

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS.

The meeting was called to order by Chairperson August Bogina at 11:00 a.m. on March 6, 1995 in Room 123-S of the Capitol.

All members were present except:

Committee staff present: Alan Conroy, Legislative Research Department
Kathy Porter, Legislative Research Department
Tim Colton, Legislative Research Department
Norman Furse, Revisor of Statutes
Michael Corrigan, Revisor of Statutes
Judy Bromich, Administrative Assistant
Ronda Miller, Committee Secretary

Conferees appearing before the committee:

Dean Carlson, Secretary, Department of Transportation

Senator Lawrence moved, Senator Kerr seconded, that bill draft 5 RS 1150 be introduced as requested by the Secretary of Administration. The motion carried on a voice vote.

SB 153: Appropriations for FY 96, agricultural and natural resources agencies

The Chairman briefed the Committee on the history of **SB 153**, noting that it had been rereferred by the Committee of the Whole, primarily because of funding for the FACTS (Farmers' Assistance, Counselling, and Training Service) program, to the Senate Ways and Means Committee. The bill was assigned to a subcommittee for consideration, and the subcommittee report (Attachment 1) was reviewed by the subcommittee chairman, Senator Morris. It was noted that as **SB 153** now stands, the FACTS program is in the bill, and the subcommittee supports its inclusion.

Members discussed the services provided by the FACTS program, the number and population of persons served, and the order of priority this service has within the Department of Agriculture.

It was moved by Senator Morris and seconded by Senator Petty that SB 153 be amended by technical adjustments to address posting and printing errors. The motion carried on a voice vote.

Senator Morris moved, Senator Petty seconded, that the subcommittee report be adopted. The motion carried on a voice vote.

Senator Morris moved, Senator Rock seconded, that SB 153 as amended be recommended favorable for passage. The motion carried on a roll call vote.

SB 357: Reimbursement of moving expenses for state officers and employees

Secretary of Transportation, Dean Carlson, appeared before the Committee to testify in support of **SB 357** and reviewed his written testimony (Attachment 2). The Chairman told members that he had asked the Secretary to present information on **SB 357** because it conflicts with new section 4 (d) of **SB 281** which had been heard by the Committee and was scheduled for action.

Mr. Art Griggs, Chief Attorney for the Department of Administration, appeared at the Chairman's request to answer questions regarding **SB 357** and **SB 281**. Mr. Griggs stated that **SB 281** authorizes state agencies to pay lodging establishments directly for lodging expenses and permits payment of moving expenses for in-state new personnel. He noted that **SB 357** and New Section 4 of **SB 281** are identical except for the policy issue contained in New Section 4 (d) of **SB 281** which endorses the payment of moving expenses that may be taxable. In answer to questions, he stated that the Department of Administration had requested stricter language in 1994 in order to avoid establishing a new reporting system to capture the taxable, reportable items required by changes in the federal tax laws.

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MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS, Room 123-S Statehouse, at 11:00 a.m. on March 6, 1995.

Senator Vancrum expressed his opinion that the IRS had limited reimbursements out of concern that persons were abusing subsistence expenses. He inquired whether there was evidence that persons had not relocated because moving expenses had not been reimbursed. No specific instances were cited. Some concern was expressed regarding the fiscal impact associated with SB 357. It was noted that the fiscal note would be minimal.

The Chairman commented that if the Committee were to amend SB 281 by deleting New Section 4 (d), there would be no need for SB 357.

Senator Rock moved, Senator Karr seconded, that SB 281 be amended by the deletion of New Section 4 (d). The motion carried on a voice vote.

It was moved by Senator Rock and seconded by Senator Karr that SB 281 be further amended by inserting "and amendments thereto" on page 1, in line 39 after "4" and on page 4, in line 21, after "4". The motion carried on a voice vote.

Senator Salisbury moved, Senator Lawrence seconded, that SB 281 as amended be recommended favorable for passage. The motion carried on a roll call vote.

SB 187: Board and room assistance to be provided for certain reserve officer training corps cadet

Senator Morris reviewed SB 187 which was heard on February 17. In order to offset some of the universities' expenses associated with ROTC programs, Senator Morris moved, Senator Rock seconded that SB 187 be amended by inclusion of the balloon (Attachment 3).

Concern was expressed that diverting monies from the general fees fund to the universities' housing departments (as proposed in the balloon) would create a void that would be filled from the State General Fund. Members debated the actual cost of the proposed legislation to the universities and expressed reservations about funding the ROTC scholarship program in lieu of other scholarship programs. It was noted by the Chairman that there are real costs associated with any scholarship program.

The Chairman stated that SB 187 and SB 215 would be considered during the subcommittee report on the regents' budget.

SB 277: Debts owed to the state, collection of; prompt payment of obligations of the state; data for debt collection; penalties and collection fees

In response to members' concerns regarding the amount of collections costs which could be passed onto the debtor, Robert North, Staff Attorney for the Department of Administration, suggested language that would cap that amount. It was moved by Senator Vancrum and seconded by Senator Kerr that SB 277 be amended by inserting the words "but shall not exceed (27%) of the delinquent debt owed the state agency including interest" after the word "collection" on line 13, page 2. The motion carried on a voice vote.

It was moved by Senator Rock and seconded by Senator Vancrum that SB 277 be technically amended on page 1, line 29. The motion carried on a voice vote.

Senator Lawrence moved, Senator Petty seconded, that SB 277 as amended be recommended favorable for passage. The motion carried on a roll call vote.

SB 278: Open public records; copies; access to; fees

Senator Rock moved, Senator Morris seconded, that SB 278 be recommended favorable for passage. The motion carried on a roll call vote.

SB 280: State officers and employees; civil service act

It was noted that the Department of Administration had suggested that SB 280 be amended by deleting the references to K.S.A. 73-201 through 204 in section 4. Those are the old statutes relating to Veterans Preference for the state as well as cities and counties, and the Department believes it is not necessary to repeal

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those statutes. Senator Vancrum moved, Senator Lawrence seconded, that SB 280 be amended by deleting "73-201, 73-202, 73-203, 73-204," from line 6, page four. The motion carried on a voice vote.

Senator Vancrum moved, Senator Kerr seconded, that SB 280 as amended be recommended favorable for passage. The motion failed on a roll call vote.

It was moved by Senator Karr and seconded by Senator Rock that SB 280 as amended be reported adversely. The motion failed on a roll call vote.

SB 283: Debts owed to state; debt setoff and collection

Concern was expressed about the fiscal impact of the proposed legislation. It was noted that the fiscal note prepared by the Division of the Budget indicates that the provisions of the bill could be implemented within current budgeted amounts. In response to Senator Rock's inquiry about which licenses would be subject to the provisions of the bill, Attachment 4 was distributed.

The revisor noted that the list of licensees subject to the setoff under **SB 283 (Attachment 4)** should not include professional counselors, marriage and family therapists, drug and alcohol abuse counselors, and psychologists. Because there were other technical problems within the bill, the Chairman requested that the revisor review the bill and have amendments prepared for the March 9 meeting at which time **SB 283** would be acted upon.

The Chairman adjourned the meeting at 12:35 P.M. The next meeting is scheduled for March 9, 1995.

SENATE WAYS AND MEANS COMMITTEE GUEST LIST

DATE: March 6, 1995

NAME	REPRESENTING
Bob North	DoA
Zev Vogel	DoA
Dean Carlson	KDOT
Nancy Bogina	KDOT
Roger Rooker	A & R, DoA
Doug CRAIG	A & R, DoA
B. Mariani	Dept of Adm
TK Shwela	KS Legal Services
Trudy Racine	KDOT
DON JACKA	DEPT OF AGRICULTURE
Craig Liening	Western Resources, Inc
TOM SHEA	WESTERN RESOURCES, INC
Chuck Breckel	Adjutant General's Dept
Alan Holman	Division of Budget
Greg Krissch	KS Dept of Ag
Mary Jane Stattelmad	KS Farm Bureau
Jamie Clover Adams	KS Grain & Feed Assn.

Subcommittee Report

1995 Senate Bill 153

§1

Kansas State Board of Agriculture



Senator Stephen Morris, Chairman

Senator Barbara Lawrence



Senator Marge Petty



Senator Sandy Praeger



Senator Richard Rock

SWAM
march 6, 1995
Attachment 1

SUBCOMMITTEE REPORT

Agency: State Board of Agriculture

Bill No. 153

Bill Sec. 2

Analyst: Colton

Analysis Pg. No. 697

Budget Page No. 57

<u>Expenditure Summary</u>	<u>Agency Request FY 96</u>	<u>Governor's Recommendation FY 96</u>	<u>Senate Subcommittee Adjustments</u>
All Funds			
State Operations	\$ 21,981,293	\$ 20,023,185	\$ (483,809)
Aid to Local Units	180,000	80,000	0
Other Assistance	850	850	0
Subtotal	<u>22,162,143</u>	<u>20,104,035</u>	<u>\$ (483,809)</u>
Capital Improvements	96,500	0	0
TOTAL	<u>\$ 22,258,643</u>	<u>\$ 20,104,035</u>	<u>\$ (483,809)</u>
State General Fund			
State Operations	11,273,725	9,460,466	\$ (299,351)
Aid to Local Units	100,000	0	0
Other Assistance	0	0	0
Subtotal	<u>11,373,725</u>	<u>9,460,466</u>	<u>\$ (299,351)</u>
Capital Improvements	96,500	0	0
TOTAL	<u>\$ 11,470,225</u>	<u>\$ 9,460,466</u>	<u>\$ (299,351)</u>
FTE Positions	345.8	321.5	--

Agency Request/Governor's Recommendation

The agency requests FY 1996 operating expenditures of \$22,162,143. This is an increase of 6.4 percent over the FY 1995 revised estimate. The requested funding would allow the addition of 18.0 FTE positions, and provide for enhancements in operating funds, particularly for travel for regulatory and training purposes, and for a large-scale replacement of computer equipment throughout the agency.

The Governor recommends funding of \$20,104,035 for FY 1996 operating expenditures, which is a reduction of \$2,058,108 from the agency request, and a decrease of \$719,692 from the amount requested by the agency. The Governor abolishes 6.0 FTE positions at the agency, and provides neither the enhanced operating moneys requested by the agency, nor funding for the replacement of computers.

Senate Subcommittee Recommendation

Concur, with the following exceptions and comments:

1. Put funding for the Governor's salary plan (\$483,809 all funds, \$299,351 State General Fund) into another bill.
2. The Subcommittee calls the Committee's attention to the fact that the Governor, in his FY 1996 recommendations, has eliminated an Engineering Associate I position in the Water Structures program of the Division of Water Resources. The person filling the position is responsible for reviewing water structure applications in southeastern Kansas (based out of Chanute). The Governor also reduced funding for temporary help in this program to about two-thirds the FY 1995 level.

The Subcommittee notes further that significant progress has been made in reducing the backlog in water rights applications, thanks to the action taken by the 1994 Legislature. According to the agency, the backlog of water rights applications, once at about 14 months, has been reduced to about six months, and the downward trend is continuing.

While the Subcommittee concurs with the Governor in the elimination of the Water Structures position, it is concerned about the possibility that now, when the backlog of water rights applications is being reduced, a backlog of water structures applications will develop. The Subcommittee believes that the Legislature should monitor this situation closely, and has asked the Board to keep the Legislature apprised in this regard.

3. The Subcommittee notes that in 1993, a Waste Pesticide Pilot Program was made possible through a grant of \$80,000 from the Environmental Protection Agency. The program, which was carried out in Riley, Marshall, Morris and Pottawatomie counties, was a success. 17,766 pounds of waste pesticide were collected and properly disposed of, at a cost of about \$4.00 a pound. (This compares very favorably to the cost-per-pound collection and disposal rates of other states where pilot projects were carried out.) In only the four pilot counties, 210 pounds of DDT were collected--a chemical that was banned 20 years ago!

The Board applied for further federal funding for this project for FY 1995 and FY 1996, but is under the impression that federal funding will not be forthcoming. To supplant (or, if a grant were to be received, to supplement) federal funding, the agency requested \$100,000 from the State General Fund to carry out another Waste Pesticide Disposal Program. The Governor did not recommend funding for this program.

While the Subcommittee supports the Governor's recommendation, it believes that this program has important ramifications for the protection of public health and the environment. The Subcommittee believes that the Legislature should examine this program again in future sessions, and, if the state's budgetary circumstances permit, provide funding for it.

4. The Subcommittee calls the Committee's attention to the fact that the fund balance in the Laboratory Equipment Fee Fund, created by the 1994 Legislature, was

approximately \$30,700 as of 1 February 1995. The Board is currently monitoring fund revenues, to determine at what point in time payments to the Kansas Development Finance Authority (for financing of debt for equipment purchases) might be made so as to coincide with receipts to the fund. This matter is somewhat complex, since some receipts to the fund arrive monthly, others quarterly, etc. The Board has committed itself to keeping the Legislature apprised of fund balances, and, eventually, of purchases made from the new fund.

5. Finally, the Subcommittee commends the agency for the progress that has been made in reducing the backlog in water rights applications. As was stated earlier, the backlog has been reduced from about 14 months to about six months, with the downward trend continuing. If current trends continue, and with funding recommended by the Governor, the agency expects to have the overall average processing time down to 90 days or less for change applications received in proper form by the end of FY 1996.

Senate Committee Recommendation

Concur.

Senate Committee of the Whole Recommendation (20 February 1995)

1. The Senate Committee of the Whole deleted \$660,533 from the State General Fund from the agency's operating expenditures line-item. This action was intended to remove funding for the Farmers' Assistance, Counselling and Training Service (FACTS) program.

Senate Committee of the Whole Recommendation (22 February 1995)

1. Because the FACTS program's financing from the State General Fund totalled only \$174,910, a previous Senate Committee of the Whole floor amendment, written without consultation from staff, erroneously removed \$485,623 in financing for other State Board of Agriculture programs. An amendment was offered to correct this error. The amendment was adopted.
2. An amendment was offered to restore funding for the FACTS program. The amendment was adopted.

Senate Action (23 February 1995)

A motion to reconsider was adopted to reconsider the Senate Committee of the Whole action from 22 February. S.B. 153 was withdrawn from final action and returned to general orders. It was then withdrawn from the calendar and rereferred to the Senate Committee on Ways and Means. A special subcommittee (Senators Morris (chairman), Lawrence, Petty, Praeger and Rock) was appointed by the Chairman of Ways and Means to hold hearings on the FACTS program, and to make a recommendation to the Senate about funding by the FACTS program.

Recommendation of the Special Senate Subcommittee

The Special Subcommittee recommends that funding for the FACTS program continue as in the Governor's recommendations. The Subcommittee believes that the FACTS program provides a valuable service to the State and the State's economy by helping existing businesses stay in business. By serving as a business retention program, the FACTS program helps the state to reduce expenditures, tax-base losses, and uncollected debt. It offers services to agribusinesses that are similar to the services provided to non-farm businesses by the Small Business Administration and the Kansas Department of Commerce and Housing.

If one looks only at the farmers who were assisted in keeping their farms by legal assistance from the FACTS program from 1986 to 1994 (about 680 farmers), and based upon an average of \$134,000 in annual cash operating expenses by farmers, the 680 farmers who have been helped to retain their farms by FACTS legal assistance will pump over \$91 million into the Kansas economy during 1995 alone.

The Subcommittee believes that the approximately \$175,000 that the State invests in the FACTS program are well spent. In FY 1994, the FACTS program provided assistance in 1179 new cases, as well as a significant number of cases that had been opened earlier. Every \$3 of state funding for FACTS leverages \$7 in federal financing that will permit the FACTS program to help small farm businesses stay in business, and their owners to remain taxpayers. The Subcommittee would dispute the notion that moneys expended for the FACTS program are "welfare for farmers." Rather the Subcommittee considers them to be an investment in the *empowerment* of Kansas small farm business owners, and an investment in the state's economic well-being.



KANSAS DEPARTMENT OF TRANSPORTATION

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Bill Graves
Governor of Kansas

**TESTIMONY BEFORE THE
SENATE WAYS AND MEANS COMMITTEE
REGARDING S.B. 357**

March 6, 1995

Mr. Chairman and Committee Members:

I appreciate the opportunity to appear before you today on behalf of the Kansas Department of Transportation to provide testimony in support of S.B. 357. The proposed legislation would reverse changes that were made near the end of the 1994 Legislative Session, when portions of S.B. 840 were amended into S.B. 534 by a conference committee. Those portions of S.B. 840 amended existing statutes to prohibit state agencies from reimbursing state employees for moving expenses which are not considered "qualified moving expenses" under the federal Internal Revenue Service code, thereby limiting the state's reimbursement to nontaxable items.

Before the statutory changes that were enacted last year, reimbursement of state employees' moving expenses was governed both by statute and regulation. The regulations, which were superceded by the language that was added to the statutes by last year's legislation, limited reimbursement of moving expenses to those cases where the new duty station was more than 25 miles from the old duty station. Those former regulations also allowed, but did not limit reimbursement to, the following items:

- moving and storage of household goods;
- mileage reimbursement for moving a private vehicle;

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Attachment 2*

- subsistence expenses for the employee while in transit between the employees' old and new official station;
- expenses for one round trip to seek permanent quarters at the new duty station;
- subsistence expenses for 30 days in temporary lodgings at the new duty station

Addition of the IRS-related language effectively eliminated reimbursement of most of the items that were previously allowed. Under section 132 of the federal internal revenue code of 1986, moving expenses that are not considered "qualified" include meals while moving to a new residence; travel expenses, meals, and lodging for pre-moving house-hunting trips; and meals and lodging while occupying temporary quarters in the area of the new work place. In other words, the only items previously allowed that can still be reimbursed are the moving and transport of household goods. In addition, in order to claim qualified moving expenses under the IRS code, an employee's new workplace must be at least 50 miles farther from the employee's old home than the employee's old home was from the employee's old workplace. As a result, far fewer employees are now eligible for any reimbursement.

The Department of Transportation often has occasion to encourage employees to move, in order to fill vacancies across the state with experienced, qualified workers. We require certain employees to live in close proximity to their offices so that they can respond quickly to weather conditions and other emergencies. The current requirements, in combination with the way our area and subarea maintenance offices are arranged geographically, mean that the most obvious candidates for promotion are the ones affected by the new restrictions on the distance moved.

The changes made in 1994 are expected to have a negative effect on the Department's efforts to maintain an efficient operation that is staffed with the most qualified people. It is necessary for newly appointed employees to move to

their new job location immediately after their promotion is approved. In most cases this does not allow sufficient time to dispose of their house, make arrangements to move their household goods, acquire another house, and make the official move. Some of the costs associated with a move, such as the sale and purchase of houses (which have not been and are not proposed to be reimbursed) impose a direct cost to the employee who is moving. Depending on market conditions at the time of the move, those real estate expenses can be substantial. For these reasons we believe it is not only appropriate, but necessary to reimburse employees for other reasonable expenses associated with the move.

Under the new reimbursement rules, in many cases the annual salary increase received for a promotion would not be adequate to cover the costs of moving. Although those costs are significant for the employees involved, they do not represent an unreasonably large expense for the agency. For the 28 employees KDOT moved in 1993, the average moving expense for household goods was \$2,216 and based on a sample, the average amount paid for transition subsistence was \$1,253. (Under the changes that were made last year, five of those employees would not have received reimbursement for moving their household goods and none of them would have received transition subsistence.)

Reimbursement of expenses that are not considered "qualified moving expenses" under IRS rules would be taxable. However, in the Department's view, a taxable benefit is preferable to no benefit. We respectfully request that this Committee support the deletion of the IRS-related language from Kansas statutes and the restoration of reimbursement authority for the full range of moving expenses that was previously allowed.

SENATE BILL No. 187

By Senators Morris, Burke, Hardenburger, Oleen, Praeger and
Vidricksen

2-2

10 AN ACT concerning reserve officer training corps programs; providing
11 room and board assistance for certain reserve officer training corps
12 cadets.

13
14 *Be it enacted by the Legislature of the State of Kansas:*

15 Section 1. (a) As used in this section:

16 (1) "ROTC institution" means Kansas state university and Kansas
17 university.

18 (2) "Eligible student" means a person who is a department of defense
19 scholarship recipient, is initially acceptable for enrolling in an ROTC in-
20 stitution and is qualified for participation in the reserve officers' training
21 corps program at such ROTC institution.

22 (b) The state board of regents shall:

23 (1) Adopt rules and regulations for the administration of this section;

24 (2) commencing with students entering an ROTC institution for the
25 first time during the fall semester, 1995, provide for room and board
26 without charge at each ROTC institution for not to exceed in any aca-
27 demic year a total of 15 eligible students for each reserve officers' training
28 corps program at the ROTC institution who qualify therefor, with not to
29 exceed over four academic years a total of 45 eligible students for each
30 reserve officers' training corps program at the ROTC institution who re-
31 ceive room and board without charge under this section;

32 (3) publicize application procedures and provide application forms;
33 and

34 (4) establish criteria for the selection of the eligible students.

35 (c) Every eligible student who qualifies and is selected may enroll
36 annually for both the fall and spring semesters, not to exceed eight se-
37 mesters, in an ROTC institution without charge for room and board. Once
38 an eligible student qualifies for the benefits provided for under this sec-
39 tion, such eligible student shall remain qualified unless the reserve offi-
40 cers' training corps program within the ROTC institution determines that
41 such eligible student is disqualified for failure to continue in good stand-
42 ing as a department of defense scholarship recipient.

43 (d) No new eligible student shall be granted room and board without

Moneys received from tuition and fees for eligible students who qualify and are selected for benefits provided under this section shall be deposited in a restricted fees account of the ROTC institution as an offset on residence hall costs under this section.

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Attachment 3

1 charge under this section on and after July 1, 2000. Eligible students who,
2 immediately prior to [the effective date of this section] were qualified to
3 receive free room and board shall continue to be qualified for free room
4 and board under this section so long as such eligible student remains
5 qualified under this section.

6 Sec. 2. This act shall take effect and be in force from and after its
7 publication in the statute book.

July 1, 2000,

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LIST OF LICENSEES SUBJECT TO SETOFF UNDER SB 283

1. Pest Control Applicators
2. Attorneys
3. Commercial Drivers Licenses
4. Insurance Agent/Brokers
5. Veterinarians
6. Abstractors
7. Real Estate Agents
8. Dairy Inspectors
9. Dentist or Dental Hygienist
10. Optometrists
11. Embalmers or Funeral Directors
12. Barbers
13. Cosmetologists
14. Tanning Facility Operators
15. Podiatrists
16. Healing Arts
17. Professional Counselors
18. Marriage and Family Therapists
19. Alcohol and Drug Abuse Counselors
20. Teachers
21. Psychologists
22. Hearing Aid Examiners
23. Technical Profession, Engineers, Architects
24. Certified Public Accountants
25. Brokers, Dealer or Investment Advisors
26. Nurses
27. Pharmacists
28. Social Workers

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March 6, 1995
Attachment 4