

Approved

3/25/91

Date

MINUTES OF THE SENATE COMMITTEE ON FINANCIAL INSTITUTIONS AND INSURANCE

The meeting was called to order by SENATOR RICHARD L. BOND at
Chairperson

9:00 a.m./~~XX~~p.m. on WEDNESDAY, MARCH 20, 1991 in room 529-S of the Capitol.

All members were present ~~except~~

Committee staff present:

Bill Wolff, Research Department
Fred Carman, Revisors Office
Louise Bobo, Secretary

Conferees appearing before the committee:

Steven Starr, Kansas Bureau of Investigation
Dr. Charles Reagan, Executive Assistant to the President, K-State

Chairman Bond called the meeting to order at 9:08 a.m.

SB 365 - Purchase of insurance coverage by KBI.

Steven Starr, Kansas Bureau of Investigation, appeared before the committee in support of the abovementioned bill. Mr. Starr advised that the Bureau now has a Piper Warrior and soon hopes to acquire a Cessna aircraft and that both of these planes are highly effective in drug raids and surveillance. (Attachment 1)

During discussion which followed, Mr. Starr advised that the insurance premium on the Cessna for one year would be a maximum of \$1936.00 and on the Piper a maximum of \$1350.00. He further stated that this cost would cover liability as well as property damage.

Staff recommended the bill be amended by inserting "76-218" after "75-2728" on page 1, line 24. Also, by striking the second comma in line 25 and the "and" where it last appears on line 25. Staff also recommended striking all language prior to the first "and" in line 26.

Senator Salisbury made a motion to accept the amendments as recommended by Staff. Senator Strick seconded the motion. The motion carried.

Senator Salisbury made a motion to recommend SB 365, as amended, favorable for passage. Senator Strick seconded the motion. The motion carried.

SB 372 - Authorizing K-State to purchase aircraft insurance.

Dr. Charles Reagan, Executive Assistant to the President of K-State, addressed the committee on behalf of this bill. Dr. Reagan informed the committee that the insurance on their Cessna aircraft is currently paid for by the Foundation but that they would like to have the statutory authority to pay the insurance out of the service clearing account. He continued by saying that the Foundation wished to be relieved of this burden and that the aircraft insurance should be paid for from university funds. (Attachment 2)

Staff recommended amendments to the bill: (1) line 24, after "75-2728" by striking "and" and inserting a comma, and (2) on line 24, by striking all after "76-218" and inserting a comma.

Senator Francisco made a motion to accept the amendments as recommended by Staff. Senator Parrish seconded the motion. The motion carried.

Senator Francisco made a motion to recommend SB 372, as amended, favorable for passage. Senator McClure seconded the motion.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON FINANCIAL INSTITUTIONS AND INSURANCE,
room 529-S, Statehouse, at 9:00 a.m./~~p~~m. on WEDNESDAY, MARCH 20, 1991

A brief discussion intervened. Two committee members expressed reluctance to have the insurance premiums paid for out of state funds in view of the current fiscal crisis. Dr. Reagan remarked that KU has had this same arrangement for years. He said that they had a specific statutory provision and that this bill would apply specifically to K-State. In answer to a member's question, Dr. Reagan said that if the bill did not pass, the Foundation would probably continue to pay the insurance premiums but that they felt the users should pay the premiums.

Chairman Bond reminded the committee of the motion on the floor. On a voice vote, the motion passed and SB 372 recommended favorably for passage.

Chairman Bond appointed a subcommittee to study HB 2138 and make recommendations to the full committee. Appointed to the subcommittee was Senator Yost, Senator Moran and Senator Strick.

Minutes of Monday, March 18, were approved on a motion by Senator Reilly with Senator Salisbury seconding the motion. The motion carried.

The meeting adjourned at 9:38 a.m.



JAMES G. MALSON
DIRECTOR

KANSAS BUREAU OF INVESTIGATION

DIVISION OF THE OFFICE OF ATTORNEY GENERAL
STATE OF KANSAS
1620 TYLER
TOPEKA, KANSAS 66612-1837
(913) 232-6000



ROBERT T. STEPHAN
ATTORNEY GENERAL

**STEVEN R. STARR TESTIMONY DEPUTY DIRECTOR
KANSAS BUREAU OF INVESTIGATION
BEFORE THE FINANCIAL INSTITUTIONS AND INSURANCE COMMITTEE
REGARDING SENATE BILL 365
MARCH 20, 1991**

Mr. Chairman and Members of the Committee:

I am appearing today on behalf of the Kansas Bureau of Investigation (KBI) and Director James Malson, in support of Senate Bill 365.

The KBI is asking for passage of Senate Bill 365 to allow us to insure our drug forfeiture airplanes. The plane we now have, a Piper Warrior, was forfeited through the U.S. Attorney's Office and given to the KBI. In the unlikely event that this plane would crash without insurance, we would not have the financial ability to replace it. Recently, the KBI was involved in a seizure of a Cessna High Wing aircraft which could potentially be forfeited and given to the KBI. Either of these aircraft are highly effective in air surveillance in providing raid support, communications from the air, air borne observation, security, and marijuana sighting and eradication. The use of the airplane in assisting in marijuana raids increases the safety of KBI agents executing those raids as well as spotting other danger signals from the air. The KBI has fulfilled requests to conduct air surveillance on other aircraft going through Kansas airspace.

Funds utilized to purchase this aircraft insurance will come either from drug forfeiture money or from DEA grant money. The KBI has four

*Attachment 1
FI + I
3/20/91*

03/20/91

Page 2

regular pilots with additional pilots on standby. Should the KBI obtain another drug forfeiture plane, no additional personnel would be required.

In the past, the KBI has been assisted by the National Guard in marijuana identification and eradication. However, due to Gulf war and the lack of spare parts, we have been informed by the National Guard that they may continue to do some identification and eradication on their own, but will no longer be able to assist us.

Prior to obtaining our own airplane, the KBI had leased planes to assist in marijuana raids; however, these planes were not always available. There has also been a decrease in the budget for the rental of airplanes for this purpose.

The requirement of the DEA grant under which we operate is that we use forfeited property for at least one year prior to its sale or disposal.

The KBI asks for your favorable consideration of Senate Bill 365.

Thank you for your support in the fight against drugs.

A-2

STATEMENT OF KANSAS STATE UNIVERSITY

TO SENATE FINANCIAL INSTITUTIONS AND INSURANCE COMMITTEE

WEDNESDAY, MARCH 20, 1991

Kansas State University requests an amendment to Kansas Statutes to permit the university to purchase insurance for the university airplane. The aircraft, a 1980 Cessna 421-C was gifted to the University by the Kansas State University Foundation in September, 1990. The aircraft has been operated by Kansas State University since February, 1989, on a lease-purchase agreement funded by the KSU Foundation. The aircraft is operated by the university motor pool on a service clearing account. Operational costs are paid by users. Principal users are Cooperative Extension, Agricultural Experiment Station, Alumni and Foundation, Athletics, university administration, Division of Biology, and other university units and departments. Chief Pilot is Mary Harrington, an Airline Transport Rated Commercial Pilot, Certificated Flight Instructor, and FAA Designated Examiner.

*Attachment 2
FI + I
3/20/91*