

Approved: 4-25-97
Date

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS.

The meeting was called to order by Chairperson Dave Kerr at 11:00 a.m. on March 21, 1997 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
Mark Burenheide, Legislative Research Department
Norman Furse, Revisor of Statutes
Michael Corrigan, Revisor of Statutes
Judy Bromich, Administrative Assistant
Janet Henning, Committee Secretary

Conferees appearing before the committee: Dr. William Wolff, Associate Director, Kansas Legislative Research Department

Others attending: See attached list

HB 2255: **Reimbursement, medically necessary food treatment product.**

The Chairman announced that **HB 2255** was not going to be heard as previously scheduled as this is a double referred bill. He advised the Public Health and Welfare Committee had not yet taken action on this bill.

Chairman Kerr advised the letter from G-Tech (Attachment 1) had been received as requested during the Subcommittee report of the Kansas Lottery on March 18, 1997.

HB 2038: **Claims against the state.**

Dr. Bill Wolff appeared before Committee members regarding certain claims against the state.

Section 2 - Requires the Department of Revenue to pay motor vehicle fuel tax refund on motor vehicle fuel purchased and used on non-highway uses. This is an accumulation of two years worth of refund claims as there was not a claims bill during the previous session.

Section 3 - Directs the Department of Revenue to make a sales tax refund on sales tax paid pursuant to a settlement agreement.

Section 3(b) - Directs the Department of Revenue to pay sales refunds for sales taxes paid for materials on projects which otherwise would have been tax exempt had there been a sale tax exemption certificate acquired from the department.

Senator Salmans inquired of the circumstances regarding the payment to the Stauth Memorial Museum, Montezuma, Kansas. Senator Salmans moved, seconded by Senator Ranson, to amend the bill to increase the payment to \$24,000 for the Stauth Memorial Museum. After a brief discussion among Committee members, Senator Salmans withdrew the motion.

Section 4 - Recommended this section be amended for Margaret A. Hearne in the amount of \$840 as this payment has been made from the Employment Security Fund of the Department of Human Resources (Attachment 2).

Senator Morris moved, seconded by Senator Salisbury, that the amendment be passed from the Employment Security Fund of the Department of Human Resources. The motion carried on a voice vote.

Section 5 - Directs the Department of Social and Rehabilitation services to pay amounts allocated for Larned State Hospital within the mental health and retardation services aid and assistance.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS, Room 123-S Statehouse, at 11:00 a.m. on March 21, 1997.

Section 6 - Kansas Arts Commission is authorized to issue funds for payment of services provided to the Topeka Association for Retarded Citizens

Section 7 - The University of Kansas medical center is authorized to pay from the service clearing fund \$32,270 for services rendered.

Senator Morris advised he had an amendment from the University of Kansas medical center authority who advised they are required to pay \$35,827.80 to Professional Service Industries, Inc. for professional repairs and remodeling (Attachment 3).

Senator Morris moved, seconded by Senator Gilstrap, to amend the bill authorizing payment of \$35,827 for services provided. The motion carried on a voice vote.

Section 8 - Payment of inspector fees in the matter of a contested election for mayor of Formoso, Kansas.

Senator Salisbury moved, Senator Jordan seconded, that the bill be amended and claim be removed from Section 8 (a). The motion carried on a voice vote.

Section 8(b) - Department of Administration authorized to pay \$7,359.95 from the canceled warrants payment fund to Lloyd Garber, Fairbury, Nebraska.

Section 9(a) - Department of Social and Rehabilitation Services is authorized to pay \$7,959 an amount from state operations account for reimbursement for legal fees incurred as a result of a guardianship/conservatorship matter.

Section 9(b) - Department of Social and Rehabilitation Services is directed to pay on vouchers which were not timely processed for a total of \$4,320.

Section 9(c) - Department of Social and Rehabilitation Services is authorized to pay \$177.28 for property damage inflicted by a foster child placed with the claimants.

Section 9(d) - Department of Social and Rehabilitation Services is authorized to pay the amount of \$18,000 from the Title XIX fund for compensation for an injury sustained by the claimant while on work detail to the Topeka State Hospital.

Section 10 - Wichita State University is authorized to pay the amount of \$270.57 for reimbursement for medical costs incurred as a result of an injury sustained from a fall upon the premises of such university.

Section 11 - State Fair Board is authorized to pay \$335.94 for reimbursement of costs incurred to repair damages to claimant's vessel while stored at the fairgrounds.

Section 12 - Department of Corrections is authorized to pay \$185.78 for medical services received from Cotton-O'Neil Clinic, Topeka, Kansas.

Section 13 - Department of Corrections is authorized to pay the amount of \$500 for compensation for personal injury sustained at the Ellsworth Correctional Facility. Dr. Wolff recommended to Committee members that this claim be deleted in its entirety. The individual has an action pending in court and through his attorney, has rejected this offer and indicated his wish to proceed with the court action (Attachment 2).

Senator Morris moved, Senator Feleciano seconded, the bill be amended to remove this claim in its entirety. The motion carried on a voice vote.

Section 14 (a) - Department of Corrections is authorized to reimburse individuals in the amount of \$72.89 for loss or damage to claimants' personal property while at El Dorado Correctional Facility.

Section 14(b) - Department of Corrections is authorized to pay the amount of \$50 for reimbursement of travel expenses incurred in the attempted visitation of an inmate at El Dorado Correctional Facility.

Section 15 - Department of Corrections is authorized to reimburse individuals in the amount of

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS, Room 123-S Statehouse, at 11:00 a.m. on March 21, 1997.

\$996.98 for loss or damage to claimants' personal property while at Lansing Correctional Facility.

Section 16 - Department of Corrections is authorized to reimburse individuals in the amount of \$185 for damages to claimant's personal property while at Norton Correctional Facility.

Section 17 - Department of Corrections is authorized to reimburse an individual in the amount of \$500 for damages to claimant's vehicle while at the Hutchinson Correctional Facility. Dr. Wolff recommended to Committee members that this section be deleted in its entirety as the claimant has been paid \$500 for her damages by the institution (Attachment 2).

Senator Jordan moved, Senator Feleciano seconded, that the bill be amended to remove this claim in its entirety. The motion carried on a voice vote.

Section 18(a) - Department of Transportation is authorized to reimburse an individual in the amount of \$500 for flood damage to claimant's property resulting from improper maintenance of a spillway.

Section 18(b) - Department of Transportation is authorized to reimburse claimant in the amount of \$2,120 for expenses incurred for the conduct of a survey.

Section 18(c) - Department of Transportation is authorized to reimburse claimants in the amount of \$19,987.92 for the replacement of tools stolen from a district shop.

Section 19 - Department of Education is authorized to reimburse claimant in the amount of \$24,446.24 for transportation costs incurred, the invoice for which was submitted in an untimely manner.

Section 20 - Appropriation from the State General Fund in the amount of \$100,000 for the death of Brenda Keller, daughter of claimants, on October 18, 1991.

Section 21 - Except as otherwise noted, the Director of Accounts and Reports is authorized to draw warrants in favor of the claimants specified in this act.

Senator Morris moved, seconded by Senator Salisbury, that the bill as amended be recommended favorably for passage. The motion carried on a roll call vote.

SB 187: Abolishing the corporation for change; transferring the fund oversight to the commissioner of juvenile justice.

Chairman Kerr advised the purpose of the bill was to terminate the Corporation for Change and to give the two funds it oversees to the Juvenile Justice Authority. The Subcommittee has recommended an amendment which can be summarized into two main issues, distribution of the two funds and coordination of the local planning councils. Both of the funds initially are to be administered by SRS. SRS will then contract with the Office of Judicial Administration to operate the Permanent Families Fund. This is the money used to support CASA programs. The Advisory Commission of Family and Children's Trust Fund, originally created by a Governor's Executive Order, is hereby created in statute. By utilizing SRS, there is a possibility for a federal match.

Senator Salisbury moved, seconded by Senator Petty, to adopt the amendatory language of **SB 187**. The motion carried on a voice vote.

Senator Salisbury moved, seconded by Senator Jordan, that the amended bill be considered favorable for passage. The motion carried on a roll call vote.

The Chairman adjourned the meeting at 12:20 p.m.

The next meeting is scheduled for March 24, 1997.

SENATE WAYS AND MEANS COMMITTEE GUEST LIST

DATE: 3-21-97

| NAME | REPRESENTING |
|----------------------|-----------------------------|
| Charley Young | Via Christi Reg. Med. Cent. |
| HARRY HENDERSON | DOA |
| Ken Baker | Ko. Governmental Consulting |
| Don Rezac | SEAK |
| Scott A. Stone | KAPE |
| Don Pulfledge | SRS |
| Tom Brown | Allen Assoc. |
| Bill Watts | KDOT |
| Steve Woolington | KDOT |
| Nancy Boajna | KDOT |
| Lisa Mendoza | KDOC |
| Mitch Cooper | SRS |
| Jon Josseland | KU |
| David Dillan | DOB |
| Sen Tim Auelkamp | |
| Willie W. CRAFT | KDHE |
| ANDREW KNICKERBOCKER | OJA |
| Sue W. Lockett | CRB/CASA |
| Doug Bowman | CCEDS |



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President, GTECH Lottery

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March 20, 1997

Honorable David Kerr
Chairman, Senate Appropriations Committee
Room 123 South
Staff Capitol
Topeka, Kansas 66612

Dear Senator Kerr:

As you have requested, I am responding to your questions related to certain GTECH employees, consultants and various companies that have been named in a document which we understand was sent anonymously to you.

With respect to J. David Smith, a former GTECH employee, I can assure you that this individual had no responsibilities associated with GTECH's contract with the Kansas Lottery.

In addition, neither Steven Dandrea, Joseph LaPorta, Ben Barnes or Ricky Knox, former GTECH consultants, nor William Fugazy or Roy Fugazy, who have also been named in the document, have had any responsibility for or performed any services related to GTECH's current contract or the proposed contract with the Kansas Lottery. Nor did any other persons identified in the allegations of wrongdoing in the document have any involvement with the Kansas Lottery.

In addition, none of the companies identified in the allegations of wrongdoing in the document performed any services related to GTECH's current contract or the proposed contract with the Kansas Lottery.

The Company welcomes any inquiries you may have as well as the thorough review planned by the Kansas Bureau of Investigation.

I am available to meet with you at your convenience to answer questions you may have.

Sincerely,

Michael R. Chambrello
President, GTECH Lottery

MRC:ECI

cc: Gregory Ziemak, Executive Director, Kansas Lottery

Senate Ways and Means Committee

Date 3-21-97

Attachment # 1

Proposed amendments to House Bill No. 2038
As amended by the House Committee of the Whole

1. Section 13, page 9. Delete the section in its entirety. (Mr. Reed as an action pending in court on this matter and, through his attorney, has rejected this offer and indicated his wish to proceed with that action.)
2. Section 17, page 10. Delete the section in its entirety. (Mrs. Guthrie has been paid \$500 for her damages by the institution.)
3. Section 4, page 6. Amend section so that the claim for Margaret A. Hearne in the amount of \$840.00 is paid from the Employment Security Fund of the Department of Human Resources. (The warrants were issued from that Fund and, upon cancellation reverted to that Fund.)

Bill Wolff

Senate Ways and Means Committee

Date *3-21-97*

Attachment # *2*

Claims Bill Issue - University of Kansas Medical Center

Authority is requested to pay \$35,827.80 to Professional Service Industries, Inc. for professional services from the major repair and remodeling account. Funds for the services are budgeted and available, but were not encumbered by the Medical Center in a timely manner.

Professional Service Industries, Inc. (PSI) of Lombard, Illinois, with offices in Lawrence, KS., has performed building surveys at the University of Kansas Medical Center to determine the presence of asbestos containing materials in locations that are involved in renovation projects being conducted by the Medical Center.

PSI has established various "on-call" procurement contracts through the Division of Architectural Services, the Department of Administration, and the University of Kansas. These on-call contracts provide the procurement authority to perform these professional services on demand at the University. However, as the services are requested, the Medical Center is responsible for issuing purchase order documents that officially encumber the funds as the specific work is ordered and completed.

Although many inspections were ordered by the Medical Center using this on-call authority, the Medical Center failed to encumber funds properly through the normal administrative procedures of the State. These accounting errors were made at no fault of the vendor, PSI, who had performed the services as requested. Funds for the services had been budgeted and are available in the major repair and remodeling funds of the KU Medical Center. However, the services in question relate to work ordered and performed in fiscal years 1995 and 1996, but for which no encumbrance documents were processed before the fiscal year business was closed.

The Medical Center requests authority to utilize fiscal year 1997 major repair and remodeling funds project funds to reimburse Professional Service Industries, Inc. for the following services performed in fiscal years 1995 and 1996.

For professional services rendered to inspect renovation areas at the University of Kansas Medical Center for the presence of asbestos-containing materials, quantify and sample the suspect materials, and provide a report detailing the findings, and amount totaling \$35,827.80 is due and payable to Professional Service Industries, Inc. The following projects have been requested by KUMC and work completed by PSI.

- 1) Sudler Building Renovation
- 2) Bell Building Cray Diabetic Center Renovation
- 3) Bell Surgery Suite Renovation
- 4) Bell Central Service Sterile Storage Renovation
- 5) Olathe Pavilion Psychiatry Renovation
- 6) Delp Classroom Development Renovation
- 7) Wahl Hall East Anatomy and Cell Biology Renovation
- 8) Breidenthal Building Conference Room Renovation
- 9) Breidenthal Building Environmental Health Office Renovation
- 10) Eleanor Taylor Building School Of Nursing Renovation
- 11) Emergency request for generator analysis for muriatic acid

Senate Ways and Means Committee

Date 3-20-97

Attachment # 3