

Approved: 4-26-96  
Date

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS.

The meeting was called to order by Chairperson Robin Jennison at 11:45 a.m. on April 25, 1996 in Room 514-S of the Capitol.

All members were present except:

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 called the meeting to order and recognized Rep. Helgerson to explain and answer questions on a handout distributed concerning Welfare Reform proposals. This handout included a chart labeled "Progress to Date on Costing Out 1996 Welfare Reform Proposals," and also included a listing of items deleted from the original welfare reform waiver (Attachment 1).

Chairman Jennison stated his reasonings for calling today's meeting and recognized Rep. Mollenkamp explain a substitute bill for **SB 556** which is an act that abolishes the Economic Development Initiatives Fund (Attachment 2).

There was extensive discussion on the EDIF impacts in all parts of the state, contributions made to EDIF from lottery profits, carryover of funds in EDIF and guidelines for spending EDIF money.

A motion was made by Rep. Mollenkamp, seconded by Rep. Farmer, to amend SB 556 by introducing the substitute bill into it, and allow for technical corrections. The motion carried.

A motion was made by Rep. Mollenkamp, seconded by Rep. Neufeld, to move SB 556 favorably for passage, as amended. The motion carried.

The meeting adjourned at 12:45 p.m.

The next meeting is on call of the Chair.



# Progress to Date on Costing Out 1996 Welfare Reform Proposals

| Waive # | Sheet | Topic   | Federal Funds Cost/(saved) |           |           |           |             | State Funds Cost/(saved) |           |           |             |
|---------|-------|---|----------------------------|-----------|-----------|-----------|-------------|--------------------------|-----------|-----------|-------------|
|         |       |   | Cash                       | Med       | FS        | JOBS/CC   | Total       | Cash                     | Med       | JOBS/CC   | Total       |
| 1       | B     | Ongoing Earnings Disregard-Initial costs      | 1,102,322                  | 0         | (622,719) | 0         | 479,603     | 766,021                  | 0         | 0         | 766,021     |
| 1       | B     | Ongoing Earnings Disregard-Behavioral savings | Pending                    | Pending   | Pending   | Pending   | Pending     | Pending                  | Pending   | Pending   | Pending     |
| 2       | L     | Exempt children's earnings                    | 40,441                     | 0         | 15,480    | 0         | 55,921      | 28,103                   | 0         | 0         | 28,103      |
| 3       | C     | Exempt one vehicle                            | 89,784                     | 0         | 114,132   | 0         | 203,916     | 62,392                   | 0         | 0         | 62,392      |
| 7       | E     | Eliminate AFDC-UP criteria                    | 1,529,280                  | 369,080   | 0         | 0         | 1,898,360   | (1,529,280)              | (150,664) | 0         | (1,679,944) |
| 8       | E     | AF for pregnant women (fathers above)         | 212,400                    | 0         | 0         | 0         | 212,400     | (212,400)                | 0         | 0         | (212,400)   |
| 10      | I     | Standardize potential employment              | (140,354)                  | (25,342)  | (48,276)  | 0         | (213,972)   | (97,534)                 | (17,610)  | 0         | (115,144)   |
| 11      |       | Standardize work requirements                 | Pending                    | Pending   | Pending   | Pending   | Pending     | Pending                  | Pending   | Pending   | Pending     |
| 12      | H     | CSE requirement for Food Stamps               | 0                          | (36,000)  | (486,390) | 0         | (522,390)   | 0                        | 25,017    | 0         | 25,017      |
| 16      | Q     | Household composition changes                 | (239,305)                  | (124,254) | (40,520)  | 0         | (404,079)   | (166,297)                | (86,346)  | 0         | (252,643)   |
| 20      | M     | Exempt interest income                        | 2,145                      | 18,844    | 11,761    | 0         | 32,750      | 1,490                    | 13,095    | 0         | 14,585      |
| 21      | J     | Exempt lump sum income                        | 72,554                     | 0         | 0         | 0         | 72,554      | 50,419                   | 0         | 0         | 50,419      |
| 22      | K     | Exempt educational income                     |                            |           |           |           | 0           |                          |           |           | 0           |
| 25      |       | Eliminate protective payees                   |                            |           |           |           | 0           |                          |           |           | 0           |
| 31      |       | Standardize sponsor income/resource policies  |                            |           |           |           | 0           |                          |           |           | 0           |
| 32      | G     | Counting Adult SSI benefits in Cash cases     | (4,133,587)                | 0         | 700,538   | 0         | (3,433,049) | (2,872,493)              | 0         | 0         | (2,872,493) |
| 35      | Z     | KansasWorks Initiatives *                     | 0                          | 0         | 0         | 1,236,667 | 1,236,667   | 0                        | 0         | 3,002,467 | 3,002,467   |
| 36      |       | Substance Abuse Screening of KW Participants  | Pending                    | Pending   | Pending   | Pending   | Pending     | Pending                  | Pending   | Pending   | Pending     |
|         |       | Totals  | (1,464,320)                | 202,328   | (355,994) | 1,236,667 | (381,319)   | (3,969,579)              | (216,508) | 3,002,467 | (1,183,620) |

\*KansasWorks initiative requires 1) more demanding job search rules and 2) more work requirements placed on parents with children under age 6. All adults receiving cash assistance are expected to work 20 hours per week. Currently Kan Work serves 7,400 of the approximate 22,500 adult cash recipients

Attachment 1  
House Appropriations  
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## **ITEMS DELETED FROM ORIGINAL WELFARE REFORM WAIVER**

### **Increasing Transitional Medical Assistance to 24 Months**

We have few clients now who retain Transitional Medical Assistance for the full 12 months available to them; therefore, increasing eligibility to 24 months would not benefit many individuals. However, adding this provision would add substantial cost for evaluation. HCFA informed us we would be required to track recipients for up to five years after they left assistance to determine their health insurance status. This would require sending annual surveys to these households and analyzing the results. This is one of the most expensive components of an evaluation by an outside contractor. The additional cost could not be justified by the small benefit to be derived by a few recipients and would result in a state general fund expenditure in excess of the amount appropriated by the legislature. Recipients will still have 12 months of Transitional Medical Assistance available to them, and we have simplified program requirements to make the program more attractive to recipients entering the workforce.

### **Redirecting JOBS Resources**

HHS would not waive federal statutes regarding service to target groups. Without this waiver, we cannot concentrate on only the immediately employable recipients. Doing so would result in a loss of federal funds from not meeting the target group requirements.

### **Expanding Work Experience Opportunities**

We were able to do this without a waiver.

### **Limiting Assistance to Minors**

We were able to do this without a waiver.

### **Establishing Family Cap**

This provision provided a half increment increase for the first child conceived while on assistance and no increase for subsequent children. It is extremely difficult to program a computer system to accurately track this. For example, this could be the mother's first child, but the father may have four other children spread over three other AFDC cases or this could be the mother's 4th child and eligible for no benefit but then move in with the father who has no other children and entitled to a full benefit. The family situations which complicate the tracking of this provision are endless. In addition, tracking is difficult due to the number of times recipients go on and off of assistance. If a family is off assistance for two years but then reapplies, the system must have tracked which children in the family remain ineligible for assistance due to the family cap. The additional provisions for ignoring the cap if someone is working and providing an additional incremental increase for two parent families when one parent works makes system programming even more impossible. Without adequate system support, this provision could not be implemented.

Another factor in deciding to delete this provision from the welfare reform package is its difference from the federal welfare reform family cap provision. It is not feasible or cost effective to make system changes and train recipients and staff for implementation of the family cap rules outlined in H.B. 2929 and then reprogram and retrain them when federal family cap provisions are passed. Two family cap options are being considered which would not require retraining when federal welfare reform was implemented and which could be tracked by the automated eligibility system. Staff are now in the process of developing fiscal impacts of the two alternatives. One may be added to the welfare reform waiver at a later date.

#### KanLearn

There were not sufficient funds or staff to implement this provision.

#### Adopting Uniform Reviews

We are able to do this without a waiver.

#### Late Monthly Reporting Penalty

We dropped this request because we are now in the process of reviewing elimination of the monthly reporting process as a program simplification measure. We did not want to proceed with system re-programming and staff and recipient re-training related to a process which may be eliminated within the next year.

#### Modifying Citizenship Declaration

This waiver was no longer necessary due to a change in federal law.

#### Obtaining SSN's for Newborns

This waiver was no longer necessary due to a change in interpretation of federal quality control regulations.

#### Making Food Stamp Shelter Changes Prospectively

This was pursued as a separate waiver to USDA.

#### Redefining Homelessness for Food Stamps

USDA refused to approve this waiver.

#### Eliminating Monthly Reporting Grace Periods

USDA refused to approve this waiver.

**Coordinating Collection of Overpayments**

USDA refused to approve this waiver.

**Denying Assistance to Fugitive Felons**

All federal agencies refused to approve this waiver. It was not within their purview to waive. This has been included in federal welfare reform legislation.

**Modifying Intent to Return Policy**

HCFA refused to approve this waiver.

**Using Federal Tax Refund Offset Program to Collect AFDC Overpayments**

HHS refused to approve this waiver.

## PROPOSED HOUSE BILL NO. \_\_\_\_\_

By Committee on Appropriations

AN ACT abolishing the economic development initiatives fund; amending K.S.A. 74-8711, 74-8826 and 79-4801 and K.S.A. 1995 Supp. 74-50,151, 74-8316, 79-4803, 82a-1361 and 82a-1370 and repealing the existing sections; also repealing K.S.A. 79-4802 and K.S.A. 1995 Supp. 79-4804.

Be it enacted by the Legislature of the State of Kansas:

New Section 1. On July 1, 1996: (a) The director of accounts and reports shall transfer and credit all moneys in the economic development initiatives fund to the state general fund; (b) all liabilities of the economic development initiatives fund existing prior to July 1, 1996, are hereby imposed on the state general fund; and (c) the economic development initiatives fund is hereby abolished.

Sec. 2. K.S.A. 1995 Supp. 74-50,151 is hereby amended to read as follows: 74-50,151. (a) There is hereby created in the state treasury the Kansas economic opportunity initiatives fund. Subject to acts of the legislature applicable thereto, the moneys in the Kansas economic opportunity initiatives fund shall be used only for the purposes prescribed by this section.

(b) All expenditures made pursuant to this act shall be made in accordance with appropriations acts upon warrants of the director of accounts and reports issued pursuant to vouchers approved by the governor or the governor's designee. The governor may approve a warrant only upon certification, by the majority vote of a five member panel, that an economic emergency or unique opportunity exists which warrant funding for a strategic economic intervention by such state agency or agencies to address expenses involved in securing economic benefits or avoiding or remedying economic losses related to:

(1) A major expansion of an existing Kansas commercial

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enterprise;

(2) the potential location in Kansas of the operations of a major employer;

(3) the award of a significant federal or private sector grant which has a financial matching requirement;

(4) the departure from Kansas or the substantial reduction of the operations of a major employer; and

(5) the closure of a major federal or state institution or facility.

(c) No intervention strategy approved pursuant to this act shall include loans for which state funds are used unless the five-member panel finds that private financing cannot adequately fund the intervention strategy. The department of commerce and housing shall adopt written guidelines concerning the terms and conditions of such loans. However, all repaid funds shall be credited to the Kansas economic opportunity initiatives fund. No intervention strategy approved pursuant to this act shall facilitate the moving of an existing Kansas firm to another location within the state unless such restriction is waived by a unanimous vote of the five member panel identified in subsection (b). Every intervention strategy approved pursuant to this act shall identify the intended outcomes to be realized by the strategy for which funding is sought.

(d) The department of commerce and housing and Kansas, Inc. shall make joint findings concerning the costs and benefits, on both a local and statewide basis, of projects proposed pursuant to this act. Prior to allocation of any funds pursuant to this act, the governor shall review the cost-benefit findings performed on each project.

~~(e) The director of the budget and the director of the legislative research department shall consult periodically and review the balance credited to the estimated receipts to be credited to the state economic development initiatives fund during the fiscal year. During any period when the legislature is not in session, upon a finding by the director of the budget in~~



consultation--with--the--director--of--the--legislative--research department--that--the--total--of--the--unencumbered--balance--and estimated--receipts--to--be--credited--to--the--state--economic development--initiatives--fund--during--a--fiscal--year--are insufficient--to--fund--the--budgeted--expenditures--and--transfers--from the--state--economic--development--initiatives--fund--for--the--fiscal year--in--accordance--with--the--provisions--of--appropriation--acts,--the director--of--the--budget--shall--make--a--certification--of--such--finding to--the--governor. Upon--approval--by--the--governor,--the--director--of accounts--and--reports--shall--transfer--the--amount--of--moneys--from--the Kansas--economic--opportunity--initiatives--fund--to--the--state economic--development--initiatives--fund--that--is--required,--in accordance--with--a--certification--by--the--director--of--the--budget under--this--subsection,--to--fund--the--budgeted--expenditures--and transfers--from--the--state--economic--development--initiatives--fund for--the--fiscal--year--in--accordance--with--the--provisions--of appropriation--acts,--as--specified--by--the--director--of--the--budget pursuant--to--such--certification.

(f) On--or--before--the--10th--day--of--each--month,--the--director--of accounts--and--reports--shall--transfer--from--the--state--general--fund to--the--state--economic--development--initiatives--fund--the--amount--of money--certified--by--the--pooled--money--investment--board--in accordance--with--this--section.

(e) Prior to the 10th day of each month, the pooled money investment board shall certify to the director of accounts and reports the amount of money equal to the proportionate amount of all the interest credited to the state general fund for the preceding month, pursuant to K.S.A. 75-4210a and amendments thereto, that is attributable to moneys in the Kansas economic opportunity initiatives fund. Such amount of money shall be determined by the pooled money investment board based on: (1) The average daily balance of moneys in the Kansas economic opportunity initiatives fund during the preceding month as certified to the board by the director of accounts and reports; and (2) the average interest rate on repurchase agreements of

less than 30 days duration entered into by the pooled money investment board for that period of time. On or before the fifth day of each month, the director of accounts and reports shall certify to the pooled money investment board the average daily balance of moneys in the Kansas economic opportunity initiatives fund during the preceding month.

(g) (f) The five member panel provided for in subsection (b) shall consist of the secretary of commerce and housing, the president of Kansas, Inc., the president of the Kansas technology enterprise corporation, the private sector chairperson of the board of Kansas, Inc. and the private sector chairperson of the Kansas technology enterprise corporation.

Sec. 3. K.S.A. 1995 Supp. 74-8316 is hereby amended to read as follows: 74-8316. (a) The Kansas technology enterprise corporation is hereby authorized to facilitate the establishment of a technology-based venture-capital fund in which the corporation may invest only moneys ~~from the economic development initiatives fund specifically so allocated~~ specifically appropriated for that purpose. The corporation may credit also the fund with gifts, donations or grants received from any source other than state government and with proceeds from the fund. Investments in the fund shall qualify for the income tax credit allowed pursuant to K.S.A. 74-8304, and amendments thereto.

(b) The technology-based venture-capital fund may invest the assets as follows:

(1) To carry out the purposes of this act through investments in qualified securities and through the forms of financial assistance authorized by this act, including:

- (A) Loans, loans convertible to equity, and equity;
- (B) leaseholds;
- (C) management or consultant service agreements;
- (D) loans with warrants attached that are beneficially owned by the fund;
- (E) loans with warrants attached that are beneficially owned by a party other than the fund; and

(F) the fund, in connection with the provision of any form of financial assistance, may enter into royalty agreements with an enterprise.

(2) To invest in such other investments as are lawful for Kansas fiduciaries pursuant to K.S.A. 17-5001 et seq. and amendments thereto.

(c) Distributions received by the corporation may be reinvested in any fund consistent with the purposes of this act.

(d) The corporation may invest only in a fund whose investment guidelines permit the fund's purchase of qualified securities issued by an enterprise as a part of a resource and technology project subject to the following:

(1) Receipt of an application from the enterprise which contains:

(A) A business plan including a description of the enterprise and its management, product and market;

(B) a statement of the amount, timing and projected use of the capital required;

(C) a statement of the potential economic impact of the enterprise, including the number, location and types of jobs expected to be created; and

(D) such other information as the fund manager or the fund's board of directors shall request.

(2) Approval of the investment by the fund may be made after the fund manager or the fund's board of directors finds, based upon the application submitted by the enterprise and such additional investigation as the fund manager or the fund's board of directors shall make and incorporate in its minutes, that:

(A) The proceeds of the investment will be used only to cover the venture-capital needs of the enterprise except as authorized by this section;

(B) the enterprise has a reasonable possibility of success;

(C) the fund's participation is instrumental to the success of the enterprise because funding otherwise available for the enterprise is not available on commercially feasible terms;

(D) the enterprise has the reasonable potential to create a substantial amount of employment within the state;

(E) the entrepreneur and other founders of the enterprise have already made or are contractually committed to make a substantial financial and time commitment to the enterprise;

(F) the securities to be purchased are qualified securities;

(G) there is a reasonable possibility that the fund will recoup at least its initial investment; and

(H) binding commitments have been made to the fund by the enterprise for adequate reporting of financial data to the fund, which shall include a requirement for an annual report, or if required by the fund manager, an annual audit of the financial and operational records of the enterprise, and for such control on the part of the fund as the fund manager shall consider prudent over the management of the enterprise, so as to protect the investment of the fund, including in the discretion of the fund manager and without limitation, the right of access to financial and other records of the enterprise.

(e) All investments made pursuant to this section shall be evaluated by the fund's investment committee and the fund shall be audited annually by an independent auditing firm.

(f) The fund shall not make investments in qualified securities issued by enterprises in excess of the amount necessary to own more than 49% of the qualified securities in any one enterprise at the time of the purchase by the fund, after giving effect to the conversion of all outstanding convertible qualified securities of the enterprise, except that in the event of severe financial difficulty of the enterprise, threatening, in the judgment of the fund manager, the investment of the fund therein, a greater percentage of such securities may be owned by the fund.

(g) At least 75% of the total investment of the fund must be in Kansas businesses.

Sec. 4. K.S.A. 74-8711 is hereby amended to read as follows:  
74-8711. (a) There is hereby established in the state treasury

the lottery operating fund.

(b) The executive director shall remit at least weekly to the state treasurer all moneys collected from the sale of lottery tickets and shares and any other moneys received by or on behalf of the Kansas lottery. Upon receipt of any such remittance, the state treasurer shall deposit the entire amount thereof in the state treasury and credit it to the lottery operating fund. Moneys credited to the fund shall be expended or transferred only as provided by this act. Expenditures from such fund shall be made in accordance with appropriations acts upon warrants of the director of accounts and reports issued pursuant to vouchers approved by the executive director or by a person designated by the executive director.

(c) Moneys in the lottery operating fund shall be used for:

(1) The payment of expenses of the lottery, which shall include all costs incurred in the operation and administration of the Kansas lottery; all costs resulting from contracts entered into for the purchase or lease of goods and services needed for operation of the lottery, including but not limited to supplies, materials, tickets, independent studies and surveys, data transmission, advertising, printing, promotion, incentives, public relations, communications, and distribution of tickets and shares; and reimbursement of costs of facilities and services provided by other state agencies;

(2) the payment of compensation to lottery retailers;

(3) transfers of moneys to the lottery prize payment fund pursuant to K.S.A. 74-8712 and amendments thereto;

(4) transfers to the state general fund pursuant to K.S.A. 74-8713 and amendments thereto;

(5) transfers to the state gaming revenues fund pursuant to subsection (d) ~~of this section~~ and as otherwise provided by law; and

(6) ~~the transfers to the county reappraisal fund as prescribed by law~~ transfers to the state general fund pursuant to subsection (e).

(d) The director of accounts and reports shall transfer moneys in the lottery operating fund to the state gaming revenues fund created by K.S.A. 79-4801 and amendments thereto, on or before the 15th day of each month, ~~for fiscal years commencing on or after July 1, 1988~~ in an amount certified monthly by the executive director and determined as follows, whichever is greater:

(1) ~~In~~ An amount equal to 15% of the moneys in the lottery operating fund in excess of those needed for the purposes described in subsections (c)(1) through (c)(4); or

(2) an amount equal to not less than ~~30%~~ 4.5% of total monthly revenues from the sales of lottery tickets and shares less estimated returned tickets.

(e) The director of accounts and reports shall transfer moneys in the lottery operating fund to the state general fund created, on or before the 15th day of each month, in an amount certified monthly by the executive director and determined as follows, whichever is greater:

(1) In an amount equal to 85% of the moneys in the lottery operating fund in excess of those needed for the purposes described in subsections (c)(1) through (c)(4); or

(2) an amount equal to not less than 25.5% of total monthly revenues from the sales of lottery tickets and shares less estimated returned tickets.

Sec. 5. K.S.A. 74-8826 is hereby amended to read as follows: 74-8826. (a) There is hereby created the state racing fund in the state treasury.

(b) Except as otherwise provided by K.S.A. 74-8824 and 74-8835, and amendments thereto, all taxes on parimutuel wagering, admissions tax, application fees, license fees and fines which are collected by the commission shall be remitted to the state treasurer, who shall deposit the entire amount in the state treasury and credit it to the state racing fund. All moneys credited to such fund shall be expended or transferred only for the purposes and in the manner provided by this act. Expenditures

from such fund shall be made in accordance with appropriation acts upon warrants of the director of accounts and reports issued pursuant to vouchers approved by the chairperson of the commission or a person designated by the chairperson.

(c) Except as otherwise provided by this act, all operating expenses of the commission and moneys for the promotion of horse and greyhound racing appropriated by the legislature shall be paid from the state racing fund. ~~On January 15, 1990, and~~ On the 15th day of each month thereafter, and at such other times as provided by law, ~~the director of accounts and reports shall transfer to the state gaming revenues fund created by K.S.A. 79-4801 and amendments thereto any~~ of moneys in the state racing fund on each such date in excess of the amount required for operating expenditures and an adequate fund balance, taking into consideration encumbrances, anticipated revenues, revenue and expenditure experience to date and other relevant factors, as determined by the executive director and the director of accounts and reports, the director of accounts and reports shall transfer 15% to the state gaming revenues fund created by K.S.A. 79-4801 and amendments thereto and 85% to the state general fund.

(d) Any appropriation or transfer of state general fund moneys for the operation of the commission or the office of the executive director and any other expenses incurred in connection with the administration and enforcement of this act shall be considered a loan and shall be repaid with interest to the state general fund in accordance with appropriation acts. Such loan shall not be considered an indebtedness or debt of the state within the meaning of section 6 of article 11 of the constitution of the state of Kansas. Such loan shall bear interest at a rate equal to the rate prescribed by K.S.A. 75-4210 and amendments thereto for inactive accounts of the state effective on the first day of the month during which the appropriation or transfer takes effect.

(e) At the time of repayment of a loan pursuant to subsection (d), the executive director shall certify to the

director of accounts and reports the amount to be repaid and any interest due thereon. Upon receipt of such certification, the director of accounts and reports shall promptly transfer the amount certified from the state racing fund to the state general fund.

Sec. 6. K.S.A. 79-4801 is hereby amended to read as follows: 79-4801. There is hereby created the state gaming revenues fund in the state treasury. All moneys credited to such fund shall be expended or transferred only for the purposes and in the manner provided by this act and all expenditures from the state gaming revenues fund shall be made in accordance with appropriation acts. All moneys credited to such fund shall be allocated and credited monthly to the funds and in the amounts specified by this act except that the total of the amounts credited to such funds in any one fiscal year pursuant to this act shall not exceed ~~\$50,000,000~~ \$7,500,000. All amounts credited to such fund in any one fiscal year which are in excess of ~~\$50,000,000~~ \$7,500,000 shall be transferred and credited to the state general fund on July 15 following such fiscal year.

Sec. 7. K.S.A. 1995 Supp. 79-4803 is hereby amended to read as follows: 79-4803. ~~(a) Before July 1, 1995, an amount equal to 10% of all moneys credited to the state gaming revenues fund shall be transferred and credited in accordance with the following:~~

~~(1) A portion of such amount, which shall be specified by appropriations act, shall be credited to the juvenile detention facilities fund; and~~

~~(2) the remainder of such amount shall be credited to the correctional institutions building fund created pursuant to K.S.A. 76-6b09 and amendments thereto, to be appropriated by the legislature for the use and benefit of state correctional institutions as provided in K.S.A. 76-6b09 and amendments thereto;~~

~~(b) On and after July 1, 1995:~~

(a) (1) An amount equal to ~~10%~~ 66 2/3% of all moneys



credited to the state gaming revenues fund shall be transferred and credited to the correctional institutions building fund created pursuant to K.S.A. 76-6b09 and amendments thereto, to be appropriated by the legislature for the use and benefit of state correctional institutions as provided in K.S.A. 76-6b09 and amendments thereto; and

(2) an amount equal to 5% 33 1/3% of all moneys credited to the state gaming revenues fund shall be transferred and credited to the juvenile detention facilities fund.

~~(c)~~ (b) There is hereby created in the state treasury the juvenile detention facilities fund which shall be administered by the ~~attorney--general~~ secretary of social and rehabilitation services. All expenditures from the juvenile detention facilities fund shall be for the retirement of debt of facilities for the detention of juveniles; or for the construction, renovation, remodeling or operational costs of facilities for the detention of juveniles in accordance with a grant program which shall be established with grant criteria designed to facilitate the expeditious award and payment of grants for the purposes for which the moneys are intended. "Operational costs" shall not be limited to any per capita reimbursement by the secretary of social and rehabilitation services for juveniles under the supervision and custody of the secretary but shall include payments to counties as and for their costs of operating the facility. The secretary of social and rehabilitation services shall make grants of the moneys credited to the juvenile detention facilities fund for such purposes to counties in accordance with such grant program. All expenditures from the juvenile detention facilities fund shall be made in accordance with appropriation acts upon warrants of the director of accounts and reports issued pursuant to vouchers approved by the secretary of social and rehabilitation services or the secretary's designee.

~~(d)--On--July--17--19947--the--director--of--accounts--and--reports  
shall--transfer--all--moneys--in--the--juvenile--detention--facilities~~

~~capital-improvements-fund-to-the--juvenile--detention--facilities fund-established-pursuant-to-subsection-(c).-On-July-1,1994,-all liabilities---of---the---juvenile--detention--facilities--capital improvements-fund-existing-prior-to-such-date-are-hereby--imposed on-the-juvenile-detention-facilities-fund-established-pursuant-to subsection--(c)--and--the--juvenile--detention-facilities-capital improvements-fund-is-hereby-abolished.~~

Sec. 8. K.S.A. 1995 Supp. 82a-1361 is hereby amended to read as follows: 82a-1361. (a) The Kansas water office is hereby authorized to issue and sell revenue bonds for the purpose of paying all or part of the cost of acquiring a site or sites, constructing, reconstructing, improving and expanding large reservoir projects or to finance the purchase of storage in existing reservoirs. The revenue bonds may be issued from time to time and sold in amounts which the director deems necessary for such purposes.

(b) Prior to the issuance of the revenue bonds, the director shall adopt a resolution or resolutions in the name and on behalf of the Kansas water office, which resolution or resolutions, unless otherwise provided therein, shall take effect immediately and:

(1) Determine an interest rate or rates to be paid on the principal of the revenue bonds not in excess of the maximum rate of interest prescribed by K.S.A. 10-1009, and amendments thereto;

(2) determine that the revenue bonds will be term or serial bonds or any combination thereof maturing not later than 40 years from the date of issuance;

(3) make provision for charges in water supply contracts with water users who will derive benefits from the construction of a large reservoir project or from the purchase of space in existing reservoirs and fix charges to participants in water assurance programs in an amount necessary to assure the prompt payment of the principal of and interest on the revenue bonds as they become due, to maintain any required reserves and to provide for any deficits resulting from failure to receive sums payable

to the Kansas water office by such water users or participants in water assurance programs or resulting from any other cause, and shall sell the revenue bonds in the manner provided by K.S.A. 10-106, and amendments thereto, at a price of not less than 90% of the par value thereof; and

(4) register the revenue bonds with the state treasurer.

(c) Prior to the issuance of the revenue bonds, the director may:

(1) Pledge to the payment of the principal and interest on the revenue bonds the gross revenues derived from water supply contracts with water users from revenue from participants in water assurance programs or from any one or more or all of such sources;

(2) pledge to the payment of the principal of and interest on the revenue bonds the proceeds of any grant-in-aid, gift, donation, bequest or other such fund, or the income from any of such sources obtained by the Kansas water office directly or in trust;

(3) pledge to the payment of the principal of and interest on any revenue bonds issued to acquire conservation water supply storage capacity in federal reservoirs, if moneys otherwise authorized to be pledged are insufficient, moneys appropriated from the following, in descending order of priority: The state water plan fund created by K.S.A. 82a-951 and amendments thereto, ~~the state economic development initiatives fund created by K.S.A. 79-4804 and amendments thereto~~ or the state general fund;

(4) create and maintain (A) revenue bond funds adequate to promptly pay both the principal of and interest on the revenue bonds when they become due and (B) a reasonable reserve fund; and

(5) covenant or contract with respect to any and all matters consistent with the authority granted herein necessary and convenient in the determination of the director to sell the revenue bonds and obtain the most favorable interest rate thereon, including, but not limited to, maturities, priority of liens, number of issuances, special funds for security,

redemption privileges, investments of the proceeds of the revenue bonds and any other funds pledged to the payment thereof or held as security therefor, security agreements, trust indentures, paying agencies, registration provisions and conversion privileges.

Sec. 9. K.S.A. 1995 Supp. 82a-1370 is hereby amended to read as follows: 82a-1370. (a) To provide financing to acquire conservation water supply storage in federal reservoirs, the pooled money investment board is authorized and directed to loan to the director of the Kansas water office, upon request therefor, sufficient funds for such purpose. The pooled money investment board is authorized and directed to use any moneys in the operating accounts, investment accounts or other investments, of the state of Kansas to provide funds for such loan. On the loan date of such loan, the pooled money investment board shall transfer the loan amount to the director of the Kansas water office by depositing the same in the state treasury to the credit of the water supply storage acquisition financing fund.

(b) Such loan shall bear interest from the date of the loan at an annual rate of interest which is not less than the average yield before taxes received on 91-day United States treasury bills as determined by the federal reserve banks as fiscal agents of the United States at its most recent public offering of such bills in effect on January 1 of such year. The principal and interest thereon shall be payable in accordance with subsection (c). Such loan shall not be deemed to be an indebtedness or debt of the state of Kansas within the meaning of section 6 of article 11 of the Constitution of the state of Kansas.

(c) The principal and interest on any loan made under this section, shall be payable in accordance with appropriations acts from the following sources, in descending order of priority:

(1) Amounts received under contracts entered into pursuant to the state water plan storage act or the water assurance program act, if the water supply storage capacity purchased with the loan proceeds is to be used to service such contracts;

(2) state water plan fund created by K.S.A. 82a-951 and amendments thereto; and

~~(3) the state economic development initiatives fund created by K.S.A. 79-4804 and amendments thereto; and~~

~~(4)~~ (3) the state general fund.

(d) There is hereby created in the state treasury the water supply storage acquisition financing fund. On the 10th of each month, the director of accounts and reports shall transfer from the state general fund to the water supply storage acquisition financing fund, the amount of money certified by the pooled money investment board in accordance with this subsection. Prior to the 10th of each month, the pooled money investment board shall certify to the director of accounts and reports the amount of money equal to the proportionate amount of all the interest credited to the state general fund for the preceding period of time specified under this subsection, pursuant to K.S.A. 75-4210a, and amendments thereto, that is attributable to money in the water supply storage acquisition financing fund. Such amount of money shall be determined by the pooled money investment board based on:

(1) The average daily balance of moneys in the water supply storage acquisition financing fund during the period of time specified under this subsection as certified to the board by the director of accounts and reports; and

(2) the average interest rate on repurchase agreements of less than 30 days' duration entered into by the pooled money investment board for that period of time. On or before the fifth day of the month for the preceding month, the director of accounts and reports shall certify to the pooled money investment board the average daily balance of moneys in the water supply storage acquisition financing fund for the period of time specified under this subsection.

(e) All expenditures from the water supply storage acquisition financing fund shall be made for the purpose of financing the acquisition of water supply storage in federal

reservoirs and for the purpose of paying the principal and interest on the loan received under this section in accordance with appropriation acts upon warrants of the director of accounts and reports issued pursuant to vouchers approved by the director of the Kansas water office or by a person designated by the director.

Sec. 10. K.S.A. 74-8711, 74-8826 and 79-4801 and 79-4802 and K.S.A. 1995 Supp. 74-50,151, 74-8316, 79-4803, 79-4804, 82a-1361 and 82a-1370 are hereby repealed.

Sec. 11. This act shall take effect and be in force from and after its publication in the statute book.