman Bogina announced a request from the Board of Regents to introduce bill draft 9 RS 1727 - an act authorizing state agency payroll deduction plans; prescribing conditions and procedures therefor. Senator Hayden offered a motion that bill draft 9 RS 1727 be introduced. Senator Rock seconded, and the motion passed.

The Chairman announced that the 11:00 A.M. meeting time for Senate Ways and Means would be reserved for subcommittee meetings the week of February 5-9.

SB 358 -- An act relating to the attorney general; providing for appointment of an assistant attorney general for the state fire marshal and for the Kansas highway patrol; providing for fixing the salary and for the payment thereof; amending K.S.A. 31-149 and repealing the existing section.

Norm Furse, Revisor of Statutes, reviewed SB 358. It was noted that the bill was requested by the subcommittee during the 1989 session that heard the Attorney General's appropriation request. Chairman Bogina explained that there are other assistant Attorneys General assigned to various state agencies; however, these positions are budgeted for within the agency's budget. In answer to a question, the Chairman noted that there would be no fiscal impact for the assistant attorney assigned to the State Fire Marshal's office, and the fiscal impact for the State Highway Patrol would be .5 FTE. The Chairman recommended that SB 358 be held and reviewed by the subcommittees.

HB 2565 - AN ACT concerning the oil inspection law; relating to fees for inspection expenses; amending K.S.A. 55-426, as amended by section 5 of 1989 Senate Bill No. 272, and repealing the existing section.

Norman Furse, Revisor of Statutes, gave a brief explanation of HB 2565. Chairman Bogina noted that the increase in the per barrel fee would be used to pay administrative costs of the program.

Steven Stotts, Acting Director of Taxation, Kansas Department of Revenue, reviewed Attachment 1. In answer to a question, he noted that the Department of Revenue collects the fee and transfers the money to the General Fund, and from there it is appropriated as part of the budget of the Department of Agriculture.

Larry Woodson, Director, Division of Inspections, Kansas State Board of Agriculture, reviewed Attachment 2.

Following discussion, Senator Gaines moved and Senator Johnston seconded to

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 SENATE COMMITTEE ON WAYS AND MEANS,  
123-S 11:15 XX JANUARY 24 90  
room \_\_\_\_\_, Statehouse, at \_\_\_\_\_ a.m./p.m. on \_\_\_\_\_, 19\_\_.

amend HB 2565 by updating section to 1989 Supp. version. The motion carried.

The meeting was adjourned at 11:40 A.M.

GUEST LIST

COMMITTEE: SENATE WAYS AND MEANS

DATE: 1-24-90

NAME (PLEASE PRINT) ADDRESS COMPANY/ORGANIZATION

<i>Douglas E Johnston</i>	<i>Lavence</i>	<i>nter</i>
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KANSAS DEPARTMENT OF REVENUE

*Office of the Secretary*

Robert B. Docking State Office Building

Topeka, Kansas 66612-1588

To: The Honorable August Bogina Jr., Chairman  
Senate Committee on Ways and Means

From: Steven A. Stotts  
Acting Director of Taxation

Date: January 24, 1990

Subject: House Bill 2565

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Thank you for the opportunity to appear before you today on House Bill 2565 which increases the oil inspection fee from its current \$.005 per barrel to \$.01 per barrel.

**Fiscal Impact.** Doubling the oil inspection fee from \$.005 to \$.01 per barrel will increase State General Fund revenue from the fee by about \$132,000 in fiscal year 1991, total collections would be about \$264,000. In fiscal year 1989, \$131,550 was collected from the oil inspection fee. The amount collected in fiscal year 1988, was \$142,291.

**Administrative Impact.** The department would need to revise the oil inspection reports to reflect the increased fee and mail a notice to all distributors required to pay the fee. The costs would be minimal and could be easily absorbed.

Senate bill 272 of the 1989 session transferred 11 positions in the Petroleum Measurement Section and their operating costs from the Department of Revenue to the Board of Agriculture. The Department of Revenue remains responsible for collecting the oil inspections fee.

I would be glad to answer any questions.

SWAM

January 24, 1990

Attachment 1

General Information (913) 296-3909

Office of the Secretary (913) 296-3041 • Legal Services Bureau (913) 296-2381

Audit Services Bureau (913) 296-7719 • Bureau of Research & Revenue Analysis (913) 296-3081

Administrative Services Bureau (913) 296-2331 • Personnel Services Bureau (913) 296-3077

SENATE WAYS AND MEANS COMMITTEE

January 24, 1990

Mr. Chairman, Members of the Senate Ways and Means Committee, my name is Larry D. Woodson, Director, Division of Inspections, Kansas State Board of Agriculture and I appear today to testify on House Bill 2565.

The legislature, during the 1989 session, transferred to the Kansas State Board of Agriculture, the responsibility for enforcing laws relative to accurate calibration of wholesale meters at pipelines and refineries; correct calibration of retail metering devices (gas pumps); along with minimal quality control testing of refined fuels. All of this work previously was performed by the Department of Revenue, Motor Fuel Tax Section.

The works performed under this program are almost entirely functions of the Weights and Measures laws. The Kansas State Board of Agriculture enforces most other Weights and Measures laws in Kansas; ergo the transfer.

Kansas State Board of Agriculture is involved in Privatization in it's enforcement of Weights and Measures laws. Wherever it is practicable, we utilize private testing companies (with extensive oversight by the Kansas State Board of Agriculture) to perform those tests which in the past were thought to be a function of government.

Utilization of Privatization permitted Kansas State Board of Agriculture to downsize the program from Revenue's 11 full-time employees to Kansas State Board of Agriculture's utilization of 6 full-time employees with a first year's savings of \$135,000.

A fee of 1/2 cent per barrel of refined fuel is assessed by the director of taxation from the manufacturer, importer, or distributor first selling, offering for sale, using or delivering gasoline, other motor-vehicle fuels, or kerosene within the state.

SWAM  
January 24, 1990  
Attachment 2

These fees are to pay the actual expenses of inspection processes as enumerated in the 1989 Senate Bill 272 which transferred this program to the Kansas State Board of Agriculture.

This program was designed to be a fee funded inspection program. The monies generated at the present 1/2 cent per barrel fee, were only \$131,551 in 1989 while cost of operations under Revenue was \$358,401. 1990 cost of operations under ACAP is \$256,053. Revenues are expected to be less than \$131,551 (based upon a continuing downtrend in revenues in this fund). Monies generated by this fee will in fact be approximately half of the amount necessary to fund this program. If this is to be a fee funded program, fees by necessity must be increased to offset the continuing shortfall.

I would also point out that the fees collected are separate fees from the revenues collected from retail sales of refined fuels which are used in part to fund highway programs and this proposed change would in no way impact state highway funds.

We will stand for any questions.