

Approved: 4-26-96
Date

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS.

The meeting was called to order by Chairperson Robin Jennison at 12:45 p.m. on April 24, 1996 in Room 514-S of the Capitol.

All members were present except: Representative Gross, excused
Representative Bradley, excused

Committee staff present: Alan Conroy, Russell Mills, Susan Wieggers, Legislative Research Department
Jim Wilson, Revisor of Statutes; Mike Corrigan, Revisor
Tim Kukula, Appropriations Secretary; Todd Fertig, Administrative Aide

Conferees appearing before the committee: none

Others attending: See attached list

Chairman Jennison opened the meeting by recognizing Revisor Wilson to explain to the committee 4 bills needed for introduction for technical, reconciliation and clean-up purposes (Attachment 1).

A motion was made by Representative Carmody, seconded by Representative Helgerson, to introduce the four bills outlined in attachment 1 and have them referred directly to the Committee of the Whole. The motion carried.

Chairman Jennison stated that the purpose of today's meeting to continue on with discussions about the Pooled Money Investment Board (PMIB). Attention will be specifically directed toward issues relating to **S B 476** as discussed in the meeting from April 19, 1996. A handout was distributed to the committee listing some of the issues that will be discussed (Attachment 2).

A motion was made by Representative Lowther, seconded by Representative Carmody, to adopt language stating that there will be a unified pool combing state moneys and municipal moneys as passed by the Senate. The motion carried.

A motion was made by Representative Edmonds, seconded by Representative Wilson, to adopt language repealing the Municipal Investment Pool Advisory Committee from the Statutes. The motion carried.

A motion was made by Representative Edmonds, seconded by Representative Neufeld, to adopt language stating that administrative fees and "haircut" shall be the state paying 0.10% and municipals at 0.25%.

It was clarified to the committee that if this motion fails, there will be an equal haircut of 0.25% to both the state and municipals as passed by the Senate.

A substitute motion was made by Representative Gatlin, seconded by Representative Minor, to have a 0.10% haircut from both the state and municipals. The motion failed 4 to 13.

Back on the original motion by Representative Edmonds, a haircut of 0.10% to the state and 0.25% to the municipals. The motion carried 13 to 4.

A motion was made by Representative Edmonds, seconded by Representative Carmody, to adopt language concerning investment issues stating a limitation of mortgage-backed securities, pool investment in commercial paper up to 270 days, and that banks be allowed to pledge commercial paper as collateral for public deposits. The motion carried.

A motion was made by Representative Edmonds, seconded by Representative Wilk, to strike the supermajority vote requirement from PMIB for hiring and firing. The passage of this motion will require the PMIB to obtain only a simple majority. The motion carried.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS, Room 514-S Statehouse, at 1:30 P.M. on April 24, 1996.

A motion was made by Representative Edmonds, seconded by Representative Carmody, to adopt technical amendments regarding IRS arbitrage rules. The motion carried.

A motion was made by Representative Edmonds, seconded by Representative Carmody, to add language stating that the PMIB will adopt its rules and regulations and not the Director of Investments. The motion carried.

A motion was made by Representative Edmonds, seconded by Representative Mollenkamp, to limit the length of investment terms to two years. The motion failed.

A motion was made by Representative Edmonds, seconded by Representative Carmody, to add language stating that employees within the Treasurer's office that work with the PMIB, be transferred to the PMIB free-standing agency. The motion carried.

A motion was made by Representative Helgerson, seconded by Representative Neufeld, to make technical corrections to resolve conflicts with SB 476 and a bill passed previously concerning the Health Care Stabilization Fund. The motion carried.

A motion was made by Representative Reinhardt, seconded by Representative Wilk, to require an internal audit of the PMIB, to be paid for by the PMIB, in two years. The motion carried.

A motion was made by Representative Edmonds, seconded by Representative Reinhardt, to move SB 475 favorably for passage, with technical adjustments. The motion carried.

A motion was made by Representative Edmonds, seconded by Representative Reinhardt, to move SB 476 favorably for passage, as amended. The motion carried.

The meeting adjourned at 2:10 p.m.

The next meeting is on call of the Chair.



HOUSE APPROPRIATIONS COMMITTEE

GUEST LIST

DATE: 4-19-96

HOUSE OF REPRESENTATIVES

NAME	ADDRESS	REPRESENTING
Jim Langford		DAB
Steve Kelly		KDOCKH
Josie Torres	Topeka	Families Together, Inc.
Mannon Jones	Topeka	SILCK
SUE PETERSON	Manhattan	KANSAS STATE
Canda Byrum	Topeka	KMHC.
Marty Kennedy	Topeka	Insurance Dept.
Margi Pressgrove	Topeka	Intellab, Intern
Greg Tugman	Topeka	Dept. of Agriculture
Don Josselyn	Lawrence	KU
ERIK SEXTON	Wichita	WSU
Heather Gray	Topeka	Sen. Kerr's office
Ed Walbourn	Topeka	Walbourn Co.
Jerry Sloan	"	OJA
Marvin Burris	"	Bd of Regents
Tom Bruno	Topeka	Allent Assoc.
Diane Gjerstad	Wichita	USD 259

M e m o r a n d u m

TO: House Committee on Appropriations
FROM: James A. Wilson, First Assistant Revisor
DATE: April 24, 1996
SUBJECT: Four Additional Revisor's Conflicts & Technical Bills

The following bills have been prepared by the Revisor's staff to reconcile conflicting amendments to Kansas statutes enacted by different bills during the 1994, 1995 or 1996 sessions or are recommended as technical or "cleanup" bills that correct matters or are required technically to effectuate other bills enacted by the legislature this session. The circumstances of each are set forth below.

The practice has been to introduce these bills and to refer them directly to the Committee of the Whole for action.

- 5 RS An amendment to K.S.A. 1995 Supp. 65-1751 in the mortuary arts act with corrects a double negative in the sentence structure of subsection (a)(3) and which is important to correct since this subsection relates to the grounds for revoking a license.
Drafter: Norman Furse
- 5 RS Bill reconciling conflicting amendments to K.S.A. 41-2708 in the 1995 Session and repealing K.S.A. 41-2708a.
Drafter: Mary Torrence
- 5 RS Bill reconciling conflicting amendments to K.S.A. 44-1003 in the 1995 Session and repealing K.S.A. 44-1003a.
Drafter: Mary Torrence
- 5 RS Bill reconciling conflicting amendments to K.S.A. 65-34,114 in the 1995 Session and repealing K.S.A. 65-34,114a.
Drafter: Mary Torrence

Issues Relating to Senate Bill 476

A. Structure of Pooled Money Investment Board

1. Options for Location of PMIB
 - a. Treasurer's office (status quo)
 - b. Department of Administration (subcommittee report)
 - c. Free standing agency
 - d. Other
2. Options for investment authority
 - a. State Treasurer (status quo)
 - b. Director of Investments (subcommittee report)
 - c. Pooled Money Investment Board
 - d. Other
3. Options for Chairperson of PMIB
 - a. State Treasurer (status quo)
 - b. Elected by PMIB (subcommittee report)
 - c. Appointed by Governor
 - d. Other
4. Options for Membership of PMIB
 - a. Five members, Treasurer and four Governor's appointees (status quo)
 - b. Seven members, Treasurer, four Governor's appointees, Director of Accounts, representative of municipalities (subcommittee report)
 - c. Other
5. Options for Qualifications of PMIB members
 - a. "Ten years of direct work experience in the management of fixed income securities as an investment or trust officer for a financial institution, association or corporation."
(status quo)
 - b. "Ten years direct work experience in the areas of finance, accounting, or management of investments, or have at least a baccalaureate degree from an accredited college or university and at least five years of direct work experience in the areas of finance, accounting or management of investments."
(subcommittee report)
 - c. "Ten years experience or a college degree and five years experience in the areas of finance, accounting or management of investments."
 - d. Other
6. Continuance of Municipal Investment Pool Advisory Committee

4-24-96

HOUSE APPROPRIATIONS

Attachment
2

B. Structure of Investment Pools

1. Unified or Separate Investment Pools
 - a. Unified pool combining state moneys and municipal moneys (SB 476 as passed by Senate)
 - b. Separate pools for state moneys and municipal moneys (subcommittee report)
 - c. Other
2. Administrative fees and "haircut"
 - a. State and municipal 0.25% (SB 476 as passed by Senate)
 - b. State at 0.10%, municipal at 0.25% (subcommittee report)
 - c. Other
3. MIP liquidity provision, \$20 million

C. Investment Issues (per subcommittee report)

1. Limitation of mortgage-backed securities.
2. Health Care Stabilization Fund excluded from MIP
3. Pool investment in commercial paper up to 270 days.
4. Banks allowed to pledge commercial paper as collateral for public deposits.

D. Other Issues

1. Supermajority for hiring/firing by PMIB?
2. Technical amendment regarding IRS arbitrage rules.
3. PMIB approval of rules and regulations
4. Limitation of length of investment terms
5. Sunset on MIP?
6. Sunset on PMIB?