

Approved: 4-9-91  
Date

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS.

The meeting was called to order by Chairperson George Teagarden at 8:10 a.m. on March 8, 1991 in room 514-S of the Capitol.

All members were present except: All present.

Committee staff present:

Ellen Piekalkiewicz, Legislative Research Department  
Debra Duncan, Legislative Research Department  
Jim Wilson, Revisor of Statutes  
Susan Miller, Administrative Aide  
Sue Krische, Committee Secretary

Conferees appearing before the committee:

Susan Seltsam, Governor's Chief of Staff  
Joseph Harkins, Director, Kansas Water Office  
Bill Fuller, Kansas Farm Bureau  
Charles Simmons, Chief Counsel, Department of Corrections  
Charles Warren, President, Kansas Inc.  
John McDonough, Lenexa, Kansas  
Marion Cott, Executive Director, Kansas Committee for the Humanities

Others attending: see attached list.

HB 2445 - State water plan fund, FY92 general fund transfer reduced.

Jim Wilson, Revisor of Statutes Office, explained that HB 2445 provides for reducing the FY92 SGF transfer to the State Water Plan Fund from \$6 million to \$3 million. Future year transfers would not be affected by the bill.

Susan Seltsam, Governor's Chief of Staff, appeared in support of HB 2445 stating due to a lower than expected spending level from the Water Plan Fund, this reduction will have no adverse effects on water plan related programs (Attachment 1). Representative Solbach expressed concern that this transfer will reduce funds for soil conservation structures that farmers must have in place by 1995.

Joseph Harkins, Director, Kansas Water Office, testified in support of HB 2445 (Attachment 2). He emphasized the state has in place a sustained management effort and funding for water needs and the reduction in transfer in this bill will not diminish our water management effort.

Bill Fuller, Kansas Farm Bureau, testified as a concerned opponent of HB 2445 stating adequate funding for the State Water Plan is extremely important to all Kansans (Attachment 3). The Farm Bureau recommends that the \$6 million transfer from the SGF be increased to \$8 million in FY92 in fairness to those being assessed \$8 million in fees to fund the other half of the State Water Plan funding.

HB 2455 - State gaming revenues, disposition of, creating general facilities building fund.

Jim Wilson, Revisor of Statutes Office, explained HB 2455 provides for 60 percent of gaming revenues to be credited to the SGF, 20 percent to the Correctional Institutions Building Fund (CIBF) and 20 percent to the General Facilities Building Fund and provides for abolishment of the EDIF effective 7-1-92.

Susan Seltsam, Governor's Chief of Staff, appeared in support of HB 2455 (Attachment 4). Ms. Seltsam requested the bill be amended in two places, i.e., in line 2, page 2, after the word "owned," insert "or leased," and on the same line at the end of the sentence add the wording "or the acquisition of real estate for the state." These amendments are necessary because the Department of Wildlife and Parks leases some of its property from the federal government and one of the projects recommended for FY92 from the General Facilities Building Fund involves purchase of land. Several members questioned whether capital improvements should have priority over economic development initiatives which they feel is the policy in this bill.

Charles Simmons, Chief Counsel, Department of Corrections (DOC), testified in support of HB 2455 and provided a written statement by Steve Davies, DOC (Attachment 5). Mr. Simmons noted with the passage by the House of HB 2011 the effect on the CIBF of crediting 5 percent of gaming revenues to the Juvenile

## CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS, room 514-S Statehouse, at  
8:10 a.m. on March 8, 1991.

Detention Facilities Fund would be a shortage of \$1.7 million to complete the DOC capital improvement and repair projects as recommended by the Governor for FY92. Representative Heinemann asked Mr. Simmons to advise the DOC's total amount of bond payments on Ellsworth, El Dorado, Wichita Work Release Facility, and Larned. Mr. Simmons projected the impact of HB 2011 to be that fewer capital improvement projects would be done, as bond payments are made with SGF dollars.

Charles Warren, President, Kansas Inc., testified in opposition to HB 2455 (Attachment 6). Mr. Warren emphasized that creation of the Lottery and its approval by the voters in 1986 was directly linked to the dedication of revenues to the goal of expanding the economic base of Kansas. Several members emphasized that the Legislature's decision to use the revenue for economic development was critical in 1985 to getting the lottery on the ballot. It was noted that economic development activities have not received 90 percent of gaming revenues since inception due to the funding of reappraisal. In response to a question, Mr. Warren stated 60 percent would be appropriate funding for economic development initiatives from gaming revenue. Representative Patrick asked Mr. Warren to submit in writing the reasons he believes Kansas Inc. and the Department of Commerce do not duplicate activities.

John McDonough, Lenexa, Kansas, appeared in opposition to the abolishment of the EDIF and provided written testimony (Attachments 7 and 8). Mr. McDonough is concerned about the costs of public education which he feels absorbs funds much needed in other areas. He suggested charging tuition to those that could afford it for elementary and secondary education.

Marion Cott, Executive Director, Kansas Committee for the Humanities (KCH), testified in opposition to abolishing the EDIF stating the appropriations from the EDIF to KCH have had a significant impact on Kansans (Attachment 9). The quality of life is a key factor in business decisions to locate and/or remain in a community and the EDIF funds to KCH directly addressed Kansas' quality of life.

### INTRODUCTION OF BILLS

Representative Vancrum requested introduction of a bill which would set minimum class size at community colleges and regents institutions at 25 students. Representative Vancrum moved introduction of the bill. Representative Wisdom seconded. Motion carried.

The meeting was recessed at 9:30 a.m. Chairman Teagarden announced the meeting would reconvene today on adjournment of the House.

Chairman Teagarden reconvened the meeting at 12:55 p.m. for final action on the House Capital Improvements bill. Representative Helgeson reported on his review of the five-year capital improvements plans of SRS and the Regents. He stated he will be writing a letter to the Department of Administration requesting a report they promised a number of years ago on the current and future needs of state facilities. Representative Chronister moved that HB 2114, as amended, be recommended favorably for passage. Representative Kline seconded. Motion carried.

Representative Blumenthal moved that HB 2404, as amended, be recommended favorably for passage. Representative Chronister seconded. Motion carried.

### INTRODUCTION OF BILLS

Chairman Teagarden requested introduction of three bills proposed by the SRS Task Force as follows: (1) concerning medical assistance, prohibiting expenditures for newly created or converted long-term care beds; (2) relating to adult care homes providing for screening of admissions thereto by the secretary of SRS; and (3) establishing the Kansas health benefits program. Representative Helgeson moved introduction of the bills. Representative Wisdom seconded. Motion carried.

Representative Hensley requested introduction of three bills: (1) increasing the taxable wage base of employers for computation of unemployment compensation taxes from \$8,000 to \$12,000; (2) increasing the average weekly wage base of employees for computation of unemployment compensation benefits from 60 percent to 75 percent; and (3) eliminate the "waiting week" provision under the Kansas unemployment compensation law. Representative Hensley moved introduction of the three bills. Representative Dean seconded. Motion carried.

The meeting was adjourned at 1:00 p.m. The next meeting is scheduled for Monday, March 11 at 12:00 noon, or upon first adjournment of the House, in 514-S.

GUEST LIST

COMMITTEE: HOUSE APPROPRIATIONS

DATE: 3-8-91

NAME (PLEASE PRINT)	ADDRESS	COMPANY/ORGANIZATION
Lorah Chalwa	Topeka	Div. of the Budget
Marty Kennedy	"	"
WALT DARLING	TOPEKA	Ks DIVISION OF BUDGET
Dave Cleveland	Topeka	Dept. of Commerce
LOLA WARNER	TOPEKA	St. Conservation Comm
Lynn New	stay	
Clark Ruff	Topeka	Ks Water Office
Scott Andrews	Topeka	Sierra Club
Charles Simmons	Topeka	DOC
Hennis Williams	Topeka	DOC
Mike Bohyhoft	Topeka	Div. of Budget
Charles Warner	Topeka	Kansas Inc.
JOHN McDONOUGH	LENEXA	Citizen
Marion Cott	Topeka	K.C.H.
Vicky Foth	Topeka	KCH
Pat Higgins	Topeka	Gov. Office
Kristy Koscielny	Topeka	Governors Off
Dorothy Igen	Topeka	KS Arts Comm.
George Barber	Topeka	Ks Consulting Engrs.
Jane Wolf	Lawrence	Ks Audubon Council

TESTIMONY ON HOUSE BILL 2445  
SUSAN SELTSAM, GOVERNOR'S CHIEF OF STAFF

MISTER CHAIRMAN AND MEMBERS OF THE COMMITTEE, I AM TESTIFYING IN FAVOR OF HOUSE BILL 2445. THIS BILL IS PART OF THE GOVERNOR'S BUDGET PROPOSALS FOR FY 1992. THE BILL REDUCES ONLY THE FY 1992 STATE GENERAL FUND TRANSFER TO THE STATE WATER PLAN FUND FROM \$6.0 MILLION TO \$3.0 MILLION. FUTURE YEAR TRANSFERS WOULD NOT BE AFFECTED BY THE BILL.

AS THE GOVERNOR REVIEWED BUDGETS FOR FY 1992, IT BECAME APPARENT THAT SEVERAL OF THE NEW PROGRAMS STARTED WITH WATER PLAN FUNDING ARE NOT YET SPENDING THE AT THE RATE THEY WERE BUDGETED IN FY 1991. THIS SPENDING LEVEL, WHICH IS SLOWER THAN EXPECTED, ALLOWED A ONE-YEAR REDUCTION IN THE STATE GENERAL FUND TRANSFER TO THE WATER PLAN FUND WITHOUT ADVERSE EFFECTS ON WATER PLAN RELATED PROGRAMS.

IN THE CURRENT REVENUE SHORTAGE FACING THE STATE, THIS TEMPORARY REDUCTION IS A RESPONSIBLE MEASURE THAT WILL CONSERVE SCARCE STATE GENERAL FUNDS.

I WILL BE HAPPY TO ANSWER ANY QUESTIONS YOU HAVE REGARDING THE BILL.

HA  
3-8-91  
Attachment 1



Testimony before the  
House Committee on Appropriations

by  
Joseph F. Harkins, Director  
Kansas Water Office  
March 8, 1991

Re: House Bill 2445

I am appearing today as a proponent for House Bill 2445. This bill would reduce the demand transfer from the State General Fund to the State Water Plan Fund from \$6 million to \$3 million for FY 1992. After FY 1992, the transfer would continue at \$6 million as authorized by current state law.

The Governor has recommended funding totaling \$14,763,527 from all funds for the State Water Plan for FY 1992. This is roughly equivalent to the amount authorized for funding for FY 1991 (\$14,472,741). When carry-over balances for State Water Plan projects are included in this total, the Governor's recommendation essentially fully funds the State Water Plan for FY 1992. This would allow for the \$3 million reduction in receipts proposed by House Bill 2445 without any adverse impact on implementation of the State Water Plan.

Other proposals to reduce or eliminate the State General Fund transfer, such as House Bill 2479, would have a significant adverse impact on implementation of the State Water Plan. To reduce expenditures below current levels would seriously delay a number of an important projects. More importantly, such a proposal would completely eliminate that half of the State Water Plan funding from existing resources. The compromise legislation that was enacted to achieve dedicated funding of the State Water Plan was to provide 50 percent funding for current resources and 50 percent from new and enhanced fees. By completely eliminating the State General Fund transfer as proposed in House Bill 2479, the spirit and intent of this compromise would be violated as all funding for the State Water Plan for FY 1992 would be shifted to those who pay fees.

The state water planning process was designed to address our long-term water needs in a systematic way. For that reason, dedicated funding of the State Water Plan was enacted to establish a sustained management effort in lieu of crisis management. As a result, I urge you to enact House Bill 2445 which is a reasonable response to our current fiscal condition but does not permanently diminish our water management effort.

HA  
3-8-91  
Attachment 2



# PUBLIC POLICY STATEMENT

## HOUSE APPROPRIATIONS COMMITTEE

Re: H.B. 2445 - Delaying and reducing transfers from the  
State General Fund for the State Water Plan

March 8, 1991  
Topeka, Kansas

Presented by:  
Bill Fuller, Assistant Director  
Public Affairs Division  
Kansas Farm Bureau

Chairman Teagarden and Members of the Committee:

My name is Bill Fuller. I am the Assistant Director of the Public Affairs Division for Kansas Farm Bureau. We certainly appreciate this opportunity to express our concern about H.B. 2445.

Adequate funding for the State Water Plan (SWP) is extremely important to all Kansans. Nothing is more important to our citizens than an abundant supply of high quality water.

Few issues were more difficult for the Legislature to develop a consensus and approve than S.B. 398 in 1989. Even after scores of funding plans were developed and examined for the SWP, all parties had difficulty in accepting the finished product. Perhaps that is an indication of a good compromise.

The Voting Delegates representing the 105 County Farm Bureaus at the 72nd KFB Annual Meeting reaffirmed a resolution that in part states:

HA  
3-8-91  
Attachment 3

... The State Water Plan is for the benefit of all Kansans and should be funded by all Kansans through the State General Fund. New, additional taxes or fees are not needed to fund the State Water Plan ...

The State of Kansas now provides approximately one-half of the revenues for the SWP fund ... the SGF provides \$6 million and EDIF provides \$2 million. The other half of the funding comes from user fees. These are split between agriculture, industry and municipalities.

H.B. 2445 would reduce the SGF transfer for 1991 to \$3 million. We understand this reduction for one year would not significantly damage implementation of the SWP. If new state revenues are not approved this Session, we can understand the need for this temporary delay in funding. However, we insist this delay not become an annual event.

We recommend the \$6 million transfer from the SGF be increased to \$8 million in 1992. This would replace the state contribution from EDIF that has been discontinued. Anything short of this level of state funding is not fair to those being assessed \$8 million in fees to fund the SWP.

Our members ask that the state move toward and eventually fund the entire SWP. We believe this is appropriate since the waters of the state belongs to all the people of the state.

We would be pleased to respond to any questions. Thank you!

TESTIMONY ON HOUSE BILL 2455  
SUSAN SELTSAM, GOVERNOR'S CHIEF OF STAFF

MISTER CHAIRMAN AND MEMBERS OF THE COMMITTEE, I AM TESTIFYING IN FAVOR OF HOUSE BILL 2455. THIS BILL IS PART OF THE GOVERNOR'S BUDGET PROPOSALS FOR FY 1992. THE ESSENTIAL PROVISIONS OF THE BILL ARE AS FOLLOWS:

- 60% OF GAMING REVENUES WOULD BE TRANSFERRED TO THE STATE GENERAL FUND, STARTING IN FY 1992.
- THE BALANCE IN THE ECONOMIC DEVELOPMENT INITIATIVES FUND WOULD BE TRANSFERRED TO THE STATE GENERAL FUND AND THE EDIF FUND WOULD BE ABOLISHED, EFFECTIVE JULY 1, 1992.
- THE PERCENTAGE OF GAMING REVENUES TRANSFERRED TO THE CORRECTIONAL INSTITUTIONS BUILDING FUND WOULD BE INCREASED FROM 10% TO 20%.
- A NEW FUND CALLED THE GENERAL FACILITIES BUILDING FUND WOULD BE ESTABLISHED.
- 20% OF GAMING REVENUES WOULD BE TRANSFERRED TO THE NEW FUND.

THE GOVERNOR RECOMMENDS ABOLISHMENT OF THE EDIF, BECAUSE IT IS A DEDICATED SOURCE OF REVENUE FOR A LIMITED PROGRAM AREA.

PROGRAMS FUNDED FROM THIS SOURCE BYPASS THE BROADER REVIEW OF PROGRAM PRIORITIES IN THE BUDGET PROCESS COMPARED TO THE PROGRAMS THAT RECEIVE FUNDING FROM THE STATE GENERAL FUND. BECAUSE THE STATE'S CURRENT FISCAL PROBLEMS ARE EXPECTED TO CONTINUE, WE CAN NO LONGER ALLOW GAMING REVENUES TO REMAIN COMPLETELY OUTSIDE THE STATE GENERAL FUND.

THE INCREASE RECOMMENDED BY THE GOVERNOR FOR THE CORRECTIONAL INSTITUTIONS BUILDING FUND, FROM 10% OF GAMING REVENUES TO 20%, IS INTENDED TO ENSURE THE STABILITY OF THIS FUND AND MAKE ADEQUATE PROVISION FOR FINANCING CAPITAL IMPROVEMENTS FOR CORRECTIONAL

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3-8-91

Attachment 4



INSTITUTIONS. IN THE PAST, THE SOURCES OF REVENUE TO THE FUND HAVE NOT BEEN RELIABLE. THE CIBF HAS HAD TO SHARE REVENUES WITH THE STATE INSTITUTIONS BUILDING FUND, WHICH TAKES MONEY AWAY FROM OTHER STATE INSTITUTIONS. LOWER THAN EXPECTED LOTTERY RECEIPTS AND THE START-UP OF THE RACING INDUSTRY HAVE COMBINED TO KEEP GAMING REVENUES FROM BEING AS RELIABLE AS HOPED FOR.

THE NEW GENERAL FACILITIES BUILDING FUND WILL PROVIDE A MEANS OF FINANCING MAINTENANCE PROJECTS FOR THE FACILITIES OF AGENCIES CURRENTLY WITHOUT A DEDICATED SOURCE OF REVENUE: THE ADJUTANT GENERAL, DEPARTMENT OF ADMINISTRATION, HISTORICAL SOCIETY, BOARD OF AGRICULTURE, STATE FAIR, AND WILDLIFE AND PARKS.

THE BILL NEEDS TO BE AMENDED IN TWO PLACES. ONE AMENDMENT, IN LINE 2 ON PAGE 2, AFTER THE WORD "OWNED," WOULD BE TO ADD THE WORDS "OR LEASED." THIS AMENDMENT IS NECESSARY BECAUSE THE DEPARTMENT OF WILDLIFE AND PARKS LEASES SOME OF ITS PROPERTY FROM THE FEDERAL GOVERNMENT. THE SECOND AMENDMENT, ON THE SAME LINE AT THE END OF THE SENTENCE, WOULD BE TO ADD THE WORDS "OR THE ACQUISITION OF REAL ESTATE FOR THE STATE." THIS AMENDMENT IS NEEDED BECAUSE ONE OF THE PROJECTS RECOMMENDED FOR FY 1992 IS FOR ACQUISITION OF LAND AND THE BILL, AS DRAFTED, WOULD NOT ALLOW MONEYS IN THE NEW FUND TO BE USED FOR PURCHASES.

THE TABLE ATTACHED SUMMARIZES THE FUNDING SHIFTS RESULTING FROM THE PASSAGE OF THIS LEGISLATION.

I WILL BE HAPPY TO ANSWER ANY QUESTIONS YOU HAVE REGARDING THE BILL.

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### State Gaming Revenues Fund

	<u>FY 1991</u>	<u>FY 1992</u>
<b>Revenues</b>		
Lottery Receipts	\$19,530,000	\$19,980,000
Racing Receipts	<u>7,132,892</u>	<u>7,388,477</u>
Total Receipts	\$26,662,892	\$27,368,477
<b>Disbursements</b>		
Corrections Building Fund (10%)	\$2,666,289	\$0
Economic Dev. Initiatives Fund (90%)	23,996,603	0
Corrections Building Fund (20%)	0	5,473,695
General Building Fund (20%)	0	5,473,695
State General Fund (60%)	<u>0</u>	<u>16,421,086</u>
Total Disbursements	\$26,662,892	\$27,368,477
<b>One-Time Transfer</b>		
EDIF Year-end Balance	<u>0</u>	<u>4,952,892</u>
<b>Total State General Fund</b>		<b>\$21,373,978</b>



DEPARTMENT OF CORRECTIONS

OFFICE OF THE SECRETARY

Landon State Office Building  
900 S.W. Jackson--Suite 400-N  
Topeka, Kansas 66612-1284  
(913) 296-3317

Joan Finney  
Governor

Steven J. Davies, Ph.D.  
Secretary

TO: House Appropriation Committee

FROM: Steven J. Davies, Ph.D.  
Secretary of Corrections

DATE: March 7, 1991

SUBJECT: House Bill No. 2455

House Bill No. 2455 would increase from ten percent to twenty percent the amount of funds from the State Gaming Revenues Fund which are available to be credited to the Correctional Institutions Building Fund (CIBF). The impact of House Bill No. 2455 would be to increase the amount of funds available to finance capital improvement projects at the state correctional facilities in fiscal year 1992.

As shown on the attachment to this memorandum, the Governor's recommendation for Fiscal Year 1992 includes capital improvements and repair and rehabilitation projects valued at \$6,691,425. Of these funds, under current law with ten percent of gaming revenues credited to the CIBF, there would be a shortage of approximately \$360,000 for these projects. With twenty percent of gaming revenues credited to the CIBF, an ending balance of approximately \$2.4 million would remain after completion of the capital improvement and repair and rehabilitation projects.

House Bill No. 2455 must be considered in conjunction with House Bill No. 2011 which has already been approved by this body. House Bill No. 2011 provides that five percent of the gaming revenues will be credited to the Juvenile Detention Facilities Fund. If the overall contribution remains at ten percent, this will leave a shortage of approximately \$1.7 million to complete the capital improvement and repair and rehabilitation projects as recommended by the Governor.

SJD:dj

HA  
3-8-91  
Attachment 5

Correctional Institutions Building Fund - FY 1992

	HB 2011 <u>(Gaming Revenues - 5%)</u>	Current Law <u>(Gaming Revenues - 10%)</u>	Governor's Recommendation <u>(Gaming Revenues - 20%)</u>
Beginning Balance	\$ 2,375,051	\$ 2,375,051	\$ 2,375,051
Property Tax Receipts	1,216,275	1,216,275	1,216,275
Gaming Revenues	<u>1,368,424</u>	<u>2,736,848</u>	<u>5,473,695</u>
Total Available Resources	\$ 4,959,750	\$ 6,328,174	\$ 9,065,021
Estimated Expenditures:			
Steam Generating Plant - LCF*	3,271,900	3,271,900	3,271,900
Wastewater Treatment Improvements - LCF	236,884	236,884	236,884
Kitchen Expansion - HCF	182,641	182,641	182,641
Systemwide Repair and Rehabi- litation Projects - DOC	<u>1,268,325</u>	<u>2,636,749</u>	<u>3,000,000</u>
Subtotal	<u>\$ 4,959,750</u>	<u>\$ 6,328,174</u>	<u>\$ 6,691,425</u>
Ending Balance	\$ --	\$ --	\$ 2,373,596

\*Appropriated by the 1990 Legislature

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Testimony on  
House Bill No. 2455

Economic Development Initiatives Fund (EDIF)

Charles Warren, President, Kansas Inc.  
March 8, 1991

House Appropriations Committee

I am testifying today as an opponent of H.B. 2455 which abolishes the EDIF and places 60 percent of the gaming revenues into the state general fund.

The Board of Directors of Kansas Inc. supports the continuation of the dedication of the gaming revenues to the support of economic development initiatives in Kansas.

It is ironic, that in the context of support for the initiative and referendum, this bill has been proposed to overturn a clear mandate of the people expressed by their vote in 1986. Creation of the lottery and its approval by the voters by constitutional amendment was directly and clearly linked to the dedication of those revenues to the goal of expanding the economic base of Kansas. The Kansas Lottery was adopted by a margin of 64% in favor to 36% opposed. This perspective and the history of dedicating gaming revenues to economic development was recalled at the January 24 meeting of our board of directors by House Minority Leader, Bob Miller, a member of our board.

During the past three years, the availability of gaming revenues has allowed a significant expansion of state funding for economic development. In Fiscal Year 1987, total funding for economic development was about \$6.5 million. In the current year, FY1991, economic development is funded at \$21.1 million.

The EDIF has been an investment in the future of Kansas and has played a significant role in creating jobs for our citizens, increasing our wealth and income, and, most importantly, strengthening the tax base of our state and local governments. Our investment in economic development is in the direct self-interest of state government. We are justified in calling economic development a program of investment rather than a spending program. We expect a return on these investments and we have contributed to the growth of state revenues. Every time we help create through our efforts a new job or new business investment, we create an additional taxpayer or additional wealth that can be taxed by the state. As just one example, we have been working this week on a major project involving United Telecom that by itself will increase state revenues by a minimum of \$13 million each year for the next 20 years.

HA  
3-8-91  
Attachment 6

There are arguments against EDIF based on the philosophy that earmarking of state revenues is bad public policy. While I would agree with the general argument against earmarking, it should be recognized that gaming revenues have not been dedicated solely to economic development. Despite statutory language that would require 90% of gaming revenues to be used for economic development, economic development programs have not received anywhere near that amount. In fact, on average, programs that Kansas Inc. would define as economic development have only received about 50% of the funds. Attached to this testimony is a chart which shows the percentage of gaming revenues expended for these purposes since Fiscal Year 1988. What constitutes economic development may be subject to interpretation and debate among legislators, however, we do have a clear strategy and have articulated what constitutes investments in that strategy.

It should also be recognized that the EDIF is subject to annual appropriations just as are other state general fund expenditures. I would suggest that the EDIF receives greater scrutiny and more attention because of its dedication to economic development than most other state programs. EDIF expenditures are reviewed by the Joint Committee on Economic Development, the House and Senate Committees on Economic Development, as well as the Appropriations and Ways and Means committees. The argument against EDIF cannot be sustained by the claim that these funds are unavailable for other purposes. Recent use of EDIF clearly shows otherwise. EDIF has been used for reappraisal, the water plan, recreational projects, education, and other programs only indirectly related to our economic development strategy.

It is also clear that the linkage between the lottery and economic development especially in its formative period was important to the marketing success of the games. The theme was clearly articulated that buying a lottery ticket was also an investment in the future of the state -- that the purchaser would still win. We should recognize that placing gaming revenues into the State General Fund reinforces the argument that the lottery is simply another tax since it has no specific purpose and, as such, is another very regressive tax. That perception is reduced by clearly identifying the purpose and use of gaming revenues.

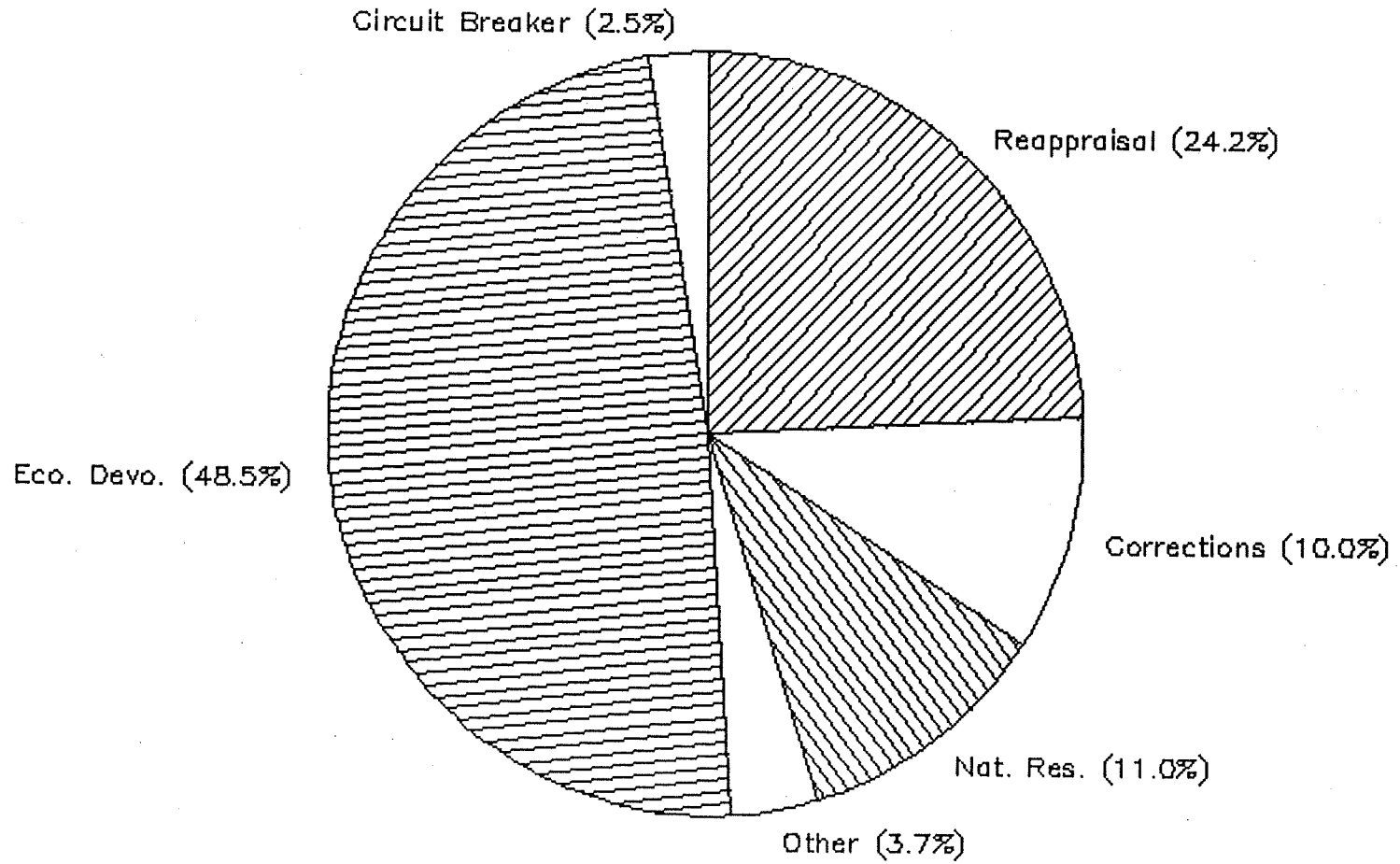
Clearly, there has been less resistance to expanding funding for economic development because gaming funds were available. I have already suggested that that expansion has been undertaken with rigorous scrutiny of the requests. It has been helpful that economic development has not had to compete directly with funding for education, social services or other activities traditionally supported by state general funds. The proposal to abolish EDIF has not been accompanied by public or explicit statements to abolish funding for economic development. Governor Finney has made it clear that she remains committed to economic development.

I believe it would be helpful if the supporters of this bill would articulate their goals in advancing the abolition of EDIF. What purposes are to be achieved. Is this bill an effort to reduce or eliminate the state's commitment to economic development without stating so publicly or explicitly? If that is not the goal, then the Committee should ask whether the substitution of state general funds for gaming revenues for the support of economic development is good public policy.

Those of us in the economic development community support the EDIF and greatly appreciate the increased capacity it has provided to accomplish and achieve so much for Kansas in such a short period of time. We recognize that more important than the source of funding is the amount of funding. The bottom line and the more important question is: Will the Legislature continue to support adequate funding for the growth of the economy and fiscal base of this state as requested by and promised to the people of this State in 1986?

# STATE GAMING REVENUES FUND

(FY 1988 to FY 1991)





**DISTRIBUTION OF STATE GAMING REVENUES FUND  
(FY 1991)**

**1. Circuit Breaker:**

Residential Circuit Breaker

**2. Reappraisal:**

County Reappraisal Aid (EDIF)

**3. Corrections:**

Corrections Institution Building Fund

**4. Economic Development:**

Department of Commerce  
Kansas Technology Enterprise Corporation  
Kansas Arts Commission  
State Historical Society  
Board of Agriculture - Marketing Program  
Public Broadcasting Commission

**5. Water/Natural Resources:**

State Water Plan Fund  
Department of Wildlife and Parks  
    Hillsdale Park Development  
    Special Projects

**6. Other:**

State Fair Operations  
School for the Visually Handicapped  
Rehabilitation Engineering Center  
Department of Education  
Board of Regents

# Public School Costs Continue To Go Through The Roof, Pushing The State Legislature To Hit Us Again With Another Monster Tax.

THEY WANT \$200 MORE FROM EACH FAMILY, EACH YEAR ---ON TOP OF THE \$2,200 ALREADY BEING TAXED AWAY FROM EACH FAMILY FOR THE SCHOOLS. They're Never Satisfied !

If more money is really needed --- can't they make do with the \$5,000 a year now being spent per kid ? --- but if they must have more

How About Having The Kids' Parents' Pay A Small Tuition ? (Those who can afford to.) Private

school parents pay tuition all the time. It works.

AND, HOW ABOUT GIVING SOME TAX HELP TO KIDS TO TRANSFER FROM PUBLIC TO PRIVATE SCHOOLS, CUTTING SCHOOL COSTS MILLIONS OF \$s.

The Problem

The Solution

Too many kids in the high-cost schools.

**FREE SCHOOL**  
Costs an "ARM and a LEG"

Chases jobs away with high taxes and political property classifications; and lets the free schools hog most all public funds. Causes lack of help for the truly needy, health & child care, hospital and prison workers, legislator salaries, The infrastructure, taxpayers & so many others being harmed unnecessarily by the free school favoritism.

**Means Testing**

TUITION

For those able to pay

Can save Kansans \$520 Million/Year

CHOICE

For those unable to pay tuition

Can save Kansans \$100 Million/Year

\$620 Million, combined, for Kansas needs, and without an economy damaging tax increase.

As at the national government level, we must shift public aid from those who don't need help to those who do...EMPOWERMENT.

The Public/Private Partnership To Boost Better/Safer Schools, & Other Public Needs.

-----  
TO THE READERS OF THIS BULLETIN:  
REPRINT COPIES OF THIS ATTEMPT TO HEADOFF  
THIS YEARS' MONSTER TAX INCREASE. CONTACTS  
WITH ELECTED OFFICIALS MAY HELP. PLEASE TRY.

JOHN MCDONOUGH  
PO BOX 19081  
LENEXA, KS. 66215

(3/8/91) 3-8-91

Attachment 7

DO YOU HAVE ANY QUESTIONS FOR ME ?

3/1/91

LIKE: How about ---

John, why have you started coming over here with such off-the-wall ideas like TUITION, & CHOICE, encouraging transfers out of "our" public schools, & shifting public aid to those who need it from those who don't.? You're probably smart enough to know we're not going for any of that. Why waste your time & ours?

President Bush is speaking vigorously for CHOICE & shifting public aid to those who need it from those who don't. Maybe some of you, Democrats especially, are missing the boat.

And maybe I'm really sincere about helping those "LOSERS", while some of the hand-wringing I've heard here is only a cover-up to sell a run-of-the-mill routine tax hike, again.

Maybe, too, I can throw a log on the fire for the Kansas tax base --- stumping for low taxation, privatization, the market solution.

Fat chance you jeer ? Tell it to Central Europe where they're switching to market systems. Tell it to Berliners where the wall is down. And ask Sadam if big changes can happen.

C'mon John, the sky would fall down if we let the kids escape public schools. Besides, what would we do with all that extra time here at the state legislature if we didn't have to worry so much about all that school jazz ?

Better education, safer schools & streets, lots more public funds for other areas of state government. Let's talk about it, study it out.

OK, John. Not that we would, but what would you have us do about it.

Don't increase taxes. Redo for compassionate budget priorities. Set an Interim Committee to study means-testing all state aid & an enabling Constitutional Amendment.

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#### REACTIONS TO SENATE & HOUSE TAX HEARINGS.

Sound like meetings of Soviet bureaucrats putting out the party line --- like maybe on the economy, or agriculture. Top down, don't care the cost, but by God (oops) we know what's best for the masses, & they gotta pay for it.

Government domination instead of free markets. The socialist school system über alles. Stick CPAs & the Oil guys today, apartment & machinery guys tomorrow, lots of others the next day --- let 'em fight about it with each other. We'll tag 'em all after a while. JUST SO WE STAY IN GOOD WITH THE SCHOOL GANG 'CAUSE THEY PRODUCE LOTS OF VOTES.

HA  
3-8-91  
Attachment 8

① We're in a heck-of-a-fix  
Our legislature is chasing  
our jobs away with  
higher taxes --- wants  
to raise our taxes \$200  
more per home, on top  
of \$7,748 state + local  
taxes already.

② They have billions of our  
tax dollars already, but  
claim they're broke.  
They've messed up our  
property taxes, & our  
business classifications.

③ ① Tax increases will just  
chase jobs + people away  
--- + they'll only use  
any extra money to  
get further lavish the al-  
ready rich public  
schools. Not the needy.

② There's a SOLUTION!

Tuition for public  
schools --- about \$1,000  
a kid per year (for those  
who can't afford it.)  
Why don't they pay Tuition  
like for private schools.

3491  
③ ① The legislators let the  
public school crowd  
bully them into lavish  
spending. \$5,000 per  
kid per year, + it  
costs us \$2,600 school  
taxes per home ---

② Now they're going to  
jump it another \$200  
taxes per home for  
schools. Letting the  
truly poor, health care,  
the infrastructure, child  
care + others suffer.

④ ① Why don't we en-  
courage transfers to  
private schools, so  
they wouldn't cost us  
an arm + a leg.

② Why not shift aid  
to those who need it from  
those who don't.

③ Competition between  
private + public schools  
would improve education  
+ make it safer, for all.

④ The sky won't fall  
down if we end the  
free-loading parents.





# Kansas Committee for the Humanities

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## Testimony Presented to the House Appropriations Committee In opposition to HB 2455

Marion Cott, Executive Director  
Kansas Committee for the Humanities  
March 8, 1991

My name is Marion Cott; I am appearing today on behalf of the Kansas Committee for the Humanities. KCH is a statewide, nonprofit organization whose goal is to promote appreciation and understanding of the humanities--history, literature, ethics--among the people of Kansas. Our 22-member board of directors carries out its mission by conducting and supporting programs which bring together humanities scholars and the adult public to discuss topics of mutual concern. Book discussion programs in public libraries, summer tent chautauquas, museum exhibits, and a free speakers bureau are among the programs which KCH initiates and funds.

KCH is an affiliate of the National Endowment for the Humanities, and receives the bulk of its funding from federal and private sources. Two years ago, the Kansas Committee for the Humanities received its first small appropriation of EDIF funds from the Kansas Legislature. In 1990, the Legislature again voted overwhelmingly to support, through EDIF, the cultural programs which KCH conducts throughout the state.

These two modest appropriations have had an enormous impact on the people we serve. Thanks to EDIF, our Humanities Resource Center films, exhibits, and videos were enjoyed by a record 70,000 Kansans in 1989 and 1990. Many of these programs reached rural audiences isolated from the cultural and educational opportunities of our larger cities. The KCH Speakers Bureau serves a similar clientele and has also grown dramatically in the past two years. KCH sponsored 97 talks through the Speakers Bureau last year--an 80% increase over 1989. We already have that many programs on the calendar for 1991. Without EDIF funding these phenomenal increases would likely never have occurred.

— We bring ideas to life —

HA

3-8-91

Attachment 9

Our competitive grants program further demonstrates the impact of the state's commitment to cultural development. The exhibits, radio series, and book discussion programs which KCH supported with EDIF funds in 1989-90 reached a combined audience of over 500,000. This year, thousands of Kansas school children will benefit when their teachers attend KCH-sponsored summer seminars on Kansas history and other topics in the humanities.

Clearly, the Legislature's modest two-year investment in the humanities has yielded many dividends for the state in the form of cultural programs that have reached thousands of Kansans. We believe that it is an investment which the state cannot afford to abandon. Yet if EDIF is abolished under the terms of HB 2455, that is precisely what may happen.

Over and over again, experts at Kansas, Inc. and at the University of Kansas have identified quality of life as an essential component of any long-term strategy to foster economic development. Specifically, the availability of arts and cultural opportunities has been cited as a key factor in business decisions to locate and/or remain in a given community. For many of the small towns and rural communities which KCH serves, cultural amenities are especially crucial in retaining their most important assets--retirees who can afford to invest in the community, and young adults who represent the community's future.

Kansas today ranks nearly last among the 50 states in its financial support of the arts and to cultural resources. Nevertheless, the Economic Development Initiatives Fund represents an important step toward an ongoing commitment by the state to Kansas' quality of life. At a time when the bulk of the state's financial resources must be dedicated to meeting the demands of the moment, EDIF is an appropriate investment in the state's long-term needs.

At its February 14 meeting, the Kansas Committee for the Humanities unanimously passed the following resolution:

"Resolved, that KCH supports the continuation of the Economic Development Initiatives Fund for its present purpose of promoting long-term economic development for the state, particularly in the area of quality of life."

In keeping with this resolution, we would urge you to oppose the passage of HB 2455.

As an organization dedicated to enriching the cultural life of Kansas, KCH applauds the Legislature's original vision in establishing a broad purpose for the

Economic Development Initiatives Fund. Through your support of cultural life, and the humanities in particular, you are making Kansas a better place to live. Even more importantly, you are helping Kansans gain deeper appreciation and insight into our history, culture, and traditions. This understanding of the past, of who we are as a people, is critical to our ability to face the challenges of the future--economic and otherwise.