

Approved: 2-24-99  
Date

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE.

The meeting was called to order by Chairperson Phill Kline at 9:00 a.m. on February 9, 1999 in Room 514-S of the Capitol.

All members were present except: all present

Committee staff present: Legislative Research - Alan Conroy, Stuart Little, Robert Waller  
Revisor of Statutes - Jim Wilson, Mike Corrigan  
Secretary - Ann McMorris

Conferees appearing before the committee: None

Others attending: See attached list

Chair called meeting to order at 9:10 a.m. He noted a subcommittee had been appointed to review a specific charge of what type of an extended highway plan is available with existing revenues without changing current laws as relates to various demand transfers. Appointed to this subcommittee were Representatives Powell, Peterson, Feuerborn, and Nichols.

**Report of Special Committee on Interim Highway Plan**

Representative Tony Powell reviewed the data on the New Transportation Program average annual costs as based on current laws. He noted one option for increasing funding for transportation is to not cap the income from the Kansas sales tax (demand transfer) and motor carrier property tax (city-county highway fund) which is allocated to the Highway Fund. Considerable discussion on demand transfers and the amount of money generated to the Highway Fund. (Attachment 1) A chart was distributed showing the transfers being made out of the fund. (Attachment 2) the subcommittee was charged to continue and report additional detail on expenditures and funding.

**Budget Committee Reports on:**

Kansas Department of Commerce and Housing Budget

Chair Pottorff presented the House Budget Committee recommendations for FY99 and FY2000. (Attachment 3)

Moved by Representative Pottorff, seconded by Representative Shriver, amend FY99 for Kansas Department of Commerce and Housing by deleting \$41,889 for World Trader Center. Motion carried.

Moved by Representative Landwehr, seconded by Representative Spangler, to delete recommendation #1 on Kansas Department of Commerce and Housing FY99 budget. Motion carried.

Moved by Representative Pottorff, seconded by Representative Shriver, adoption of FY 1999 budget for Kansas Department of Commerce and Housing as amended. Motion carried.

Moved by Representative Pottorff, seconded by Representative Dean, amend Kansas Department of Commerce and Housing for FY2000 by adding \$41,889 (EDIF) for the World Trade Center in Wichita and World Trade Center to provide reports to Kansas Department of Commerce and Housing. Motion carried.

Motion by Representative Allen, seconded by Representative Ballard, to delete recommendation #2 on FY2000 Kansas Department of Commerce and Housing and replace the \$750,000 Governor's recommendation in their budget.

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CONTINUATION SHEET

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE, Room 514-S Statehouse, at 9:00 a.m. on February 9, 1999.

Substitute Motion by Representative McKechnie, seconded by Representative Spangler, to table any action on recommendation #2 of FY2000 budget for Kansas Department of Commerce and Housing until the Committee takes up the FY2000 appropriations bill as a whole. Motion carried.

Moved by Representative Nichols, seconded by Representative Spangler, amend to remove \$50,000 EDIF for tourism and work HB 2016 to determine funding for tourism. Motion failed 8-10.

Moved by Representative Pottorff, seconded by Representative Shriver, adoption of Kansas Department of Commerce and Housing FY2000 budget as amended. Motion carried.

Kansas, Inc. Budget

Chairman Pottorff presented the reports for Kansas, Inc. for FY 99 and FY 2000. (Attachment 4)

Moved by Representative Pottorff, seconded by Representative Shriver, accept the FY1999 budget of Kansas, Inc. Motion carried.

Moved by Representative Pottorff, seconded by Representative Shriver, accept the FY2000 budget of Kansas, Inc. Motion carried.

Kansas Technology Enterprise Corporation (KTEC) Budget

The Budget Committee concurs with the recommendation of the Governor for FY1999 and FY2000 and commends the agency for winning the Kansas Award for Excellence. (Attachment 5)

Moved by Representative Pottorff, seconded by Representative Shriver, accept the FY1999 budget of Kansas Technology Enterprise Corporation (KTEC).. Motion carried.

Moved by Representative Pottorff, seconded by Representative Shriver, accept the FY2000 budget of Kansas Technology Enterprise Corporation (KTEC).. Motion carried.

Board of Tax Appeals Budget

Chair Powell presented the budget report for the State Board of Tax Appeals. (Attachment 6)

Moved by Representative Powell, seconded by Representative Nichols, accept the FY1999 and FY2000 budget reports for the State Board of Tax Appeals. Motion carried.

Next meeting is scheduled for February 10.

Adjournment.

Respectfully submitted.

Ann McMorris, Secretary

Attachments - 6

**HOUSE APPROPRIATIONS COMMITTEE  
GUEST LIST**

**DATE: FEBRUARY 9, 1999**

NAME	REPRESENTING
Lou Rost	KTEC
Bill Watts	KDOT
Nancy Bogina	KDOT
E. Dean Carlson	KDOT
Rita Maichel	BOTA
GUS BOAINA	BOTA
BoB Toffen	Ks Contractors Association
Bayan Cardwell	Legislators
Debby W. Huff	Kansas, Inc.
Charles Donnan	KS Inc.
Sherry Brown	Commerce & Housing
Wendy M. Harms	Economic Lifelines
James Day	KTEC
Reck Benders	KTEC
John Rolfe	KDOT
TOM WHITAKER	KS MOTOR CARRIERS ASSN
Don Caubay	DOB

## New Transportation Program

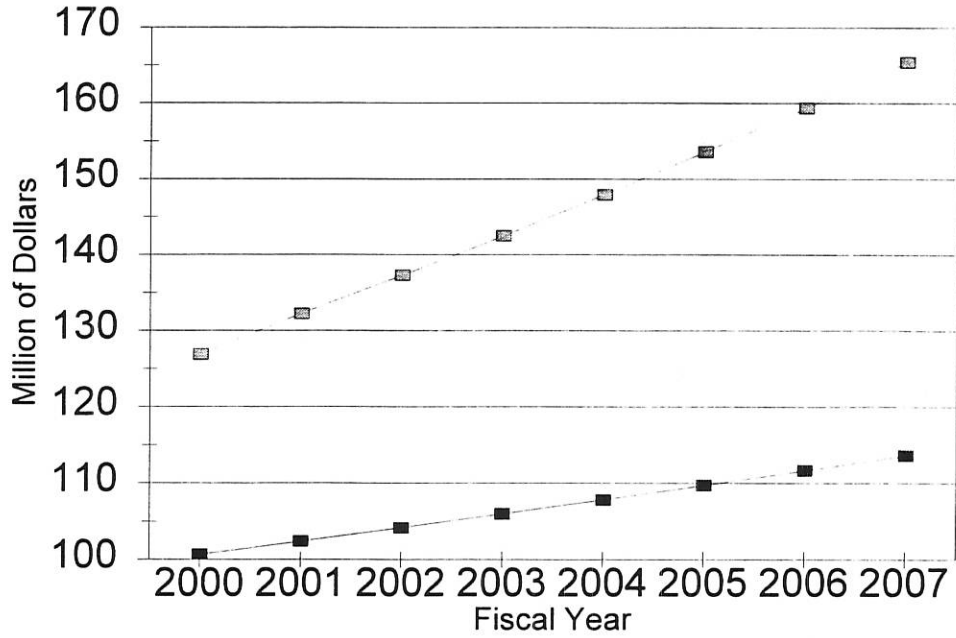
### Average Annual Costs

(Dollars in Millions)

Expenditures	1989 Comprehensive <u>Highway Plan</u>	<u>Extended Interim</u>	<u>Recommended Program</u>
Maintenance:			
Routine Maintenance	84	119	119
Substantial Maintenance	93	201	201
Construction:			
Major Modification & Priority Bridge	269	299	399
System Enhancement	105	--	125
Modes:			
Aviation	--	--	3
Public Transit (Includes State & Federal Funds)	5	5	10
Rail (Includes State & Federal Funds)	3	1	4
Local:			
Special City/County Highway Fund	117	136	160
Local Federal Aid Projects (Includes Local Match)	70	80	80
Local Partnership	17	22	25
KLINK Maintenance Payments	2	2	3
Management and Other	43	70	73
Transfers Out	35	48	48
Debt Service	27	85	85
<b>Total Expenditures</b>	<b>\$ 870</b>	<b>\$ 1,068</b>	<b>\$ 1,335</b>
<b>Revenues</b>			
Available Resources (Including Beginning Balance)	\$ 926	\$ 1,033	\$ 1,033
Enhanced Resources			302
Annual Surplus (Shortfall)	\$ 56	\$ (35)	\$ --

### SGF Demand Transfer Projections

Uncapped vs. Capped



no\$cap.wb3

## SGF Transfers Out

**Table 1. Current Law with no caps**

Fiscal Year	Sales Tax	Mtr Carrier	Total
2000	109.3	17.6	126.9
2001	113.9	18.3	132.2
2002	118.5	18.8	137.3
2003	123.2	19.3	142.5
2004	128.1	19.8	147.9
2005	133.3	20.3	153.6
2006	138.6	20.8	159.4
2007	144.2	21.3	165.5
	1,009.1	156.2	1,165.3

**Table 2. FY 1999 Estimate plus 1.75 percent growth**

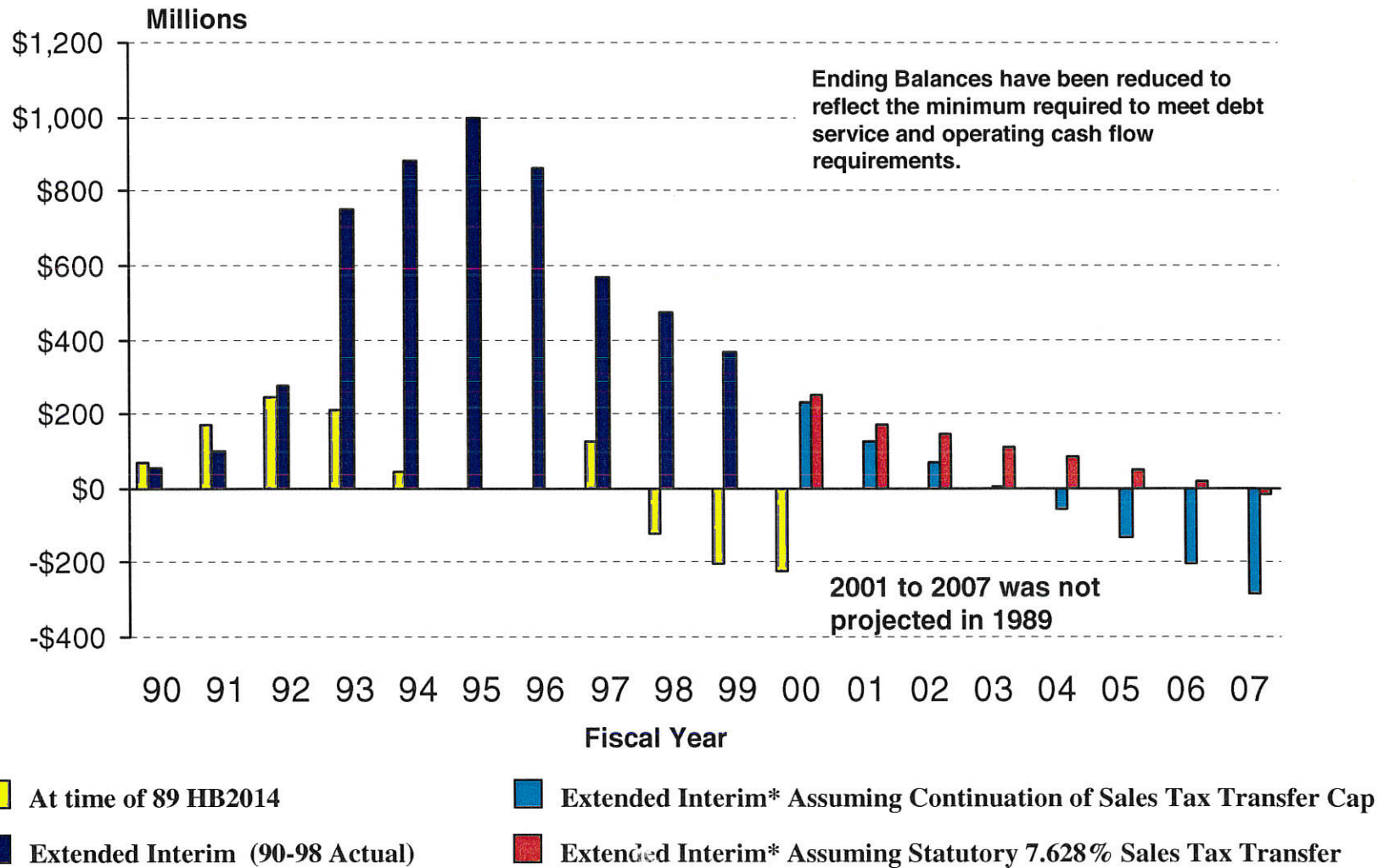
Fiscal Year	Sales Tax	Mtr Carrier	Total
2000	89.4	11.2	100.6
2001	91.0	11.4	102.4
2002	92.6	11.6	104.2
2003	94.2	11.8	106.0
2004	95.9	12.0	107.9
2005	97.5	12.2	109.7
2006	99.3	12.4	111.7
2007	101.0	12.6	113.6
	760.9	95.1	856.0

Table 1 vs. 2	Sales Tax	Mtr Carrier	Total
<b>Differences</b>	<b>\$248.2</b>	<b>\$61.1</b>	<b>\$309.3</b>



# State Highway Fund Ending Cash Balances Extended Interim Program

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\* Assumes continued matching of Federal Aid, Substantial Maintenance, & Agency Operations beyond FY 1999.

Kansas Department of Transportation All Agency Funds (\$000)													
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>BEGINNING BALANCE</b>	688,185	581,949	475,950	831,745	1,150,083	963,547	1,142,577	891,906	1,013,027	706,964	382,017	36,128	(191,313)
<b>Current Resources</b>													
<b>Current Revenues:</b>													
<b>State Revenues</b>													
Motor Fuel Taxes	317,873	324,500	331,500	331,500	331,500	331,500	331,500	331,500	331,500	331,500	331,500	331,500	331,500
SGF (Sales Tax) Transfer	85,839	87,899	88,778	90,332	91,913	93,521	95,158	96,823	98,517	100,242	101,996	103,781	105,597
Sales & Compensating Tax (1/4 cent)	82,567	86,022	89,247	92,817	96,530	100,391	104,407	108,583	112,926	117,443	122,141	127,027	132,108
Registration Fees	117,280	126,000	127,000	128,000	129,000	130,000	131,000	132,000	133,000	134,000	135,000	136,000	137,000
Interest (current program)	50,657	41,846	15,932	10,929	7,566	4,734	3,521	3,747	3,957	4,023	4,046	4,047	4,048
Miscellaneous Revenues	10,935	15,460	10,857	10,193	10,540	10,928	11,358	11,831	12,282	12,760	13,244	13,616	13,751
Statutory Transfers In	14,881	14,566	14,753	14,949	15,148	15,351	15,557	15,766	15,980	16,197	16,418	16,643	16,872
Subtotal	680,033	696,293	678,068	678,719	682,197	686,425	692,500	700,251	708,162	716,165	724,345	732,614	740,878
<b>Federal &amp; Local Receipts</b>													
Federal Aid Reimbursement	195,034	315,405	271,892	276,180	285,900	272,724	270,853	275,144	279,473	284,067	287,587	292,964	293,455
Local Receipts	26,624	20,100	19,654	19,478	19,546	19,208	19,277	19,474	19,652	19,829	20,026	20,026	20,026
Subtotal Fed & Local	221,658	335,504	291,546	295,658	305,446	291,932	290,130	294,618	299,125	303,896	307,613	312,990	313,481
<b>Total Current Revenues</b>	901,691	1,031,797	969,613	974,377	987,642	978,358	982,630	994,869	1,007,286	1,020,061	1,031,958	1,045,603	1,054,357
<b>Resource Enhancements:</b>													
<b>State Revenues</b>													
Motor Fuel Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-
SGF (Sales Tax) Transfer	-	-	40,597	59,018	63,411	68,016	72,841	77,895	83,190	88,734	94,539	100,615	106,975
Registration Fees	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest (increase)	-	-	24,925	45,853	41,646	53,538	44,155	49,573	36,067	20,567	2,809	-	-
Subtotal	-	-	65,522	104,871	105,058	121,554	116,996	127,468	119,256	109,301	97,347	100,615	106,975
<b>Bond Proceeds</b>	-	-	520,233	533,446	42,946	439,098	47,408	443,880	52,727	55,736	-	-	-
<b>Total Resource Enhancements</b>	-	-	585,755	638,318	148,004	560,652	164,404	571,349	171,983	165,037	97,347	100,615	106,975
<b>TOTAL RECEIPTS</b>	901,691	1,031,797	1,555,368	1,612,695	1,135,646	1,539,010	1,147,034	1,566,218	1,179,270	1,185,098	1,129,305	1,146,219	1,161,331
<b>AVAILABLE RESOURCES</b>	1,589,876	1,613,746	2,031,319	2,444,440	2,285,729	2,502,556	2,289,611	2,458,124	2,192,297	1,892,062	1,511,322	1,182,346	970,019
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010



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	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>EXPENDITURES:</b>													
<b>State Highway Maintenance</b>													
Routine Maintenance:	100,075	99,983	107,315	110,213	113,188	116,358	119,732	123,444	127,394	131,598	136,072	140,835	145,764
Substantial Maintenance	132,592	144,866	190,705	179,671	185,018	191,122	197,208	204,048	214,236	223,380	233,064	243,280	253,995
<b>Total</b>	<b>232,667</b>	<b>244,848</b>	<b>298,020</b>	<b>289,883</b>	<b>298,206</b>	<b>307,480</b>	<b>316,940</b>	<b>327,492</b>	<b>341,630</b>	<b>354,978</b>	<b>369,136</b>	<b>384,115</b>	<b>399,759</b>
<b>State Highway Construction</b>													
Major Modifications & Priority Bridge	288,331	428,165	367,649	379,041	382,651	377,576	389,955	403,634	413,307	433,703	400,867	349,776	304,375
System Enhancements	105,944	40,326	42,478	91,202	111,508	118,009	122,440	126,655	135,088	117,645	100,590	30,290	3,482
<b>Total</b>	<b>394,275</b>	<b>468,491</b>	<b>410,127</b>	<b>470,243</b>	<b>494,159</b>	<b>495,585</b>	<b>512,395</b>	<b>530,288</b>	<b>548,395</b>	<b>551,348</b>	<b>501,457</b>	<b>380,066</b>	<b>307,857</b>
<b>Modes</b>	<b>5,107</b>	<b>6,161</b>	<b>15,454</b>	<b>16,014</b>	<b>16,325</b>	<b>16,733</b>	<b>17,071</b>	<b>17,548</b>	<b>17,929</b>	<b>18,324</b>	<b>16,430</b>	<b>16,405</b>	<b>16,538</b>
<b>Local Assistance</b>													
Special City & County Highway Fund	139,476	141,761	156,013	159,567	159,766	159,969	160,175	160,384	160,597	160,814	161,035	161,260	161,488
Local Federal Aid Projects	64,646	77,250	77,250	77,250	77,250	77,250	77,250	77,250	77,250	77,250	77,250	77,250	77,250
Partnership Programs	17,143	18,180	19,555	21,735	22,799	23,572	24,418	25,216	26,402	27,609	28,812	29,250	29,707
KLINK Maintenance Payments	2,240	2,240	3,360	3,360	3,360	3,360	3,360	3,360	3,360	3,360	3,360	3,360	3,360
Other	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>223,505</b>	<b>239,431</b>	<b>256,178</b>	<b>261,913</b>	<b>263,175</b>	<b>264,151</b>	<b>265,202</b>	<b>266,210</b>	<b>267,609</b>	<b>269,033</b>	<b>270,457</b>	<b>271,120</b>	<b>271,805</b>
<b>Management and other</b>	<b>55,622</b>	<b>63,748</b>	<b>62,246</b>	<b>76,600</b>	<b>67,384</b>	<b>70,665</b>	<b>77,146</b>	<b>71,730</b>	<b>73,873</b>	<b>76,147</b>	<b>75,723</b>	<b>78,090</b>	<b>80,540</b>
Transfers Out	39,686	41,369	47,121	43,559	44,735	45,987	47,321	48,788	50,349	52,011	53,779	55,661	57,610
Debt Service - CHP Bonds	57,064	73,747	85,340	85,333	85,314	85,321	85,286	85,290	85,256	85,225	85,233	85,222	85,156
Debt Service - CTP Bonds	-	-	25,087	50,812	52,883	74,058	76,344	97,749	100,292	102,980	102,980	102,980	102,980
<b>TOTAL EXPENDITURES</b>	<b>1,007,927</b>	<b>1,137,796</b>	<b>1,199,573</b>	<b>1,294,357</b>	<b>1,322,182</b>	<b>1,359,979</b>	<b>1,397,705</b>	<b>1,445,096</b>	<b>1,485,333</b>	<b>1,510,045</b>	<b>1,475,194</b>	<b>1,373,659</b>	<b>1,322,244</b>
<b>ENDING BALANCE</b>	<b>581,949</b>	<b>475,950</b>	<b>831,745</b>	<b>1,150,083</b>	<b>963,547</b>	<b>1,142,577</b>	<b>891,906</b>	<b>1,013,027</b>	<b>706,964</b>	<b>382,017</b>	<b>36,128</b>	<b>(191,313)</b>	<b>(352,225)</b>
<b>Required Ending Balance</b>	<b>93,159</b>	<b>112,881</b>	<b>129,703</b>	<b>131,335</b>	<b>142,509</b>	<b>144,147</b>	<b>155,394</b>	<b>161,292</b>	<b>199,548</b>	<b>370,948</b>	<b>176,832</b>	<b>159,022</b>	<b>159,105</b>
<b>Ending Balance over required</b>	<b>488,790</b>	<b>363,069</b>	<b>702,042</b>	<b>1,018,748</b>	<b>821,038</b>	<b>998,430</b>	<b>736,512</b>	<b>851,735</b>	<b>507,416</b>	<b>11,069</b>	<b>(140,705)</b>	<b>(350,335)</b>	<b>(511,330)</b>
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010

**NOTE: Required Ending Balances reflected.**

1. Amounts required to satisfy bond debt service requirements
2. Funds allocated by statute for distribution to specific programs
3. A calculation of a necessary reserve to complete CTP projects
4. An amount necessary to provide for orderly payment of agency bills.

**Bond Assumptions:**

Interest Rate: 4.75%  
 Term: 25 years  
 Issue Costs: 1.50%

**Inflation Assumptions**

Agency operations: CPI-U as forecast by DRI-McGraw Hill  
 Construction Costs: CPI-U plus 1.0%

Note: These numbers are estimates of "cash flow." For example, a construction project financed with bond proceeds is shown as an expenditure when project payments are made. Debt Service is also shown as an expenditure when payments are made. The Kansas "budget basis" would not reflect the project expenditure because the Kansas "budget basis" reflects only debt service. In addition, the "budget basis" and "program expenditures" reflect the full cost of a project as an expenditure when the construction contract is awarded. Projects, such as system enhancement projects, which are let in the FY 2000 through FY 2007 period will be shown as "program expenditure" but will have cash payouts after the period.

**NARRATIVE INFORMATION - DA 400**

DIVISION OF THE BUDGET  
 DEPARTMENT OF ADMINISTRATION  
 STATE OF KANSAS

AGENCY NAME: KANSAS DEPARTMENT OF TRANSPORTATION  
 AGENCY-SUBAGENCY CODES: 276 FUNCTION NO. 08  
 PROGRAM TITLE AND CODE:  
 SUBPROGRAM TITLE AND CODE:

FUND NO.	PURPOSE	FISCAL YEAR 2000 REQUEST					TRANSFER OUT OTHER STATUTORY	
		2572	4100	TRANSFER IN KDOT FUNDS 4210	4220	4707		
4220	Financing of Aid Payments			2,500,000				
4200	Restricted Fees Transfer							
4100	Elderly & Disabled Transportation	1,000,000						
	Debt Service					84,331,127		
	Department of Administration - Purchasing						210,000	
	State Treasurer						113,327	
	Board of Agriculture						91,918	
	Dept. of Corrections - Rest Area Maintenance							198,276
	Department of Administration - Architectural Services							437,178
	Department of Revenue / Division of Vehicles							25,000
	Highway Patrol						34,646,178	704,000
	Health and Environment						7,726,222	
	KU/KSU Research (KTRAN)							500,000
	Historical Society							568,468
	Safety:							
	Highway Patrol							307,000
	Kansas State University							259,000
	Health and Environment							1,000
	Kansas State Fair							15,000
	University of Kansas							582,000
	Total Safety							
	Parks & Wildlife							1,647,918
	Post Audit Services							32,000
	Corr Ind Safety Records / Microfilm							118,000
	Board of Education						191,917	
Misc.	State Vehicle Registrations		491,908					
	Motor Carrier - Fund Excess		3,079,500					
	Sales Tax		87,899,279					
	Motor Carrier Property Tax					10,994,912		
	<b>TOTAL GAIN/LOSS</b>	<u>1,000,000</u>	<u>91,470,687</u>	<u>2,500,000</u>	<u>10,994,912</u>	<u>84,331,127</u>	<u>44,627,480</u>	<u>3,164,922</u>

Attachment 2-1  
 House Appropriations Committee  
 February 9 1999

**BUDGET COMMITTEE REPORT**

**Agency:** Kansas Department of Commerce  
and Housing

**Bill No.**

**Bill Sec.**

**Analyst:** Davis

**Analysis Pg. No.** 1247

**Budget Page No.** 98

<u>Expenditure Summary</u>	<u>Agency Est. FY 99</u>	<u>Gov. Rec. FY 99</u>	<u>House Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 15,398,434	\$ 15,398,168	\$ 0
Aid to Local Units	49,832,629	49,832,629	0
Other Assistance	13,943,015	13,943,015	41,889
Subtotal - Operating	<u>\$ 79,174,078</u>	<u>79,173,812</u>	<u>0</u>
Capital Improvements	85,000	85,000	0
TOTAL	<u><u>\$ 79,259,078</u></u>	<u><u>\$ 79,258,812</u></u>	<u><u>\$ 41,889</u></u>
State General Fund:			
State Operations	\$ 935,244	\$ 935,244	\$ 41,889
Aid to Local Units	1,036,692	1,036,692	0
Other Assistance	<u>0</u>	<u>0</u>	<u>0</u>
Subtotal - Operating	<u>\$ 1,971,936</u>	<u>\$ 1,971,936</u>	<u>\$ 41,889</u>
Capital Improvements	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	<u><u>\$ 1,971,936</u></u>	<u><u>\$ 1,971,936</u></u>	<u><u>\$ 41,889</u></u>
EDIF:			
State Operations	\$ 7,989,718	\$ 7,989,452	\$ (41,889)
Aid to Local Units	1,150,000	1,150,000	0
Other Assistance	<u>5,928,900</u>	<u>5,928,900</u>	<u>41,889</u>
Subtotal - Operating	<u>\$ 15,068,618</u>	<u>\$ 15,068,352</u>	<u>\$ 0</u>
Capital Improvements	<u>85,000</u>	<u>85,000</u>	<u>0</u>
TOTAL	<u><u>\$ 15,153,618</u></u>	<u><u>\$ 15,153,352</u></u>	<u><u>\$ 0</u></u>
FTE Positions	132.0	132.0	0.0
Unclassified Temp. Positions	<u>3.0</u>	<u>3.0</u>	<u>0.0</u>
TOTAL	<u><u>135.0</u></u>	<u><u>135.0</u></u>	<u><u>0.0</u></u>

**Agency Est./Governor's Recommendation**

For FY 1999 the Department requests operating expenditures of \$78,174,078, and increase of \$3.5 million over the approved amount. The increase includes a supplemental request of \$41,889 (EDIF) and 1.0 Unclassified Temporary Position to perform duties required of the Department by 1998 HB 2684. The Department is required to provide instruction and assistance to entities applying for economic development and/or industrial revenue bond abatement. The FY 1999 estimate also includes \$1.1 million in carry forward in the Kansas Economic Opportunity Initiatives Fund (KEOIF) and Kansas

industry Expansion Fund (KEIEF) which were granted but not encumbered in FY 1998, and increases in other federal awards.

**The Governor** concurs with the agency's revised request, making adjustments for fringe benefit calculations.

### House Budget Committee Recommendation

The House Budget Committee concurs with the recommendations of the Governor with the following adjustment:

1. Shift funding of \$41,889 for the 1.0 Unclassified Temporary Position to perform duties required by the passage of 1998 HB 2684 from EDIF to the State General Fund.
2. Add \$41,889 (EDIF) for the World Trade Center in Wichita.

  
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Representative Jo Ann Pottorff, Chair

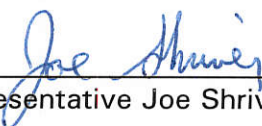
  
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Representative Dan Johnson

  
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Representative Melvin Minor

  
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Representative Bill Reardon

  
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Representative Joe Shriver

## BUDGET COMMITTEE REPORT

Agency: Kansas Department of Commerce  
and Housing

Bill No.

Bill Sec.

Analyst: Davis

Analysis Pg. No. 1247

Budget Page No. 98

<u>Expenditure Summary</u>	<u>Agency Req. FY 2000</u>	<u>Gov. Rec. FY 2000</u>	<u>House Subcommittee Adjustments</u>
<b>All Funds:</b>			
State Operations	\$ 20,745,912	\$ 18,891,773	\$ 0
Aid to Local Units	49,583,111	49,440,111	50,000
Other Assistance	12,849,900	12,169,900	(750,000)
Subtotal - Operating	<u>\$ 83,178,923</u>	<u>\$ 80,501,784</u>	<u>\$ (700,000)</u>
Capital Improvements	1,035,000	15,000	0
<b>TOTAL</b>	<u><u>\$ 84,213,923</u></u>	<u><u>\$ 80,516,784</u></u>	<u><u>\$ (700,000)</u></u>
<b>State General Fund:</b>			
State Operations	\$ 1,067,986	\$ 1,520,274	\$ 41,889
Aid to Local Units	933,022	933,022	0
Other Assistance	0	0	0
Subtotal - Operating	<u>\$ 2,001,008</u>	<u>\$ 2,453,296</u>	<u>\$ 41,889</u>
Capital Improvements	0	0	0
<b>TOTAL</b>	<u><u>\$ 2,001,008</u></u>	<u><u>\$ 2,453,296</u></u>	<u><u>\$ 41,889</u></u>
<b>EDIF:</b>			
State Operations	\$ 8,049,087	\$ 7,098,504	\$ (41,889)
Aid to Local Units	1,200,000	1,057,000	50,000
Other Assistance	5,913,900	6,233,900	0
Subtotal - Operating	<u>\$ 15,162,987</u>	<u>\$ 14,389,404</u>	<u>\$ 8,111</u>
Capital Improvements	1,035,000	15,000	0
<b>TOTAL</b>	<u><u>\$ 16,197,987</u></u>	<u><u>\$ 14,404,404</u></u>	<u><u>\$ 8,111</u></u>
FTE Positions	133.0	133.0	0.0
Unclassified Temp. Positions	1.0	1.0	0.0
<b>TOTAL</b>	<u><u>134.0</u></u>	<u><u>134.0</u></u>	<u><u>0.0</u></u>

### Agency Request/Governor's Recommendation

The Department requests total operating expenditures of \$83.2 million for FY 2000, including \$2.0 million from the State General Fund and \$15.2 million from the EDIF. The Department's request includes \$42,638 (EDIF) and 1.0 FTE for a position to perform the duties required by the passage of 1998 HB 2684. The Department is required to provide instruction and assistance to entities applying for economic development and/or industrial revenue bond abatement. The Department also requests \$15.6 million in enhancements, including expenditures of \$2.1 from the EDIF.



The Governor recommends operating expenditures of \$80.5 million, including \$2.5 million from the State General Fund and \$14.4 million from the EDIF. The Governor recommends funding for the requested FTE of \$42,638 (EDIF). The Governor recommends \$750,000 over the agency request for the Kansas Economic Opportunities Initiatives Fund (KEOIF) for a total of \$5.0 million transferred to KEOIF from the EDIF. The Governor's recommendation also includes \$300,000 (EDIF) for the Eisenhower Museum and an addition of \$500,000 for tourism grants.

### House Budget Committee Recommendations

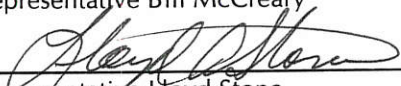
The Budget Committee concurs with the recommendations of the Governor with the following exceptions:

1. Shift \$41,889 of the funding for the 1.0 FTE position to perform duties required by the passage of 1998 H.B. 2684 from EDIF to the State General Fund.
2. Delete \$750,000 of the transfer from the EDIF to the Kansas Economic Opportunity Initiatives Fund (KEOIF). The Budget Committee recommends that this funding be reviewed at Omnibus.
3. Add \$50,000 (EDIF) for training equipment grants.
4. The Budget Committee notes that the Department provided information regarding open FTE positions in October 1998 as a sample of the Department's open positions. The Department has had no position remain open for more than 180 days.
5. The Budget Committee notes that the Governor recommends \$500,000 for tourism grants over the amount requested by the Department in lieu of funding the requested transfer of \$1.75 million to the State Tourism Fund. The Budget Committee further notes that the Department informed the Committee that passage of H.B. 2016 (which diverts up to \$2.0 million from the State General Fund to the State Tourism Fund for tourism grants) would increase funding for tourism and the additional funding could possibly be redirected. The Budget Committee recommends that this issue be reviewed at Omnibus.

  
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Representative Jo Ann Pottorff, Chair

  
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Representative Dan Johnson

  
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Representative Bill McCreary

  
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Representative Lloyd Stone

  
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Representative Melvin Minor

  
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Representative Bill Reardon

  
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Representative Joe Shriver

# KANSAS

DEPARTMENT OF COMMERCE & HOUSING

February 4, 1999



To: Members of the House Appropriations Sub-Committee

Bill Graves, Governor  
Gary Sherrer, Lt. Governor / Secretary

It is impossible to adequately express my concern regarding your action reducing the \$750,000 from the KEOIF line item. As I explained when I appeared before the sub-committee our commitment to the NASCAR track in Wyandotte County requires significant dollars from KEOIF. The Governor recommended the addition of \$750,000 to KEOIF so that other communities do not suffer economic loss of opportunity. He strongly believes that we should not disadvantage communities when we have the resources needed to support them. I absolutely believe he is correct and would ask that you reconsider your action. No one challenged the fact that KEOIF has produced significant returns to the state's economy. No one disagreed that KEOIF is often the difference between a business staying in or coming to Kansas.

What concerns me is that the money was taken without any rationale as to where it can be better used. To suggest that it might be added later does not seem logical in light of past history. When large amounts of EDIF money are put into play, they are almost always spent on favorite projects and causes.

If I sound frustrated I am. We work hard to demonstrate the effective use of funds and accountable management. To remove a significant amount of those funds without a clear rationale undermines the process.

On behalf of those Kansas communities that critically need these funds, I ask you to restore them.

Sincerely,

A handwritten signature in black ink, appearing to read "Gary Sherrer".

Gary Sherrer  
Secretary / Lieutenant Governor

3-5



**BUDGET COMMITTEE REPORT**

**Agency:** Kansas, Inc.

**Bill No.**

**Bill Sec.**

**Analyst:** Davis

**Analysis Pg. No.** 1278

**Budget Page No.** 300

<u>Expenditure Summary</u>	<u>Agency Est. FY 99</u>	<u>Gov. Rec. FY 99</u>	<u>House Budget Committee Adjustments</u>
All Funds:			
State Operations	\$ 417,189	\$ 417,189	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal - Operating	<u>\$ 417,189</u>	<u>\$ 417,189</u>	<u>\$ 0</u>
Capital Improvements	0	0	0
TOTAL	<u><u>\$ 417,189</u></u>	<u><u>\$ 417,189</u></u>	<u><u>\$ 0</u></u>
State General Fund:			
State Operations	\$ 169,626	\$ 169,626	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
Subtotal - Operating	<u>\$ 169,626</u>	<u>\$ 169,626</u>	<u>\$ 0</u>
Capital Improvements	0	0	0
TOTAL	<u><u>\$ 169,626</u></u>	<u><u>\$ 169,626</u></u>	<u><u>\$ 0</u></u>
FTE Positions	5.0	5.0	0.0
Unclassified Temp. Positions	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
TOTAL	<u><u>5.0</u></u>	<u><u>5.0</u></u>	<u><u>0.0</u></u>

**Agency Estimate/Governor's Recommendation**

The agency's estimate for FY 1999 operating expenditures of \$417,189 is an increase of \$34 or 0.8 percent over the approved budget. As approved by the 1998 Legislature, FY 1999 estimated expenditures include \$20,000 (EDIF) for the Kansas Export Database Study and \$45,000 (EDIF) for the Annual Survey of Kansas Manufacturers and Exporters (ASKME).

The Governor concurs with the revised FY 1999 request.

**House Budget Committee Recommendations**

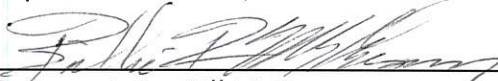
The Budget Committee concurs with the Governor's recommendations with the following notation:

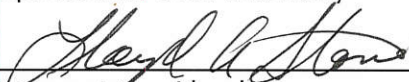
Attachment 4-1  
House Appropriations Committee  
February 9, 1999

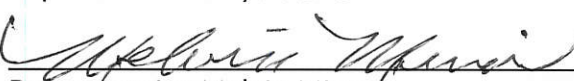
1. The Budget Committee notes that 1998 H.R. 6008 called for a study of international trade in Kansas. In FY 1999, Kansas, Inc. began the Annual Survey of Kansas Manufacturers and Exporters (ASKME) and completed the Export Database Study to analyze international trade in Kansas.

  
Representative Jo Ann Pottorff, Chair

  
Representative Dan Johnson

  
Representative Bill McCreary

  
Representative Lloyd Stone

  
Representative Melvin Minor

  
Representative Bill Reardon

  
Representative Joe Shriver

**BUDGET COMMITTEE REPORT**

**Agency:** Kansas, Inc.

**Bill No.**

**Bill Sec.**

**Analyst:** Davis

**Analysis Pg. No.** 1278

**Budget Page No.** 300

<u>Expenditure Summary</u>	<u>Agency Req. FY 2000</u>	<u>Gov. Rec. FY 2000</u>	<u>House Budget Committee Adjustments</u>
All Funds:	\$ 472,582	\$ 367,222	\$ 0
State Operations	0	0	0
Aid to Local Units	0	0	0
Other Assistance	\$ 472,582	\$ 367,222	\$ 0
Subtotal - Operating	0	0	0
Capital Improvements	<u>\$ 472,582</u>	<u>\$ 367,222</u>	<u>\$ 0</u>
TOTAL			
State General Fund:	\$ 303,019	\$ 197,659	\$ 0
State Operations	0	0	0
Aid to Local Units	0	0	0
Other Assistance	\$ 303,019	\$ 197,659	\$ 0
Subtotal - Operating	0	0	0
Capital Improvements	<u>\$ 303,019</u>	<u>\$ 197,659</u>	<u>\$ 0</u>
TOTAL			
FTE Positions	5.0	5.0	0.0
Unclassified Temp. Positions	0.0	0.0	0.0
TOTAL	<u>5.0</u>	<u>5.0</u>	<u>0.0</u>

**Agency Request/Governor's Recommendation**

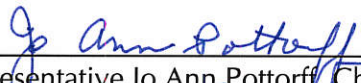
The request for FY 2000 operating expenditures of \$472,582 is an increase of \$55,393 (13.3 percent above the FY 1999 estimate). The request includes \$303,019 (including \$173,019 for salaries and wages) from the State General Fund and \$169,563 (including \$107,562 for salaries and wages) from the Economic Development Initiatives Fund. The request also includes \$130,000 in requested enhancements, primarily to fund various special studies.


The Governor recommends FY 2000 operating expenditures of \$367,222. This includes \$197,659 from the State General Fund and \$169,563 from the Economic Development Initiatives Fund. Of the total requested enhancements, the Governor recommends \$25,000 for the Annual Survey of Kansas Manufacturers and Exporters (ASKME).

## House Budget Committee Recommendations

The Budget Committee concurs with the Governor's recommendations with the following notations:

1. The Budget Committee notes that the responsibilities of Kansas, Inc. require its employees to have close working relationships with employees of the Department of Commerce and Housing and Kansas Technology Enterprise Corporation, the other economic development agencies. Kansas, Inc. is also required to monitor and evaluate the performance of those agencies to further economic development in Kansas.
2. The Budget Committee notes that 1998 H.R. 6008 called for a study of international trade in Kansas. In FY 1999, Kansas, Inc. began the Annual Survey of Kansas Manufacturers and Exporters (ASKME) and completed the Export Database Study to analyze international trade in Kansas.

  
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Representative Jo Ann Pottorff, Chair

  
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Representative Dan Johnson

  
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Representative Bill McCreary

  
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Representative Lloyd Stone

  
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Representative Melvin Minor

  
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Representative Bill Reardon

  
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Representative Joe Shriver

**BUDGET COMMITTEE REPORT**

**Agency:** Kansas Technology Enterprise Corporation **Bill No.**

**Bill Sec.**

**Analyst:** Davis

**Analysis Pg. No. 1289**

**Budget Page No. 318**

<u>Expenditure Summary</u>	<u>Agency Estimate FY 99</u>	<u>Gov. Rec. FY 99</u>	<u>House Budget Comm. Adjustments</u>
<b>All Funds:</b>			
State Operations	\$ 2,559,737	\$ 2,559,737	\$ 0
Aid to Local Units	0	0	0
Other Assistance	14,764,504	14,764,504	0
Subtotal - Operating	\$ 17,324,241	\$ 17,324,241	\$ 0
Capital Improvements	0	0	0
<b>TOTAL</b>	<b>\$ 17,324,241</b>	<b>\$ 17,324,241</b>	<b>\$ 0</b>
<b>Economic Development Initiatives Fund:</b>			
State Operations	\$ 2,386,177	\$ 2,386,177	\$ 0
Aid to Local Units	0	0	0
Other Assistance	11,759,279	11,759,279	0
Subtotal - Operating	\$ 14,145,456	\$ 14,145,456	\$ 0
Capital Improvements	0	0	0
<b>TOTAL</b>	<b>\$ 14,145,456</b>	<b>\$ 14,145,456</b>	<b>\$ 0</b>
FTE Positions	18.0	18.0	0.0
Unclassified Temp. Positions	15.0	15.0	0.0
<b>TOTAL</b>	<b>33.0</b>	<b>33.0</b>	<b>0.0</b>

**Agency Estimate/Governor's Recommendation**


KTEC's estimate for FY 1999 operating expenditures is \$17,324,241. This is a decrease of \$1,989,729 from the amount approved by the 1998 Legislature. The decrease results from MAMTC establishing its own accounting system. The fees collected by MAMTC are no longer passed through the state funds. The 1998 Legislature continued a provision in the appropriation bill which prohibits the use of state appropriated funds in FY 1999 as bonuses or additional compensation to officers or employees of KTEC or subsidiary entities.

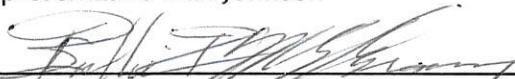
**The Governor concurs** with the agency's revised FY 1999 estimate.


### House Budget Committee Recommendations

The Budget Committee concurs with the recommendation of the Governor for FY 1999.

  
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Representative Jo Ann Pottorff, Chair

  
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Representative Dan Johnson

  
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Representative Bill McCreary

  
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Representative Lloyd Stone

  
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Representative Melvin Minor

  
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Representative Bill Reardon

  
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Representative Joe Shriver

**BUDGET COMMITTEE REPORT**

**Agency:** Kansas Technology Enterprise Corporation **Bill No.**

**Bill Sec.**

**Analyst:** Davis

**Analysis Pg. No. 1289**

**Budget Page No. 318**

<u>Expenditure Summary</u>	<u>Agency Req. FY 2000</u>	<u>Gov. Rec. FY 2000</u>	<u>House Budget Comm. Adjustments</u>
All Funds:	\$ 2,512,893	\$ 2,530,364	\$ 0
State Operations	0	0	0
Aid to Local Units	16,024,767	14,184,767	0
Other Assistance	\$ 18,537,660	\$ 16,715,131	\$ 0
Subtotal - Operating	<u>0</u>	<u>0</u>	<u>0</u>
Capital Improvements	<u>\$ 18,537,660</u>	<u>\$ 16,715,131</u>	<u>\$ 0</u>
TOTAL			
 Economic Development Initiatives Fund:			
State Operations	\$ 2,258,814	\$ 2,275,886	\$ 0
Aid to Local Units	0	0	0
Other Assistance	13,024,767	11,184,767	0
Subtotal - Operating	<u>\$ 15,283,581</u>	<u>\$ 13,460,653</u>	<u>\$ 0</u>
Capital Improvements	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	<u><u>\$ 15,283,581</u></u>	<u><u>\$ 13,460,653</u></u>	<u><u>\$ 0</u></u>
 FTE Positions	18.0	18.0	0.0
Unclassified Temp. Positions	<u>15.0</u>	<u>15.0</u>	<u>0.0</u>
TOTAL	<u><u>33.0</u></u>	<u><u>33.0</u></u>	<u><u>0.0</u></u>

**Agency Request/Governor's Recommendation**

For FY 2000, KTEC requests total operating expenditures of \$18,537,660. This is an increase of \$1,213,419 or 7.0 percent over the FY 1999 estimate. The request includes expenditures of \$15,283,581 or 82.4 percent of the total operating expenditures request from the EDIF. This includes \$1,840,000 in requested enhancements. Absent requested enhancements, the FY 2000 request is a decrease of \$626,581 or 3.6 percent from the FY 1999 estimate. KTEC requests a total of \$16,024,767 in grants and other assistance for FY 2000, including \$13,024,767 (81.3 percent) from the EDIF.

**The Governor** recommends \$16,715,131 for operating expenditures in FY 2000. The Governor's recommendation includes \$13.5 million, 80.5 percent of the total recommended operating budget, from the EDIF and \$3.0 million of federal MAMTC grants. The Governor does not recommend any of the requested enhancements for FY 2000. The Governor's recommendation includes pay plan adjustments of \$60,932 for a 3.5 percent unclassified merit pool.



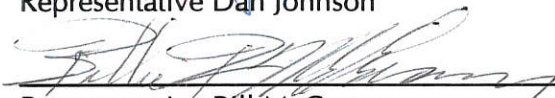
### House Budget Committee Recommendations


The Budget Committee concurs with the Governor's recommendations with the following notation:

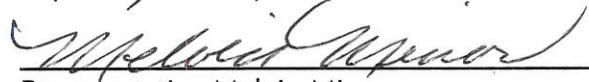
1. The Budget Committee commends KTEC for winning a Kansas Award for Excellence. The Kansas Award for Excellence is a Malcolm Baldrige- like award which recognizes Kansas organizations for business excellence and competitive improvement. KTEC was a Level I recipient in 1998 along with other governmental organizations and private businesses.

  
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Representative Jo Ann Pottorff, Chair

  
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Representative Dan Johnson

  
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Representative Bill McCreary

  
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Representative Lloyd Stone

  
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Representative Bill Reardon

  
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Representative Joe Shriver

**SUBCOMMITTEE REPORT**

**Agency:** State Board of Tax Appeals

**Bill No. –**

**Bill Sec. –**

**Analyst:** Rampey

**Analysis Pg. No.** 1328

**Budget Page No.** 427

<u>Expenditure Summary</u>	<u>Agency Est. FY 99</u>	<u>Gov. Rec. FY 99</u>	<u>House Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 2,431,965	\$ 2,344,165	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
TOTAL	<u>\$ 2,431,965</u>	<u>\$ 2,344,165</u>	<u>\$ 0</u>
State General Fund:			
State Operations	\$ 2,420,465	\$ 2,332,665	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
TOTAL	<u>\$ 2,420,465</u>	<u>\$ 2,332,665</u>	<u>\$ 0</u>
FTE Positions	37.0	37.0	0.0
Unclassified Temp. Positions	2.0	2.0	0.0
TOTAL	<u>39.0</u>	<u>39.0</u>	<u>0.0</u>

The State Board of Tax Appeals is the highest administrative taxing body in the state. The Board hears appeals from taxpayers regarding exemptions, equalizations, protests (valuation questions), and grievances that pertain to property, sales, excise, income, inheritance, and other related taxes administered by the State Department of Revenue. The Board also conducts hearings at the request of taxing subdivisions regarding the authority to exceed current budget limitations and to issue no-fund warrants. The five members of the Board are appointed by the Governor.

Legislation enacted by the 1998 Legislature (H.B. 2684) created the Small Claims Division within the Board to hear and decide appeals of decisions, findings, orders, or rulings of the Kansas Director of Taxation when the amount of tax in controversy is less than \$15,000 or, in the case of property tax valuation disputes, when the property involved is single-family residential property or the appraised valuation is less than \$2.0 million. (Agricultural use value is excepted from consideration.) Hearings before the Small Claims Division must be conducted within 60 calendar days after appeals are filed and be held in or adjacent to the counties in which the property is located. The Small Claims Division was established January 1, 1999. To fund the Small Claims Division, the 1998 Legislature added \$700,000 and 7.0 FTE positions.

**Agency Est./Governor's Recommendation**

For FY 1999, the State Board of Tax Appeals estimates expenditures of \$2,431,965, an increase of \$87,800 more than the amount approved by the 1998 Legislature (\$2,332,665). The increase consists of \$53,988 from the State General Fund (SGF) to fully fund the Small Claims Division, which became operational January 1, 1999, and \$33,812 from the SGF to correct an error made by Research Department staff in posting the bill.

The Governor recommends the amount approved by the 1998 Legislature and does not approve the requested supplemental appropriations.

**House Budget Committee Recommendations**

The House Budget Committee concurs with the recommendations of the Governor.

  
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Representative Tony Powell  
Budget Committee Chairperson

  
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Representative Peggy Palmer

  
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Representative Jeff Peterson

  
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Representative Rocky Nichols

  
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Representative Eber Phelps

**SUBCOMMITTEE REPORT**

**Agency:** State Board of Tax Appeals

**Bill No. –**

**Bill Sec. –**

**Analyst:** Rampey

**Analysis Pg. No.** 1328

**Budget Page No.** 427

<u>Expenditure Summary</u>	<u>Agency Req. FY 00</u>	<u>Gov. Rec. FY 00</u>	<u>House Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 2,553,501	\$ 2,344,224	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
<b>TOTAL</b>	<b>\$ 2,553,501</b>	<b>\$ 2,344,224</b>	<b>\$ 0</b>
State General Fund:			
State Operations	\$ 2,541,501	\$ 2,332,224	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
<b>TOTAL</b>	<b>\$ 2,541,501</b>	<b>\$ 2,332,224</b>	<b>\$ 0</b>
FTE Positions	39.0	37.0	0.0
Unclassified Temp. Positions	2.0	2.0	0.0
<b>TOTAL</b>	<b>41.0</b>	<b>39.0</b>	<b>0.0</b>

**Agency Request/Governor's Recommendation**

For FY 2000, the State Board of Tax Appeals requests \$2,553,501, which includes \$104,385 from the SGF for the salaries and fringe benefits of 2.0 FTE new Hearing Officers who will travel around the state hearing appeals brought to the Small Claims Division and \$371,000 from the SGF for contract hearing officers to hear cases appealed to the Small Claims Division. FY 2000 will be the first full year in which the Small Claims Division is operational.

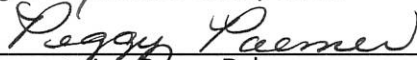
The Governor recommends \$2,344,224, a reduction of \$209,277 from the Board's request and an increase of \$59 over his recommendation for the current year. The Governor does not recommend the two new positions. The Governor's recommendation for the "contractual services" expenditure category, which includes money for contract employees, is a reduction of \$30,676 from the Board's request.

**House Budget Committee Recommendations**

The House Budget Committee concurs with the Governor, with the following exceptions and comments:

1. Authorize the Board to reappropriate any savings from FY 1999 to FY 2000. This recommendation will give the Board more flexibility in managing its operations by allowing it to plan how best to use its resources over two fiscal years. In anticipation of expenditures in FY 2000, it may be able to generate savings in the current year.
2. Review the Board's funding needs at the end of the Session when more information is available about the cost to operate the Small Claims Division. The Budget Committee notes that the agency made a specific appeal for the following items totaling \$30,182 that the Governor did not include in his budget: \$7,566 for the deferred compensation option of an employee, \$12,616 for capital outlay, and \$10,000 for commodities. The Budget Committee believes it will be in a better position to evaluate funding needs in FY 2000 after the Small Claims Division has been in operation for more than a few weeks. Therefore, it recommends that the Board's request for additional funding be considered in the Omnibus Bill.
3. Request that the Board prepare, as part of future budget submissions, performance measures that include projections of anticipated performance, as well as historical information. The Budget Committee is particularly interested that agencies set goals by which improvement can be measured. In this regard, the Budget Committee calls attention to the three attachments to this report which show the average time to close dockets, information on case filings from FY 1990 to the present, and an estimate of case filings for the Small Claims Division. It is the Budget Committee's expectation that future performance measures will include, among other things, projections of new cases and the average time for a case to be resolved from the time it is docketed.
4. The Budget Committee calls attention to the H.B. 2684 enacted by the 1998 Legislature. The bill created the position of Executive Director of the Board, who is hired and serves at the pleasure of the Board, subject to approval by the Governor. The position has broadly defined duties to oversee the entire operation of the Board, not just the Small Claims Division. It was the Legislature's intention in enacting H.B. 2684 that the Board have a chief executive officer who would relieve members of the Board of the duties of administering a state agency.

  
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Representative Tony Powell  
Budget Committee Chairperson

  
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Representative Peggy Palmer

  
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Representative Jeff Peterson

  
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Representative Rocky Nichols

  
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Representative Eber Phelps