

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS.

The meeting was called to order by Chairperson David Adkins at 9:05 a.m. on February 10, 2000 in Room 514-S of the Capitol.

All members were present except: Representative Dean - excused

Committee staff present: Alan Conroy, Kansas Legislative Research Department  
Stuart Little, Kansas Legislative Research Department  
Robert Waller, Kansas Legislative Research Department  
Julian Effird, Kansas Legislative Research Department  
Carolyn Rampey, Kansas Legislative Research Department  
Audrey Nogle, Kansas Legislative Research Department  
Rae Anne Davis, Kansas Legislative Research Department  
Paul West, Kansas Legislative Research Department  
Jim Wilson, Revisor of Statutes Office  
Mike Corrigan, Revisor of Statutes Office  
Dave Stallings, Assistant to the Chairman  
Mary Shaw, Committee Secretary

Conferees appearing before the committee: None

Others attending: See attached list

Chairman Adkins opened the meeting by mentioning that a handout, Tax Type - Agency-Fund-Class-Source, was distributed from the Kansas Department of Revenue regarding an aging report of receivable items (Attachment 1). The Chairman introduced Secretary Karla Pierce of the Kansas Department of Revenue who explained the relevance and context of the report. Secretary Pierce explained that the report explains the fiscal year ending accounts receivable balance for 1997, 1998, 1999 and December of 1999 which is mid-year FY 2000. She mentioned that they are by tax type and within each tax type, in some cases, they are broken-out by funds. Committee questions and discussion followed.

Chairman Adkins mentioned that the following information was also distributed:

- Budget and Subcommittee Deadlines (Attachment 2), a chronological listing prepared by Dave Stallings stating when the budget committees will be report on agency budgets.
- House Budget Committee Guidelines (Attachment 3) which are matters that have been discussed with the Budget Committee Chairpersons and each day that the Committee considers new Budget Committee reports, the Committee will have available a report of where the Committee's proposed expenditures are as of that date compared to the Governor's recommendations on those budgets.

Chairman Adkins explained as follows his anticipated process in dealing with the budget committee reports. The Chairman also noted that he would be open to any discussion regarding the process.

1. Recognize the chairperson of the budget committee that will be reporting for that particular agency and allow them to read the report for that agency, and then make a motion to adopt the budget committee report.
2. If there is a minority report for a particular agency, the minority report would be recognized, be read and then amendments to the report would be allowed.
3. The Committee will approve or reject amendments and then consider the report as presented or the report as amended.

## CONTINUATION SHEET

The Chairman also noted to keep in mind that as the Committee approves each agency's budget, it is then moved off of the active consideration shelf onto the tentatively approved shelf and the Committee will reconvene at the end of the process after all agencies have been heard and make adjustments again. It is not his intention to review FY 2000 appropriations but to focus exclusively on FY 2001 unless the subcommittee has identified an item from the current year budget that could be referred to omnibus. Absent the Governor recommending a budget amendment for the current year, he does not anticipate any consideration nor adjustments for the current year budget.

A motion was made by Representative Neufeld, seconded by Representative Pottorff, to introduce the Governor's Budget Recommendations for all state agencies for FY 2001 in one appropriation bill and the Governor's Recommendations for capitol improvements for state agencies in a second appropriation bill. Motion carried.

### **General Government and Human Resources Budget Committee Report on:**

#### **Kansas Lottery**

Representative Reardon presented the General Government & Human Resources Budget Committee report on the Governor's recommendations on the Kansas Lottery FY 2001 budget. (Attachment 4) Committee questions and discussion followed.

Representative Reardon made a motion, and seconded by Representative Stone, to adopt the General Government & Human Resources Budget Committee budget report recommendations regarding the Kansas Lottery.

In response to a question by Representative Farmer, Julian Effird, Kansas Legislative Research Department, explained that is a little bit of legislative history from 1992 that is applicable to the budget committee report on the lottery. The Lottery had very dramatic increases in sales from 1992-1993 due to the institution of club keno as a game. In FY 1993, the Lottery only made 11 transfers to the state gaming revenues fund and skipped one transfer. It established a reserve amount that could be picked up in any given fiscal year to make 13 transfers in order to gain approximately \$4-6 million dollars that would ultimately be transferred to the state general fund. The money initially goes into the state gaming revenue fund on June 25 of each fiscal year, but when that fund collects more than \$50 million as it has been doing for the past five years, the excess amount is transferred toward the end of June to the State General Fund which would have a one-time gain that the state could then pick up in FY 2001. For example, by making a thirteenth transfer assuming the lottery sales continue in their pattern, the state would gain between \$4 and \$6 million dollars on a one-time basis.

A handout was distributed regarding Lottery Sales and SGRF Transfers in FY 2000. (Attachment 5)

A motion was made by Representative Farmer, seconded by Representative Landwehr, to amend to the committee report to authorize a 13<sup>th</sup> transfer payment in FY 2001. Committee questions and discussion followed. Motion carried.

The Chairman called the Committee's attention to the renewed motion by Representative Reardon, seconded by Representative Stone, to approve the General Government & Human Resources Budget Committee report for the Kansas Lottery as amended. Motion carried.

#### **Racing and Gaming Commission**

Representative Pottorff presented the General Government & Human Resources Budget Committee report on the Governor's recommendations on the Racing and Gaming Commission FY 2001 budget. (Attachment 6) Committee questions and discussion followed.

Representative Pottorff made a motion, seconded by Representative Stone, to adopt the General Government & Human Resources Budget Committee budget report recommendations regarding the Racing and Gaming Commission. Motion carried.

## CONTINUATION SHEET

### **Tax, Judicial and Transportation Budget Committee Report on:**

#### **Kansas Department of Revenue**

Representative Peterson presented the Tax, Judicial and Transportation Budget Committee report on the Governor's recommendations on the Kansas Department of Revenue FY 2001 budget. (Attachment 7)

Representative Peterson made a motion, seconded by Representative Nichols, to adopt the Tax, Judicial and Transportation Budget Committee budget report recommendations regarding the Kansas Department of Revenue. Committee questions and discussion followed. Representative Neufeld mentioned that the budget committee's recommendations affect people's commercial drivers licenses and means more trucks will drive up to the central offices of the larger population areas and it is much easier to drive to Ness City to get a commercial drivers license than to try to get a truck into the Dodge City office which is nearly impossible.

Representative McKechnie inquired about the last sentence of Section Number 4 on Page 3 of the budget committee report regarding working with local officials to minimize any loss of services. Representative McKechnie requested that the budget committee further pursue the issue of what this means and have the Kansas Department of Revenue respond in writing perhaps by omnibus. Representative Peterson mentioned that the subcommittee could add that request for information into the report.

The Chairman called the Committee's attention to the motion to approve the Tax, Judicial and Transportation Budget Committee report for Kansas Department of Revenue. Motion carried.

#### **Homestead Property Tax Refunds**

Chairman Adkins mentioned that there were minor technical adjustments to the Tax, Judicial and Transportation House Budget Committee Report in the column labeled House Budget Committee Adjustments and that all the figures in that column should be zeros. A revised copy of the report was provided by the Kansas Legislative Research Department.

Representative Hermes presented the Tax, Judicial and Transportation Budget Committee report on the Governor's recommendations on the Homestead Property Tax Refunds FY 2001 budget. (Attachment 8)

Representative Hermes made a motion, seconded by Representative Peterson, to adopt the Tax, Judicial and Transportation Budget Committee budget report recommendations regarding the Homestead Property Tax Refunds. Motion carried.

### **General Government and Human Resources Budget Committee Report on:**

#### **Kansas, Inc.**

Representative Shriver presented the Tax, Judicial and Transportation Budget Committee report on the Governor's recommendations on the Kansas, Inc., FY 2001 budget. (Attachment 9)

Representative Shriver made a motion, seconded by Representative Pottorff, to adopt the General Government and Human Resources Budget Committee report recommendations regarding Kansas, Inc. Committee questions and discussion followed. Chairman Adkins, not wanting to open up FY 2000 issues, asked if the budget committee would consider effectuating a budget committee recommendation by simply prohibiting Kansas, Inc., from spending the money in 2000 and authorizing the expenditure in 2001 and then applying the carry-over to this particular item. Committee discussion followed. After continued Committee discussion, Chairman Adkins deferred this subject to staff consultations to determine how best to work through the issue and leave as is right now unless others wish to amend that section and there may be other FY 2000 issues.

The Chairman called the Committee's attention to the motion to approve the General Government and Human Resources Budget Committee report for Kansas, Inc. Motion carried.

## CONTINUATION SHEET

### **Kansas Technology Enterprise Corporation**

Representative Stone presented the General Government and Human Resources Budget Committee report on the Governor's recommendations on the Kansas Technology Enterprise Corporation FY 2001 budget. (Attachment 10)

Representative Stone mentioned that in the Budget Committee deliberations, the EDIF budget was considered as a whole and not simply as individual agency appropriations. Representative Stone made a motion, and seconded by Representative Pottorff, to adopt the General Government and Human Resources Committee budget report recommendations regarding the Kansas Technology Enterprise Corporation. A handout was distributed by staff titled Economic Development Initiatives Fund (Attachment 11). Committee questions and discussion followed. The Chairman called the Committee's attention that the question arose on approving the General Government and Human Resources Committee budget report recommendations regarding the Kansas Technology Enterprise Corporation. Motion carried. Representatives Ballard and McKechnie requested to be recorded as voting "No".

### **Department of Commerce and Housing**

Representative Pottorff presented the General Government and Human Resources Budget Committee report on the Governor's recommendations on the Department of Commerce and Housing FY 2001 budget. (Attachment 12) Representative Pottorff noted that there are no State General Fund dollars in the Department of Commerce and Housing this year.

Representative Reardon presented the Minority Report, beginning on Page 4 of the Department of Commerce and Housing FY 2001 budget, because he was not able to concur with the Budget Committee because of the additional EDIF dollars (\$75,000 for Small Business Development Centers, \$60,000 for the Wichita World Trade Center and \$150,000 for the Challenger Learning Center) recommended by the majority. Committee questions and discussion followed.

Representative Pottorff made a motion, seconded by Representative Shriver, to adopt the General Government and Human Resources Committee budget report recommendations regarding the Department of Commerce and Housing.

Representative Reardon made a substitute motion, seconded by Representative Feuerborn, to remove the funding for the three items not recommended by the Governor, but added by the budget committee (Wichita World Trade Center, Challenger Center in Wellington and Small Business Development). Representative Pottorff requested that the motion be divided and the Chairman ruled that the question was divisible. Committee questions and discussion followed. Representative Reardon mentioned that the motivation for this motion was that in a tight budget year that enhancements should be prioritized, not that the three projects funded were not worthwhile. A vote was taken on removing Subsection 1 from the Budget Committee recommendations and deleting \$75,000 (EDIF) for Small Business Development Centers and the motion failed. A vote was taken on removing Subsection 2 from the Budget Committee recommendations and deleting \$60,000 (EDIF) for the Wichita World Trade Center and the motion failed. A vote was taken on removing Subsection 3 from the Budget Committee recommendations and deleting \$150,000 (EDIF) for the Challenger Learning Center in Wellington. Division was requested and the tally was 10 in favor of deleting it and 8 in favor of retaining it and the motion carried.

The Chairman ruled and called the Committee's attention to the renewed motion by Representative Pottorff, seconded by Representative Shriver, to approve General Government and Human Resources Budget Committee report as amended for the Department of Commerce and Housing. Motion carried. Representatives Kline and Landwehr requested to be recorded as voting "No".

### **Tax, Judicial and Transportation Budget Committee Report on:**

#### **Board of Tax Appeals**

Representative Nichols presented the Tax, Judicial and Transportation Budget Committee report on the Governor's recommendations on the Board of Tax Appeals FY 2001 budget. (Attachment 13)

CONTINUATION SHEET

Representative Nichols made a motion, seconded by Representative Peterson, to adopt the Tax, Judicial and Transportation Budget Committee budget report recommendations regarding the Board of Tax Appeals. Motion carried.

Chairman Adkins thanked Chairpersons Peterson and Pottorff and the budget committees and stated his appreciation of the timely work in getting finished this early in the process.

The meeting was adjourned at 10:45 a.m. The next meeting is scheduled for February 14, 2000.

# HOUSE APPROPRIATIONS COMMITTEE GUEST LIST

DATE February 10, 2000

NAME	REPRESENTING
MIKE WOSCICKI	KTEC
BRENDA O'GORMAN	KSBDC
Myron E. Asafa	Racing & Gaming Comm.
Charles LaBoy	Racing & Gaming Comm.
SHARVEY BOWER	RACING & GAMING Comm.
Debby Ashup	Kansas Inc.
Sherry Brown	Commerce & Housing
Tony Folsom	BOA
Gregory E. Rickel	Washburn University
Bennie Koch	Wichita Area Chamber
GARY SAVILLE	KANSAS LOTTERY
Keum Scott	KANSAS Lottery
Corey Zink	KANSAS Lottery
TRACY DIEL	SEA
Karla Pierce	KDOR
David Palmer	Douglas Datewood



Tax Type- Agency-Fund-Class-Source	Ending FY97	Ending FY98	Ending FY99	
<b>Comp 565-1000-10-1211</b>	legacy	legacy	ACM	ACM
Total State & Local Sales AR	5,532,660	2,829,274	5,295,627	2,883,213
Total State & Local Uncollectable			1,534,314	999,698
Total State & Local Bankruptcy			249,754	245,519
State Sales AR 88.84% of Total AR			4,704,635	2,561,446
State Sales UC 88.84% of Total UC			1,363,085	888,132
State Sales BK 88.84% of Total BK			221,881	218,119
94.9% of State Total AR	5,250,494	2,684,981	4,464,699	2,430,813
94.9% of total State UC			1,293,567	842,837
94.9% of total State BK			210,565	206,995
<b>Net Receivable Balance</b>	<b>3,570,336</b>	<b>1,825,787</b>	<b>2,960,566</b>	<b>1,380,981</b>
<b>Cons. Comp 276-4100-10-1211</b>	legacy	legacy	ACM	ACM
5.1% of Total State AR	282,166	144,293	239,936	130,634
5.1% of Total State UC			69,517	45,295
5.1% of Total State BK			11,316	11,124
<b>Net Receivable Balance</b>	<b>191,873</b>	<b>98,119</b>	<b>159,103</b>	<b>74,215</b>
<b>CoCi Cons. Co 565-9190-10-1215</b>	legacy	legacy	ACM	ACM
Local Sales AR 11.16% of Total AR	-55,673	281,486	590,992	321,767
Local Sales UC 11.16% of Total UC			171,229	111,566
Local Sales BK 11.16% of Total BK			27,873	27,400
<b>Net Receivable Balance</b>	<b>0</b>	<b>191,410</b>	<b>391,890</b>	<b>182,800</b>
<b>Rtlrs' Comp 565-1000-10-1212</b>	legacy	legacy	ACM	ACM
Total State & Local Sales AR	1,879,217	2,191,765	5,889,272	5,191,458
Total State & Local Uncollectable			2,347,559	2,051,746
Total State & Local Bankruptcy			311,677	299,064
State Sales AR 97.75% of Total AR	1,783,377	2,079,985	5,756,763	5,074,650
State Sales UC 97.75% of Total UC			2,294,739	2,005,582
State Sales BK 97.75% of Total BK			304,664	292,335
<b>Net Receivable Balance</b>	<b>1,212,696</b>	<b>1,414,390</b>	<b>3,157,360</b>	<b>2,776,733</b>
<b>Rtlrs' Comp 276-4100-10-1212</b>	legacy	legacy	ACM	ACM
2.25% of Total State AR	95,840	111,780	132,509	116,808
2.25% of Total State UC			52,820	46,164
2.25% of Total State BK			7,013	6,729
<b>Net Receivable Balance</b>	<b>65,171</b>	<b>76,010</b>	<b>72,676</b>	<b>63,915</b>
<b>Liquor Enfor 565-1000-10-1250</b>	legacy	legacy	ACM	ACM
Total Receivable Balance	1,726,520	1,832,728	2,310,839	2,535,199
Est. Amount Uncollectable			942,801	937,584
Bankruptcy			201,169	201,089
<b>Net Receivable Balance</b>	<b>1,174,034</b>	<b>1,246,255</b>	<b>1,166,869</b>	<b>1,396,526</b>
<b>Liq Ret Excise 565-1000-10-1262</b>	legacy	legacy	ACM	ACM
Total Accounts Receivable	6,968,330	7,121,033	7,201,107	7,121,550
Total Uncollectable			2,926,566	3,162,471
Total Bankruptcy			365,186	340,478
State RL AR 25% of Total AR	1,742,083	1,780,255	1,800,277	1,780,388
State Uncollectable 25% of Total UC			731,642	790,618
State Bankruptcy 25% of Total BK			91,297	85,120
<b>Net Receivable Balance</b>	<b>1,045,250</b>	<b>1,068,155</b>	<b>977,339</b>	<b>904,650</b>
<b>Liq Ret Excise 629-2220-10-1262</b>	legacy	legacy	ACM	ACM
5% of Total Accounts Recievable	348,417	356,052	360,055	356,078
5% of Total Uncollectable			146,328	158,124
5% of Total Bankruptcy			18,259	17,024
<b>Net Receivable Balance</b>	<b>209,050</b>	<b>213,631</b>	<b>195,468</b>	<b>180,930</b>
<b>Liq Ret Excise 565-9100-10-1262</b>	legacy	legacy	ACM	ACM
Local RL 70% of Total AR	4,877,831	4,984,723	5,040,775	4,985,085
Local RL 70% of Total Uncollectable			2,048,596	2,213,730
Local RL 70% of Total Bankruptcy			255,630	238,335
<b>Net Receivable Balance</b>	<b>2,926,699</b>	<b>2,990,834</b>	<b>2,736,549</b>	<b>2,533,021</b>



Tax Type- Agency-Fund-Class-Source	Ending FY97	Ending FY98	Ending FY99	
<b>Crd/ 565-1000-10-1340/1341</b>	legacy	legacy	ACM	ACM
Total Accounts Receivable	-16,231	8,191	20,262	23,882
Total Uncollectable			7,297	7,339
Total Bankruptcy			0	0
State AR 34% of Total AR		2,785	6,889	8,120
State UC 34% of Total Uncollectable			2,481	2,495
State BK 34% of Total Bankruptcy			0	0
Net Receivable Balance	0	2,506	4,408	5,625
<b>Bng Crd/ 565-2677-10-1340/1341</b>	legacy	legacy	ACM	ACM
33% of Total Accounts Receivables		2,703	6,686	7,881
33% of Total Uncollectable			2,408	2,422
33% of Total Bankruptcy			0	0
Net Receivable Balance	0	2,433	4,278	5,459
<b>Bng Crd/ 565-7656-10-1340/1341</b>	legacy	legacy	ACM	ACM
33% of Total Accounts Receivables		2,703	6,686	7,881
33% of Total Uncollectable			2,408	2,422
33% of Total Bankruptcy			0	0
Net Receivable Balance	0	2,433	4,278	5,459
<b>Motor Fuel/Special Fuel Total AR</b>	legacy	legacy	legacy	legacy
<b>66.666%MF/33.333%SF</b>	763,000	1,281,813	1,888,646	2,312,154
<b>Mtr Fuel 276-4100-10-1231/1235</b>	508,662	854,546	1,259,104	1,541,444
Total Receivable Balance 59.5% of Total AR	302,654	508,455	749,167	917,159
Est. Amount Uncollectable 7 year writeoff #	186,027	187,883	436,927	436,927
Net Receivable Balance	116,627	320,572	312,239	480,232
<b>Mtr Fuel 276-4220-10-1231/1235</b>	legacy	legacy	legacy	legacy
Total Receivable Balance 40.5% of Total AR	206,008	346,091	509,937	624,285
Est. Amount Uncollectable 7 year writeoff #	126,624	127,887	297,404	297,404
Net Receivable Balance	79,384	218,205	212,533	326,880
<b>Spcl Fuel 276-4100-10-1232/1236</b>	legacy	legacy	legacy	legacy
Total Receivable Balance 59.5% of Total AR	254,338	427,267	629,542	770,710
Est. Amount Uncollectable 7 year writeoff #	151,331	254,224	374,578	458,573
Net Receivable Balance	93,012	93,946	218,460	218,460
<b>Spcl Fuel 276-4220-10-1232/1236</b>	legacy	legacy	legacy	legacy
Total Receivable Balance 40.5% of Total AR	58,319	160,284	156,117	240,112
Est. Amount Uncollectable 7year writeoff #	103,007	173,043	254,965	312,138
Net Receivable Balance	63,311	63,942	148,700	148,700
<b>Intrstt MF276-4100-10-1231/1235</b>	legacy	legacy	legacy	legacy
Total Receivable Balance 59.5% of Total AR	39,696	109,101	106,265	163,438
Est. Amount Uncollectable 7 year writeoff #	98,538	79,109	115,511	128,525
Net Receivable Balance	58,630	47,070	68,729	76,472
<b>Intrstt MF276-4220-10-1231/1235</b>	legacy	legacy	legacy	legacy
Total Receivable Balance 40.5% of Total AR	35,629	35,629	35,629	35,629
Est. Amount Uncollectable 7 year writeoff #	23,001	11,440	33,100	40,843
Net Receivable Balance	39,908	32,039	46,782	52,053
<b>Cigarette Tax 565-1000-10-1220</b>	legacy	legacy	legacy	legacy
Total Receivable Balance	24,252	24,252	24,252	24,252
Est. Amount Uncollectable 0%	15,656	7,781	22,530	27,801
Net Receivable Balance	2,664,197	2,679,968	2,486,864	2,641,067
<b>Motor Carrier 565-1000-10-1030</b>	legacy	legacy	legacy	legacy
Total Receivable Balance	0	0	0	0
Est. Amount Uncollectable %varies/hidden	2,664,197	2,679,968	2,486,864	2,641,067
Net Receivable Balance	18,869,637	28,351,792	31,928,420	41,463,967
	15,284,406	22,964,952	25,862,020	26,122,299
	3,585,231	5,386,840	6,066,400	15,341,668

Tax Type- Agency-Fund-Class-Source	Ending FY97	Ending FY98	Ending FY99	
	-5,441,554	-4,302,806		
<b>Svrance Gas 565-1000-10-1554</b>			215,100	<b>401,871</b>
Total Receivable Balance 93% of Total AR			200,043	<b>373,740</b>
Est. Amount Uncollectable 1%	0	0	2,000	3,737
Net Receivable Balance	(0)	(0)	198,043	<b>370,003</b>
<b>Svrane Gas 565-766-10-1554</b>	legacy	legacy	legacy	legacy
Total Receivable Balance 7% of Total AR			15,057	<b>28,131</b>
Est. Amount Uncollectable 1%	0	0	151	281
Net Receivable Balance	(0)	(0)	14,906	<b>27,850</b>
	legacy	legacy	legacy	legacy
<b>Marij/Cn 565-1000-10-1561/1562</b>	73,053,956	82,458,524	94,266,788	<b>99,418,701</b>
Total Receivable Balance 25% of Total AR	18,263,489	20,614,631	23,566,697	<b>24,854,675</b>
Est. Amount Uncollectable 90%	16,437,140	18,553,168	21,210,027	22,369,208
Net Receivable Balance	1,826,349	2,061,463	2,356,670	<b>2,485,468</b>
<b>Marij/Cn 565-7680-10-1561/1562</b>	legacy	legacy	legacy	legacy
Total Receivable Balance 75% of Total AR	54,790,467	61,843,893	70,700,091	<b>74,564,026</b>
Est. Amount Uncollectable 90%	49,311,420	55,659,504	63,630,082	67,107,623
Net Receivable Balance	5,479,047	6,184,389	7,070,009	<b>7,456,403</b>
<b>Grand Total Net Receivable Balance</b>	<b>\$ 196,014,626</b>	<b>\$ 212,130,139</b>	<b>\$ 212,016,386</b>	<b>\$ 212,340,470</b>

## Budget and Subcommittee Deadlines:

<u>Date</u>	<u>Chair</u>	<u>Departments, Agency</u>
Feb. 10	Peterson	Dept. of Revenue Board of Tax Appeals Homestead Property Tax Refunds
Feb. 10	Pottorff	DOCH, KTEC, Ks, Inc., Lottery, Racing
Feb. 11		Last day for committees to introduce, with exceptions
Feb. 14	Farmer	Regents Systemwide
Feb. 16	Neufeld	SRS
Feb. 17	Kline	Corrections
Feb. 21	Kline	JJA and all other bureaus
Feb. 22	Pottorff	KPRES (Issues)
Feb. 24	Peterson	Judicial, Human Rights, Guardianship
Feb. 26		Last day to consider bills in house of origin, with exceptions
Feb 29	Neufeld	Dept. of Ageing
Mar. 2	Farmer	LCC, Legislature
Mar. 2	Pottorff	Gov., Lt. Gov.
Mar. 7	Neufeld	Mental Health Facilities
Mar. 8	Peterson	Dept. of Transportation
Mar. 9	Peterson	Real Estate, Accountancy,
Mar. 9	Mollencamp	Banks, Securities, Credit Unions, Nursing, Vets
Mar. 9	Pottorff	Fee Boards
Mar. 9	Kline	Board of Technical Professions Abstracters Board of Examiners
Mar. 9	Neufeld	Behavioral Sciences
Mar. 9	Farmer	Board of Healing Arts
Mar. 13	Farmer	Historical Society, Arts, Blind Deaf, Library
Mar. 15	Pottorff	KPRES (Budget) Dept. of Admin, Ethics, AG, Sec of State, Treasurer, et al.
Mar. 16	Mollencamp	Agriculture, et al, KCC, Utility Ratepayer Board
Mar. 20	Farmer	Dept. of Education
Mar. 21	Neufeld	DOHE
Mar. 25		Last day to consider bills not in house of origin
April 8		No bills considered after this date, except those vetoed by Gov., Omnibus Approp., and Omnibus Recon.

HOUSE APPROPRIATIONS  
2-10-00  
Attachment 2

STATE OF KANSAS  
HOUSE OF REPRESENTATIVES

STATE CAPITOL  
TOPEKA, KANSAS 66612  
(785) 296-7678



8021 BELINDER ROAD  
LEAWOOD, KANSAS 66206  
(913) 341-1232

REPRESENTATIVE DAVID ADKINS  
CHAIR, HOUSE APPROPRIATIONS COMMITTEE

### House Budget Committee Guidelines

- Governor's pay plan proposal (2.5 percent and longevity bonus payments) funding should remain in the agency budgets.
- Any further adjustments for **FY 2000** should be noted for review in the omnibus appropriations bill.
- Any **significant** adjustments that add funding for **FY 2001** should be noted for further review in the omnibus appropriations bill.
- Staff has been directed to **not** prepare FY 2000 Budget Committee reports since FY 2000 has been dealt with in S.B. 39 (the current year adjustment bill).
- Careful consideration should be given to identifying savings within an agency's budget if additional funding above the Governor's recommendation is being considered by the Budget Committee.
- Any additional FTE positions above the Governor's recommendation should also receive careful consideration.
- Discussion and review of agency performance measures should be done by each Budget Committee.

*David Adkins*

*House Appropriations  
2-10-00  
Attachment 3*

**GENERAL GOVERNMENT AND HUMAN RESOURCES BUDGET COMMITTEE**

Kansas Lottery  
Racing and Gaming Commission

  
Representative Jo Ann Pottorff, Chairperson

  
Representative Lynn Jenkins

  
Representative Bill McCreary

  
Representative Melvin Minor

  
Representative Bill Reardon

  
Representative Joe Shriver

  
Representative Lloyd Stone

House Appropriations  
2-10-00  
Attachment 4

## Budget Report

**Agency:** Kansas Lottery

**Bill No.**

**Bill Sec.**

**Analyst:** Efird

**Analysis Pg. No. 1376 Budget Page No. 343**

Expenditure Summary	Agency Est. FY 01	Gov. Rec. FY 01	Budget Adjustments
Agency Operations	\$ 9,385,180	\$ 8,998,099	\$ 0
On-Line Communications	3,250,000	3,250,000	0
Service Provider Fee	7,290,985	7,290,985	0
Instant Tickets	2,135,500	2,035,500	0
State Operations	\$ 22,061,665	\$ 21,574,584	\$ 0
Retailer Commissions	11,807,753	11,627,753	0
Retailer Paid Prizes	65,918,400	64,758,400	0
State Paid Prizes	43,000,000	42,000,000	0
Other Assistance	\$ 120,726,153	\$ 118,386,153	\$ 0
Total-Operations	<u>\$ 142,787,818</u>	<u>\$ 139,960,737</u>	<u>\$ 0</u>
Lottery Sales	\$ 203,600,000	\$ 200,000,000	\$ 0
SGRF Transfers	61,080,000	61,500,000	0
SGRF Transfer Pct.	30.00%	30.75%	0.00%
FTE Positions	88.0	88.0	0.0
Unclassified Temp. Positions	5.0	2.0	0.0
TOTAL	<u>93.0</u>	<u>90.0</u>	<u>0.0</u>

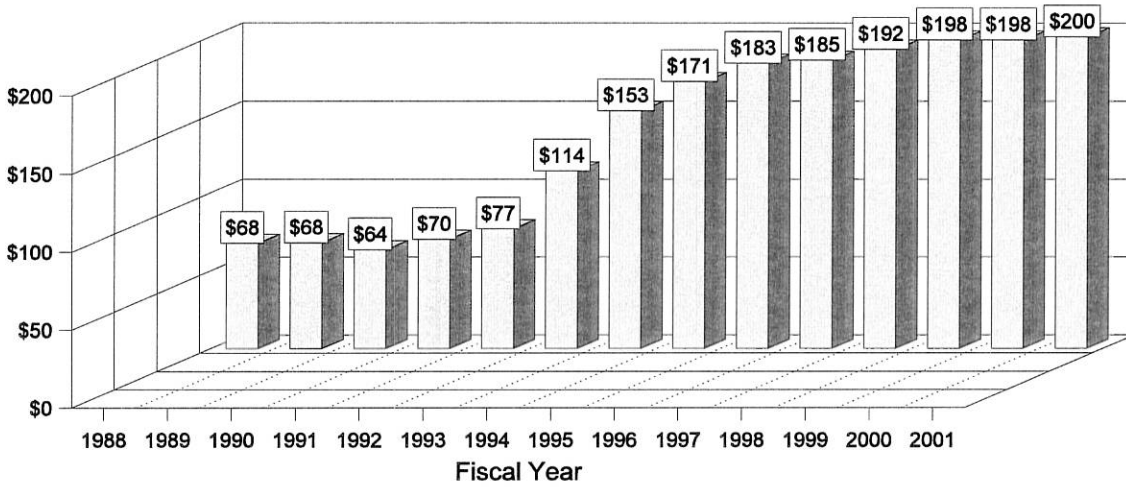
### Agency Req./Governor's Recommendation

The agency requests increased expenditures of \$4.2 million, or 3.0 percent, in FY 2001 based on a sales increase of \$5.6 million over the current fiscal year. Transfers to the SGRF would increase \$1.68 million based on the proposed FY 2001 budget, with the transfers totaling \$61,080,000. Of that amount, \$10,080,000 would be deposited in the SGF on June 25, 2001. Total sales of \$203.6 million in FY 2001 as estimated by the agency are predicated on an enhancement package costing \$2.34 million and on a base budget increase of \$1,069,783 that is based on a \$2.0 million increase in sales.

**The Governor's** recommendations in FY 2001 are based on sales of \$200 million, an increase of \$2 million over the current fiscal year estimate. The Governor recommends raising the transfer rate to 30.75 percent in FY 2001, an increase of 0.75 percent over the current fiscal year approved rate. Transfers to the SGRF are estimated at \$61.5 million, an

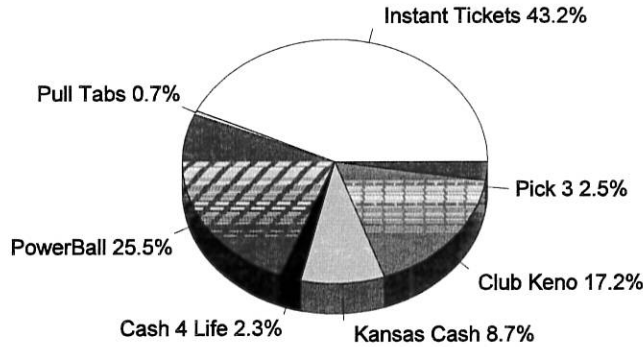
increase of \$420,000 over the current fiscal year estimated transfers. No enhancements are recommended by the Governor.

### Lottery Sales: FY 1988 to FY 2001 (In Millions)



**Note:** FY 2000 and FY 2001 are Governor's estimated sales for all Lottery games.

### Types of Lottery Games by Sales Actual FY 1999 Sales



## House Budget Committee Recommendation

The Budget Committee concurs with the Governor's recommendations in FY 2001 for the Kansas Lottery and notes the following:

1. Due to sales decreases in the current fiscal year, the FY 2001 projections may need to be adjusted if the present trend continues. The higher SGRF transfer rate of 30.75 percent recommended by the Governor may further depress sales in FY 2001 since reduced funding for prizes will be available next fiscal year. In FY 2000, the transfer SGRF rate was 30.00 percent in order for the Lottery to pay additional prizes.
2. The Legislature should review the Kansas Lottery during the Omnibus period due to the decline in sales and potential decrease in projected transfers to the SGRF that ultimately would impact the SGF and its ending balance for FY 2001.



**Lottery Sales and SGRF Transfers in FY 2000.** Lottery transfers to the SGRF were down by a cumulative 8.4 percent from last fiscal year during the first six months (July to December) due to sales decreases compared with the previous fiscal year. The FY 2000 adjusted transfer rate (see footnote b) only would account for a decline of 2.4 percent if sales were equal to last fiscal year. A penalty provision adopted by the 1999 Legislature would transfer up to \$732,560 from the Lottery to the State General Fund if sales fail to reach \$198 million in FY 2000 as recommended by the Governor.

However, the past two months have produced sales that exceeded those in the same month of last fiscal year. The eight-month average SGRF transfer has risen to \$4.77 million monthly, but the Governor's recommended sales of \$198 million would indicate an average SGRF transfer of \$4.95 million monthly should be achieved.

In order to meet the Governor's recommended transfers in FY 2000, sales need to average \$17.7 million each month (February to May) in order for SGRF transfers to average \$5.3 million in each of the last four months (February to May).

The January 2000 sales were \$18.6 million compared to \$16.3 million in January 1999. Instant tickets sold \$10.365 million, a one-month record, in January 2000. Last year in January 1999 instant ticket sales totaled \$7.8 million.

FY 2000 Financial Activity	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>Jan</u>	<u>Feb</u>
Lottery Transfers to SGRF a)	\$5.7	\$4.5	\$4.2	\$4.5	\$4.9	\$4.2	\$4.6	\$5.6
Pct. of Last Year's Transfer b)	31.8%	(38.6)%	(16.3)%	(0.9)%	(3.0)%	(2.4)%	5.2%	11.6%

a) In millions.  
b) FY 1999 transfer rate was 30.75 percent; FY 2000 transfers are based on 30.00 percent

*HOUSE APPROPRIATIONS  
2-10-00  
Attachment 5*

**GENERAL GOVERNMENT AND HUMAN RESOURCES BUDGET COMMITTEE**

Kansas Lottery  
Racing and Gaming Commission

  
\_\_\_\_\_  
Representative Jo Ann Pottorff, Chairperson

  
\_\_\_\_\_  
Representative Lynn Jenkins

  
\_\_\_\_\_  
Representative Bill McCreary

  
\_\_\_\_\_  
Representative Melvin Minor

  
\_\_\_\_\_  
Representative Bill Reardon

  
\_\_\_\_\_  
Representative Joe Shriver

  
\_\_\_\_\_  
Representative Lloyd Stone

HOUSE APPROPRIATIONS  
2-10-00  
ATTACHMENT 6

## Budget Report

**Agency:** Kansas Racing and Gaming  
Commission

**Bill No. --**

**Bill Sec. --**

**Analyst:** Efird

**Analysis Pg. No. 1363**

**Budget Page No. 355**

<u>Expenditure Summary</u>	<u>Agency Req. FY 01</u>	<u>Gov. Rec. FY 01</u>	<u>Budget Adjustments</u>
Racing Operations	\$ 3,462,876	\$ 3,390,010	\$ 0
Gaming Operations	1,401,620	1,380,290	0
Subtotal—State Operations	\$ 4,864,496	\$ 4,770,300	\$ 0
Racing Assistance	1,411,760	1,411,760	0
Total—Operations	<u>\$ 6,276,256</u>	<u>\$ 6,182,060</u>	<u>\$ 0</u>
 SGRF Transfers	 \$ 286,386	 \$ 367,137	 \$ 0
 Racing FTE Positions	 43.0	 43.0	 0.0
Unclassified Temp. Positions	9.0	9.0	0.0
Gaming FTE Positions	20.0	20.0	0.0
Unclassified Temp. Positions	2.0	2.0	0.0
TOTAL	<u>74.0</u>	<u>74.0</u>	<u>0.0</u>

### Agency Request/Governor's Recommendation

The agency's FY 2010 budget request reflects an increase of \$12,243 in gaming operations and an increase of \$39,654 in racing operations. A SGRF transfer of \$268,386 is estimated, a reduction of \$88,547 from the FY 2000 revised estimate. An additional 1.0 FTE position for staffing is requested in FY 2001, replacing two part-time staff positions.

The Governor's FY 2001 recommendations provide for a net 1.5 percent reduction in the agency's request and funding that would be \$43,393 less than in FY 2000. An increase of 1.0 FTE position is recommended. The racing operations would be reduced \$34,506 and gaming operations \$9,087 by the Governor's recommendations. A transfer of \$367,137 to the SGRF is recommended in FY 2001.

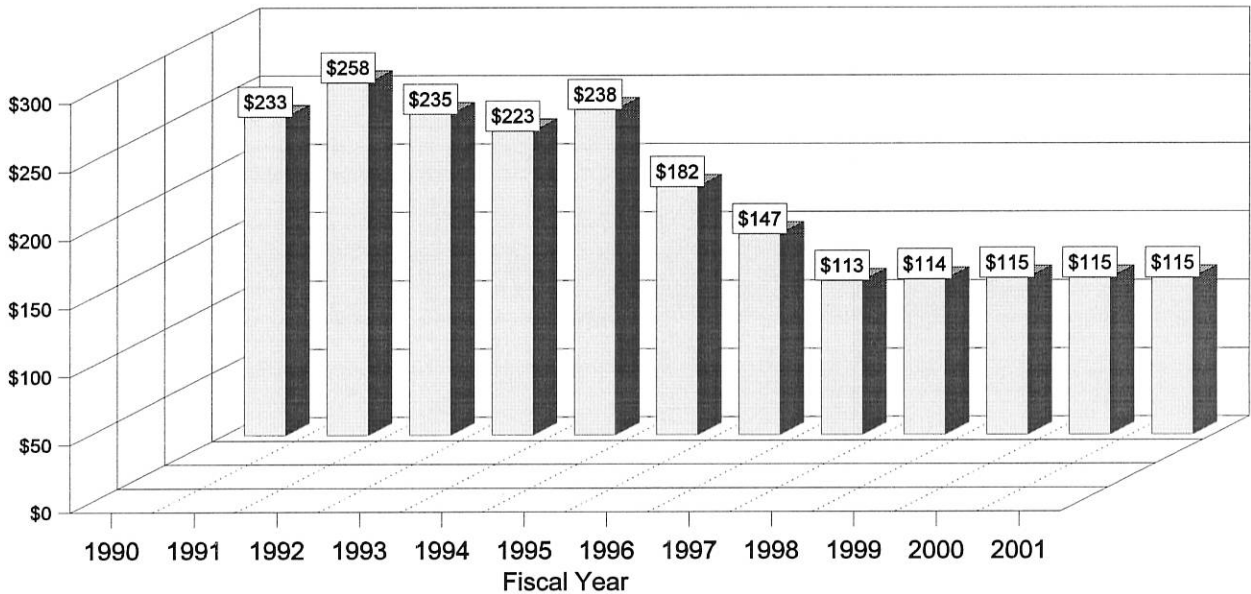
## House Budget Committee Recommendation

The Budget Committee concurs with the Governor's recommendations in FY 2001 for the Kansas Racing and Gaming Commission, and notes the following:

1. The Legislature should review the Kansas Racing and Gaming Commission during the Omnibus period since a Governor's Budget Amendment will be sought in order to add staff and funds relative to the projected opening of another race track facility. The impact of an additional track, after expenses are deducted, may be to enhance the revenue available for transfer to the SGRF. FY 2001 revenues from Camptown are projected at \$884,400 for the State Racing Fund, and after net expenses, a balance of almost \$300,000 is projected and would be available for transfer to the SGRF. The following graph does not reflect the reopened Camptown race track in FY 2001 which is estimated to have a \$2.4 million monthly parimutuel handle once operations begin.

**Parimutuel Handle: FY 1990 to FY 2001**

(In Millions)

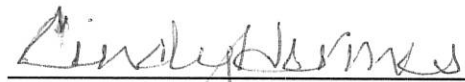


**Source:** Kansas Racing and Gaming Commission Budgets; Monthly Reports.

**TAX, JUDICIAL, AND TRANSPORTATION BUDGET COMMITTEE**

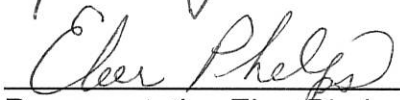
Department of Revenue

  
Representative Jeff Peterson, Chairperson

  
Representative Cindy Hermes

  
Representative Peggy Palmer

  
Representative Rocky Nichols

  
Representative Eber Phelps

House Appropriations  
2-10-00  
Attachment 7

## Budget Committee Report

**Agency:** Department of Revenue

**Bill No. ???**

**Bill Sec.???**

**Analyst:** West

**Analysis Pg. No.** 1,329

**Budget Pg. No.** 369

<u>Expenditure Summary</u>	<u>Agency Req. FY 01</u>	<u>Gov. Rec. FY 01</u>	<u>Budget Committee Adjustments</u>
<b>All Funds:</b>			
State Operations	\$ 78,694,272	\$ 66,948,777	\$ 0
Aid to Local Units	7,548,157	7,548,157	0
Other Assistance	2,500,000	2,500,000	0
TOTAL	<u>\$ 88,742,429</u>	<u>\$ 76,996,934</u>	<u>\$ 0</u>
<b>State General Fund:</b>			
State Operations	\$ 39,407,529	\$ 31,166,376	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
TOTAL	<u>\$ 39,407,529</u>	<u>\$ 31,166,376</u>	<u>\$ 0</u>
FTE Positions	1,180.0	1,159.0	(2.0)
Unclass. Temp. Positions	0.0	0.0	0.0
TOTAL	<u>1,180.0</u>	<u>1,159.0</u>	<u>(2.0)</u>

### Agency Req./Governor's Recommendation

The agency requests FY 2001 funding of \$88.7 million for operating expenditures, an increase of \$2.9 million (3.4percent) from the current year estimate. The agency requests:

**1. State General Fund:**

- a. \$39.4 million, or 44.4 percent of the budget request; an increase of \$7.7 million from the current year.
- b. The request includes \$6.1 million for enhancements.
- c. Absent the requested enhancements, the agency's State General Fund request would be an increase of \$1.6 million, or 5.1 percent from the current year.

**2. Federal and Special Revenue Funds:**

- a. \$49.3 million or 55.6 percent of the budget request; a decrease of \$4.8 million from the current year.
- b. The request includes \$2.7 million for requested enhancements summarized below,
- c. Increased local aid payments of \$2.6 million,
- d. A decrease of \$3.2 million in expenditures from the ATS Fund,

- e. A \$1.8 million reduction in expenditures from the Electronic Databases Fee Fund, and
  - f. A \$5.2 million reduction on special revenue fund expenditures for supplies to produce replacement license plates.
3. **Salaries and Wages:**
- a. \$43.9 million for 1,180.0 FTE positions, an increase of \$1.4 million from the current year.
  - b. Shrinkage savings are budgeted at \$2.8 million or 6.0 percent of gross salaries, compared to the current year budget of 5.0 percent.

The **Governor recommends** an FY 2001 operating budget of \$77.0 million, a decrease of \$8.0 million (9.4 percent) from the current year.

1. **State General Fund** financing of \$31.2 million is an increase of \$0.7 million (2.4 percent) from the current year.
2. **Special revenue fund** financing of the FY 2001 budget totals \$45.8 million, a net decrease of \$8.7 million (16.0 percent) from the current year.
3. **Recommended salaries** of \$41.7 million would support 1,159.0 FTE positions, a reduction of 21.0 FTE.
  - a. The recommendation assumes agency-wide shrinkage savings of \$3.1 million, or 7.0 percent.

### **House Budget Committee Recommendations**

The House Budget Committee concurs with the Governor's recommendations, with the following observations:

1. As a technical adjustment, delete 2.0 FTE positions due to retirements. The Budget Committee understands a Governor's Budget Amendment is pending on this item.
2. The Budget Committee has reviewed the recent Post Audit report on the Project 2000 tax system and interviewed the Department on the status of the project. The Budget Committee notes that the majority of the problems appear to be resolved and that the Department has set a goal for returns filed on paper of issuing refunds within three weeks of the return being filed, with an even quicker turnaround for electronically filed returns.
3. The Budget Committee notes that the Governor's recommendation saves \$100,000 in Division of Vehicle (DOV) Operating Fund expenditures through the consolidation of drivers license examination stations. The Budget Committee reviewed the agency's plan for the initiative and learned that the agency is considering the stations in Chanute, Russell, and Larned and consolidating the office in Atchison with the office in Seneca and the

office in Ness City with the office in Hays. The agency reported that it will work with local officials to minimize any loss of services.

4. The Budget Committee notes that the Governor's recommendation saves \$551,879 in State General Fund expenditures by closing the regional offices in Kansas City and Wichita. 17.0 FTE positions will be eliminated and 18.0 FTE auditors will shift to home-based operations. Seasonal and temporary employees will be based in the four drivers license examination stations in the Kansas City and Wichita areas to provide customer assistance during the tax season and customers will have access to the new state-wide toll free phone number to get assistance from the Topeka office.
5. The Budget Committee notes that the Governor's recommendation saves \$208,697 in State General Fund expenditures by reorganizing Alcoholic Beverage Control. The recommendation eliminates 4.0 of the 35.0 FTE positions in that program. The agency reports that the action by itself would result in a reduction in the number of controlled liquor and tobacco buys and the number of tax fraud cases initiated, but that the agency will avoid any loss of enforcement activities by using federal tobacco compliance funds which were recently awarded to the agency and through increased involvement of local law enforcement officials.
6. The agency informed the Budget Committee that it has become somewhat easier to hire temporary employees through the state. Since hiring temporary employees under contract with employment agencies is more expensive than the state hiring them direct, the agency plans to increase the number of temporary employees hired through the state in order to maximize the use of resources. The Budget Committee commends the agency for taking actions which increase the efficient use of scarce resources.
7. The Budget Committee notes that a large proportion of the agency's budget is financed by the DOV Operating Fund, which in turn receives most of its funding from the State Highway Fund. Under the Governor's recommendation, transfers to the agency from the State Highway Fund decrease from \$34.0 million in the current year to \$28.4 million in FY 2001. The Budget Committee considered increasing this transfer and offsetting State General Fund dollars in the budget, but is reluctant to take this action until the Budget Committee has had the opportunity to examine the possible impact on KDOT's budget later this session. The Budget Committee may wish to revisit this issue prior to sending the entire budget for consideration by the full House.
8. The Budget Committee reviewed the request of the agency of \$900,000 for the new Computer Assisted Mass Appraisal (CAMA) system, financed through the VIPS/CAMA Technology Hardware Fund. Although the Governor's recommendation does have a \$1.5 million balance in the Fund,



the Budget Committee notes that the statutory use of the Fund is for hardware while the agency's request is for software improvements.

9. The Budget Committee notes that the new phone system installed at the agency is designed to help prevent last year's problems with communicating with the agency. The new system is designed to handle 6,300 calls per day, but according to agency documentation 20 percent of the callers may receive a busy signal the first or second time they call during the busy season. Given the well-publicized problems last year, the Budget Committee felt this is too high of a number and requested the agency to develop solutions to dramatically reduce the number of calls that don't get through. The agency's response was to request the addition of \$218,553 to reduce shrinkage and allow the agency to fill 7.0 FTE unfunded customer service representatives. The Budget Committee does not think this is a viable solution. The Budget Committee questioned the seriousness of this proposal, given the fact that the 20 percent busy signal issue is a one month problem and the agency's response was to ask for 7.0 FTE positions for the entire twelve months. The Budget Committee did consider the possible use of some of the balance in the VIPS/CAMA Technology Hardware Fund to address this issue, but the agency did not think that was an appropriate use of the money. The Budget Committee is willing to work with the agency in resolving this issue and recommends the agency develop other options for consideration between now and April 1.

**TAX, JUDICIAL, AND TRANSPORTATION BUDGET COMMITTEE**


Homestead Property Tax Refunds

  
\_\_\_\_\_  
Representative Jeff Peterson, Chairperson

  
\_\_\_\_\_  
Representative Cindy Hermes

  
\_\_\_\_\_  
Representative Peggy Palmer

  
\_\_\_\_\_  
Representative Rocky Nichols

  
\_\_\_\_\_  
Representative Eber Phelps

HOUSE APPROPRIATIONS  
2-10-00  
Attachment 8

# House Budget Committee Report

*Revised*

**Agency:** Homestead Property Tax Refunds **Bill No.**

**Bill Sec.**

**Analyst:** Nogle

**Analysis Pg. No. 387**

**Budget Page No. 383**

Expenditure Summary	Agency Est. FY 2001	Gov. Rec. FY 2001	House Budget Committee Adjustments
<b>Operating Expenditures:</b>			
State General Fund	\$ 14,000,000	\$ 13,776,554	\$ 0
Special Revenue Funds	0	0	0
<b>TOTAL</b>	<b>\$ 14,000,000</b>	<b>\$ 13,776,554</b>	<b>\$ 0</b>
FTE Positions	0.0	0.0	0.0
Unclassified Temp. Positions	0.0	0.0	0.0
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

## Agency Estimate/Governor's Recommendation

The agency requests \$14,000,000 for Homestead Property Tax Refunds in FY 2001, a decrease of \$1,302,149 (8.5 percent) from the FY 2000 estimate. The decrease in the request is based on the historical trend of decreasing refunds in years the program remains unchanged. The decrease is due to changes in the conditions required for eligibility for the program.

The Governor recommends \$13,776,554 for Homestead Property Tax Refunds in FY 2001, \$223,446 (1.6 percent) less than the agency request and \$25,595 (0.2 percent) less than the recommendation for FY 2000.

## House Budget Committee Recommendation

The Budget Committee concurs with the Governor's recommendation.

The Budget Committee notes that the decrease in the request is based on the historical trend of decreasing refunds in years the program remains unchanged. The decrease is due to changes in the conditions required for eligibility for the program.


**House Committee Recommendation**

The Committee concurs with the Budget Committee recommendation.

**GENERAL GOVERNMENT AND HUMAN RESOURCES BUDGET COMMITTEE**

Kansas, Inc.

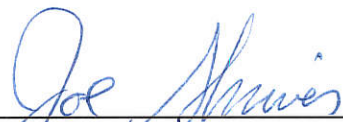
  
Representative Jo Ann Pottorff, Chairperson

  
Representative Lynn Jenkins

  
Representative Bill McCreary

  
Representative Melvin Minor

  
Representative Bill Reardon

  
Representative Joe Shriver

  
Representative Lloyd Stone

HOUSE APPROPRIATIONS  
2-10-00  
Attachment 9

## Budget Committee Report

**Agency:** Kansas, Inc.

**Bill No.**

**Bill Sec.**

**Analyst:** Davis

**Analysis Pg. No. 1300    Budget Page No. 303**

Expenditure Summary	Agency Req. FY 01	Gov. Rec. FY 01	Budget Committee Adjustments
<b>All Funds:</b>			
State Operations	\$ 463,896	\$ 336,137	\$ 10,000
Aid to Local Units	0	0	0
Other Assistance	0	0	0
<b>TOTAL</b>	<b>\$ 463,896</b>	<b>\$ 336,137</b>	<b>\$ 10,000</b>
<b>State General Fund:</b>			
State Operations	\$ 201,362	\$ 0	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
<b>TOTAL</b>	<b>\$ 201,362</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>Other Funds:</b>			
State Operations	\$ 262,534	\$ 336,137	\$ 10,000
Aid to Local Units	0	0	0
Other Assistance	0	0	0
<b>TOTAL</b>	<b>\$ 262,534</b>	<b>\$ 336,137</b>	<b>\$ 10,000</b>
FTE Positions	4.5	4.0	0.0
Unclassified Temp. Positions	0.0	0.0	0.0
<b>TOTAL</b>	<b>4.5</b>	<b>4.0</b>	<b>0.0</b>

### Agency Request/Governor's Recommendation

**Kansas, Inc.** requests \$463,896 for FY 2001 operating expenditures. The request includes:

- **State General Fund:**
  - \$201,362 or 43.4 percent of the total FY 2001 operating request
    - the entire request is for salaries and wages for 4.5 FTE positions
- **Economic Development Initiatives Fund**
  - \$262,534 or 56.6 percent of the total FY 2001 operating request
    - includes \$90,000 in requested enhancements

**The Governor** recommends FY 2001 operating expenditures of \$336,137. The recommendation includes:

- **No State General Fund Dollars**

● **Economic Development Initiatives Fund**

- The entire recommendation is funded from the EDIF
- The Governor makes a reduction from requested salaries and wages for the 1.0 FTE Research Analyst position eliminated in FY 2000
- The Governor reduces other operating expenditures by \$20,000 from the agency request to reflect the funding transferred by the agency from the Research Analyst position in FY 2000
- The recommendation includes funding for the Governor's pay plan and adjustments in fringe benefits

The FY 2001 Enhancement request is detailed in the following table.

Enhancement	FY 2001 Enhancements					
	Agency Request			Governor's Recommendation		
	EDIF	All Funds	FTE	EDIF	All Funds	FTE
Strategic Planning Study	\$ 90,000	\$ 90,000	0.0	\$ 0	0	0.0

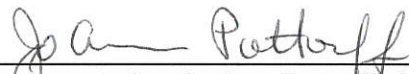
**Budget Committee Recommendation**

The Budget Committee concurs with the Governor's recommendations with the following exception and notations.

1. Lapse \$10,000 (EDIF) in **FY 2000**. Kansas, Inc. reported that it would not spend the \$10,000 appropriated by the 1999 Legislature in FY 2000 for an analysis of Kansas laws and regulations for their impact upon free trade.
2. Add \$10,000 (EDIF) in **FY 2001** for planning costs for a statewide economic development strategic planning study. This increase in EDIF funding is offset by the reduction in FY 2000.
3. The Budget Committee notes that the Governor's FY 2001 Economic Development Initiatives Fund (EDIF) budget recommendation is structured around the goal of offsetting State General Fund expenditures with EDIF to as great as possible an extent. The Budget Committee further notes that the Governor's FY 2001 recommendation for Kansas, Inc. does not include any State General Fund dollars, a decrease of \$182,562 from the Governor's FY 2000 estimate. The Budget Committee notes that Kansas, Inc.'s total budget is a decrease of \$35,988, or 9.7 percent, from the current year. While the Governor recommends an EDIF increase of \$146,574, or 77.3 percent, over the FY 2000 estimate, the increase of EDIF dollars does not completely offset the loss of State General Fund dollars.

**GENERAL GOVERNMENT AND HUMAN RESOURCES BUDGET COMMITTEE**

Kansas Technology Enterprise Corporation

  
\_\_\_\_\_  
Representative Jo Ann Pottorff, Chairperson

  
\_\_\_\_\_  
Representative Lynn Jenkins

  
\_\_\_\_\_  
Representative Bill McCreary

  
\_\_\_\_\_  
Representative Melvin Minor

  
\_\_\_\_\_  
Representative Bill Reardon

  
\_\_\_\_\_  
Representative Joe Shriver

  
\_\_\_\_\_  
Representative Lloyd Stone

HOUSE APPROPRIATIONS  
2-10-00  
Attachment 10



## Budget Committee Report

**Agency:** Kansas Technology Enterprise Corporation

**Bill No. --**

**Bill Sec. --**

**Analyst:** Davis

**Analysis Pg. No. 1310    Budget Page No. 321**

Expenditure Summary	Agency Req. FY 01	Gov. Rec. FY 01	Budget Committee Adjustments
<b>All Funds:</b>			
State Operations	\$ 2,852,139	\$ 2,718,902	\$ 0
Aid to Local Units	0	0	0
Other Assistance	35,844,799	14,195,925	0
<b>TOTAL</b>	<b><u>\$ 38,696,938</u></b>	<b><u>\$ 16,914,827</u></b>	<b><u>\$ 0</u></b>
<b>State General Fund:</b>			
State Operations	\$ 0	\$ 0	\$ 0
Aid to Local Units	0	0	0
Other Assistance	19,000,000	0	0
<b>TOTAL</b>	<b><u>\$ 19,000,000</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 0</u></b>
<b>Economic Development Initiatives Fund:</b>			
State Operations	\$ 2,392,000	\$ 2,258,763	\$ 0
Aid to Local Units	0	0	0
Other Assistance	12,149,799	9,500,925	0
<b>TOTAL</b>	<b><u>\$ 14,541,799</u></b>	<b><u>\$ 11,759,688</u></b>	<b><u>\$ 0</u></b>
<b>Other Funds:</b>			
State Operations	\$ 460,139	\$ 460,139	\$ 0
Aid to Local Units	0	0	0
Other Assistance	4,695,000	4,695,000	0
<b>TOTAL</b>	<b><u>\$ 5,155,139</u></b>	<b><u>\$ 5,155,139</u></b>	<b><u>\$ 0</u></b>
FTE Positions	18.0	18.0	0.0
Unclassified Temp. Positions	17.0	17.0	0.0
<b>TOTAL</b>	<b><u>35.0</u></b>	<b><u>35.0</u></b>	<b><u>0.0</u></b>

## Agency Request/Governor's Recommendation

For **FY 2001**, KTEC requests **total operating expenditures** of \$38,696,938. This is an increase of \$19.7 million or 104.0 percent over the FY 2000 estimate. The request includes the following:

- **SGF**
  - Requested enhancement of \$19.0 million
- **EDIF**
  - Total requested expenditures of \$14,541,799
  - 37.6 percent of the total operating expenditures request
  - Includes \$2,392,000 in state operations
  - Includes \$12,149,799 in grants and other assistance
  - Includes \$1,040,000 in requested enhancements
- **Other Funds**
  - Total request of \$5,155,139
  - 13.3 percent of total operating request
  - Includes \$460,139 for state operations
  - Includes \$4,695,000 for grants and other assistance
  - Includes federal funding of \$4.5 million
- **Absent requested enhancements**, the FY 2001 request is a decrease of \$311,760 or 1.6 percent from the FY 2000 estimate.
- **Grants**
  - KTEC requests a total of \$35,844,799 in grants and other assistance for FY 2001
  - Includes \$12,149,799 from the EDIF

**The Governor** recommends \$16,914,827 for operating expenditures in FY 2001. The Governor's recommendation includes:

- **EDIF**
  - \$11,759,688 million, 69.5 percent of the total recommended operating budget
    - includes \$2,258,763 for state operations, and
    - \$9,500,925 for other assistance
  - The Governor does not recommend any of the requested enhancements for FY 2001
- **Other Funds**
  - 5,155,139, 30.5 percent of the recommended operating budget
    - including \$460,139 for state operations, and
    - \$4.5 million for MAMTC grants

The following table details FY 2001 requested enhancements.

<b>FY 2001 Enhancements</b>									
Enhancement	Agency Request				Governor's Recommendation				
	SGF	EDIF	All Funds	FTE	SGF	EDIF	All Funds	FTE	
Strategic Technologies Initiative	\$ 19,000,000	\$ 0	\$ 19,000,000	0.0	\$ 0	\$ 0	\$ 0	0.0	
Applied Research Matching Fund	0	540,000	540,000	0.0	0	0	0	0.0	
Commercialization	0	500,000	500,000	0.0	0	0	0	0.0	
<b>TOTAL - FY 2001 Enhancement Req.</b>	<b>\$ 19,000,000</b>	<b>\$ 1,040,000</b>	<b>\$ 20,040,000</b>	<b>0.0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>0.0</b>	

### Budget Committee Recommendations

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

1. The Budget Committee notes that the Governor's FY 2001 Economic Development Initiatives Fund (EDIF) budget recommendation is structured around the goal of offsetting State General Fund expenditures with EDIF to as great as possible an extent. The Budget Committee further notes that the Governor's FY 2001 EDIF recommendation for KTEC is a decrease of \$1.7 million (12.6 percent) from the FY 2000 estimate. The Budget Committee notes that although the state's other two economic development agencies receive an increase of EDIF funding in FY 2001, over the FY 2000 estimate, this increase is to partially offset the absence of State General Fund dollars that the Kansas Department of Commerce and Housing (KDOCH) and Kansas, Inc. have historically received. The Governor's recommendation for both KDOCH and Kansas, Inc. contains cuts in programs and agency operations, despite the increase in EDIF funding.

The Budget Committee wishes to bring to the attention of the entire Committee that in the Budget Committee's deliberations the EDIF budget was considered as a whole, not simply as individual agency appropriations.

# Economic Development Initiatives Fund

Agency/Program	GOV. REC. FY 2001	LEGISLATIVE ADJUSTMENTS FY 2001
<b>Department of Commerce and Housing*</b>		
Agency Operations	\$ 8,592,909	
Small Business Development Centers	410,000	
Certified Development Companies	400,000	
Kansas Industrial Training/Retraining	3,300,000	
Trade Show Promotion Grants	150,000	
Community Capacity Building Grants	197,000	
Economic Opportunity Initiative Fund	3,500,000	
Existing Industry Expansion	500,000	
Tourism Promotion Grants	852,100	
Mid-America World Trade Center	0	
Mainstreet Grant and Development Prog.	216,800	
Agriculture Product Development	540,000	
Training Equipment Grants	277,500	
Travel Information Centers	115,000	
Motion Picture and Television Rebate	75,000	
Kansas Sports Hall of Fame	0	
Eisenhower Museum Grant	300,000	
National Teachers Hall of Fame	300,000	
HOME Program	533,022	
Subtotal - KDCH	\$ 20,259,331	
<b>Kansas Technology Enterprise Corporation *</b>		
Agency Operations	\$ 1,305,499	
Centers of Excellence	4,325,000	
Research Matching Grants	1,246,000	
Business Innovative Research Grants	76,000	
State Small Business Innovation Research	440,000	
Special Projects	79,303	
Commercialization Grants	845,000	
Mid-America Manufact. Tech. Center	950,931	
EPSCoR	2,436,126	
Subtotal - KTEC	\$ 11,703,859	
Kansas, Inc.	\$ 336,137	
<b>Board of Regents</b>		
Matching Grants - AVTS	200,000	
Post-secondary Aid - AVTS	6,882,981	
Capital Outlay Aid - AVTS	2,200,000	
Subtotal - Education	\$ 9,282,981	
Historical Society	0	
<b>Department of Administration</b>		
Public TV Microwave Connection	350,000	
State Water Plan Fund	2,000,000	
<b>Wildlife and Parks</b>		
Local Government Outdoor Recreation	475,000	
State Fair	100,000	
<b>TOTAL TRANSFERS AND EXPENDITURES</b>	<b>\$ 44,507,308</b>	<b>\$ 0</b>

**EDIF Resource Estimate**

	GOV. REC. FY 2001	LEGISLATIVE ADJUSTMENTS FY 2001
Beginning Balance	\$ 2,243,508	-
Gaming Revenues	42,500,000	-
Other Income	594,000	-
Total Available	\$ 45,337,508	\$ 45,337,508
Less: Expenditures and Transfers	44,507,308	44,507,308
<b>ENDING BALANCE</b>	<b>\$ 830,200</b>	<b>\$ 830,200</b>

\* - Does not include expenditures from prior year EDIF allocations.

# Economic Development Initiatives Fund

Agency/Program	Governor's Recommendation FY 2000	LEGISLATIVE ADJUSTMENTS FY 2000
<b>Department of Commerce and Housing<sup>(1)</sup></b>		
Agency Operations	\$ 7,006,215	
Small Business Development Centers	485,000	
Certified Development Companies	475,000	
Kansas Industrial Training/Retraining	3,600,000	
Trade Show Promotion Grants	150,000	
Community Capacity Building Grants	197,000	
Economic Opportunity Initiative Fund	5,000,000	
Existing Industry Expansion	800,000	
Tourism Promotion Grants	952,100	
Mid-America World Trade Center	41,889	
Mainstreet Grant and Development Prog.	216,800	
Agriculture Product Development	540,000	
Training Equipment Grants	300,000	
Travel Information Center Repairs	15,000	
Motion Picture and Television Rebate	75,000	
Kansas Sports Hall of Fame	0	
Eisenhower Museum Grant	300,000	
National Teachers Hall of Fame	0	
HOME Program	0	
Subtotal - KDOCH	\$ 20,154,004	
<b>Kansas Technology Enterprise Corporation <sup>(1)</sup></b>		
Agency Operations	\$ 1,338,486	
Centers of Excellence	3,552,640	
Research Matching Grants	969,196	
Business Innovative Research Grants	76,000	
State Small Business Innovation Research	440,000	
Special Projects	79,303	
Commercialization Grants	1,490,000	
Mid-America Manufact. Tech. Center	1,797,338	
EPSCoR	3,200,000	
Subtotal - KTEC	\$ 12,942,963	
Kansas, Inc.	\$ 189,563	
<b>Board of Regents</b>		
Matching Grants - AVTS	200,000	
Post-secondary Aid - AVTS	6,707,144	
Capital Outlay Aid - AVTS	2,000,000	
Subtotal - Education	\$ 8,907,144	
Historical Society	0	
<b>Department of Administration</b>		
Public TV Microwave Connection	0	
State Water Plan Fund	2,000,000	
<b>KSU -- Ag Extension</b>		
Ogalala Aquifer Study	0	
<b>Wildlife and Parks</b>		
Local Government Outdoor Recreation	500,000	
State Fair	35,000	
<b>TOTAL TRANSFERS AND EXPENDITURES</b>	<b>\$ 44,728,674</b>	<b>0</b>
 <b>EDIF Resource Estimate</b>		
	<b>GOV. REC.</b>	<b>LEGISLATIVE</b>
	<b>FY 2000</b>	<b>ADJUSTMENTS</b>
		<b>FY 2000</b>
Beginning Balance	\$ 3,672,000	-
Gaming Revenues	42,500,000	-
Other Income <sup>(2)</sup>	800,182	-
Total Available	\$ 46,972,182	\$ 46,972,182
Less: Expenditures and Transfers	44,728,674	44,728,674
<b>ENDING BALANCE</b>	<b>\$ 2,243,508</b>	<b>\$ 2,243,508</b>

1) Does not include expenditures from prior year EDIF allocations.

2) This category includes interest income as well as amounts lapsed by the 2000 Legislature.

**GENERAL GOVERNMENT AND HUMAN RESOURCES BUDGET COMMITTEE**

Department of Commerce and Housing

  
Representative Jo Ann Pottorff, Chairperson

  
Representative Lynn Jenkins

  
Representative Bill McCreary

Representative Melvin Minor

Representative Bill Reardon

  
Representative Joe Shriver

  
Representative Lloyd Stone

HOUSE APPROPRIATIONS  
2-10-00  
Attachment 12

## Budget Committee Report

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

**Bill No. --**

**Bill Sec. --**

**Analyst:** Davis

**Analysis Pg. No.** 1274

**Budget Page No.** 97

Expenditure Summary	Agency Req. FY 01	Gov. Rec. FY 01	Budget Committee Adjustments
<b>All Funds:</b>			
State Operations	\$ 21,104,276	\$ 20,908,126	\$ 0
Aid to Local Units	54,916,471	54,875,443	75,000
Other Assistance	11,104,918	10,379,918	210,000
Subtotal - Operating	<u>\$ 87,125,665</u>	<u>\$ 86,163,487</u>	<u>\$ 285,000</u>
Capital Improvements	348,650	288,650	0
<b>TOTAL</b>	<u><u>\$ 87,474,315</u></u>	<u><u>\$ 86,452,137</u></u>	<u><u>\$ 285,000</u></u>
<b>State General Fund:</b>			
State Operations	\$ 1,456,007	\$ 0	\$ 0
Aid to Local Units	933,022	0	0
Other Assistance	0	0	0
Subtotal - Operating	<u>\$ 2,389,029</u>	<u>\$ 0</u>	<u>\$ 0</u>
Capital Improvements	0	0	0
<b>TOTAL</b>	<u><u>\$ 2,389,029</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>
<b>EDIF:</b>			
State Operations	\$ 7,366,989	\$ 8,620,409	\$ 0
Aid to Local Units	1,072,000	1,507,522	75,000
Other Assistance	5,968,900	6,043,900	210,000
Subtotal - Operating	<u>\$ 14,407,889</u>	<u>\$ 16,171,831</u>	<u>\$ 285,000</u>
Capital Improvements	348,650	188,650	0
<b>TOTAL</b>	<u><u>\$ 14,756,539</u></u>	<u><u>\$ 16,360,481</u></u>	<u><u>\$ 285,000</u></u>
<b>All Other Funds:</b>			
State Operations	\$ 12,281,280	12,287,717	\$ 0
Aid to Local Units	52,911,449	53,367,921	0
Other Assistance	5,136,018	4,336,018	0
Subtotal - Operating	<u>\$ 70,328,747</u>	<u>\$ 69,991,656</u>	<u>\$ 0</u>
Capital Improvements	0	100,000	0
<b>TOTAL</b>	<u><u>\$ 70,328,747</u></u>	<u><u>\$ 70,091,656</u></u>	<u><u>\$ 0</u></u>
<b>FTE Positions</b>			
	138.0	136.0	0.0
<b>Unclass. Temp. Positions</b>			
	4.0	4.0	0.0
<b>TOTAL</b>	<u><u>142.0</u></u>	<u><u>140.0</u></u>	<u><u>0.0</u></u>

## Agency Request/Governor's Recommendation

The Department of Commerce and Housing requests total operating expenditures of \$87,125,665 for FY 2001. The request includes:

- **SGF**
  - \$2,389,029 or 2.7 percent of the total operating budget
  - Includes \$120,101 in requested enhancements
  
- **EDIF**
  - \$14,407,889 or 16.5 percent of the total operating budget
  - Includes \$223,250 in requested enhancements
  
- **Other Funds**
  - \$70,328,747 or 80.7 percent of the total operating budget
  - Includes \$100,354 from the Low Income Housing Tax Credit Fee Fund requested as an enhancement
  - Includes \$4.06 million for the School to Work Program

**The Governor recommends** total operating expenditures of \$86,163,487 for FY 2001. The recommendation includes:

- **No State General Fund dollars**
  
- **EDIF**
  - \$16,171,831 or 18.8 percent of the total operating budget
  - The Governor increases EDIF funding to offset the elimination of SGF dollars
  - Includes \$300,000 each for the Eisenhower Center and the National Teachers Hall of Fame
  
- **Other Funds**
  - \$69,991,656 or 81.2 percent of the total operating budget
  - The Governor includes funding for the School-to-Work program



The following table details the FY 2001 enhancements.

<b>FY 2001 Enhancements</b>									
Enhancement	Agency Request				Governor's Recommendation				
	SGF	EDIF	All Funds	FTE	SGF	EDIF	All Funds	FTE	
Midwest U.S.-Japan Association Conference	\$ 0	\$ 150,000	\$ 150,000	0.0	\$ 0	\$ 150,000	\$ 150,000	0.0	
Goodland Travel Information Center	0	220,000	220,000	0.0	0	100,000	200,000	0.0	
Community Service Tax Credits	120,101	23,250	143,351	3.0	0	43,528	43,528	1.0	
Increase of Kansas Trade Show Assistance Program Funding	0	50,000	50,000	0.0	0	0	0	0.0	
Parking Lot Repair, Olathe Travel Information Center	0	40,000	40,000	0.0	0	0	0	0.0	
Additional Housing Staff	0	0	100,354	2.0	0	0	87,056	2.0	
<b>TOTAL—FY 2001 Enhancement</b>	<b>\$ 120,101</b>	<b>\$ 483,250</b>	<b>\$ 703,705</b>	<b>5.0</b>	<b>\$ 0</b>	<b>\$ 293,528</b>	<b>\$ 480,584</b>	<b>3.0</b>	

### Budget Committee Recommendations

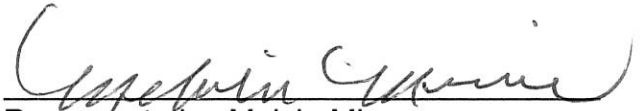
1. Add \$75,000 (EDIF) for Small Business Development Centers.
2. Add \$60,000 (EDIF) for the Wichita World Trade Center.
3. Add \$150,000 (EDIF) for the Challenger Learning Center.
4. The Budget Committee notes that the Governor's FY 2001 Economic Development Initiatives Fund (EDIF) budget recommendation is structured around the goal of offsetting State General Fund expenditures with EDIF to as great as possible an extent. The Budget Committee further notes that the Governor's FY 2001 recommendation for the Department of Commerce and Housing does not include any State General Fund dollars, a decrease of \$2,227,697 from the Governor's FY 2000 estimate. The Budget Committee notes that the Department's total SGF and EDIF budget (including the transfers to the Kansas Economic Opportunity Initiative Fund - KEOIF and the Kansas Existing Industry Expansion Program - KEIEP) is a decrease of \$1,862,286, or 8.4 percent, from the current year. While the Governor recommends an EDIF increase of \$365,411, or 1.8 percent, over the FY 2000 estimate, the increase of EDIF dollars does not completely offset the loss of State General Fund dollars.

## Minority Report

We are unable to concur with the Budget Committee on the Department of Commerce and Housing budget because of the additional Economic Development Initiatives Fund (EDIF) dollars (\$75,000 for Small Business Development Centers, \$60,000 for the Wichita World Trade Center and \$150,000 for the Challenger Learning Center) recommended by the majority. Our disagreement with the majority is not a reflection upon the merits of these programs; we believe these are all worthy programs. Our concern is with the precedent of making recommendations to spend down the balance of the EDIF this early in what is a financially difficult session. The additional amounts recommended by the majority of the Budget Committee are small; however, we believe it would be prudent to keep as much money in the balance of the EDIF as possible until later in the overall budget decision-making process to enable the Appropriations Committee as a whole to determine the best use for this money.



Representative Bill Reardon




Representative Melvin Minor

**TAX, JUDICIAL, AND TRANSPORTATION BUDGET COMMITTEE**


Board of Tax Appeals

  
\_\_\_\_\_  
Representative Jeff Peterson, Chairperson

  
\_\_\_\_\_  
Representative Cindy Hermes

  
\_\_\_\_\_  
Representative Peggy Palmer

  
\_\_\_\_\_  
Representative Rocky Nichols

  
\_\_\_\_\_  
Representative Eber Phelps

HOUSE APPROPRIATIONS  
2-10-00  
Attachment 13

## Budget Report

**Agency:** State Board of Tax Appeals **Bill No. --**

**Bill Sec. --**

**Analyst:** Rampey

**Analysis Pg. No. 1351 Budget Page No. 431**

Expenditure Summary	Agency Req. FY 01	Gov. Rec. FY 01	Budget Committee Adjustments
<b>All Funds:</b>			
State Operations	\$ 2,399,332	\$ 2,136,492	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
<b>TOTAL</b>	<b>\$ 2,399,332</b>	<b>\$ 2,136,492</b>	<b>\$ 0</b>
<b>State General Fund:</b>			
State Operations	\$ 2,385,332	\$ 2,122,492	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
<b>TOTAL</b>	<b>\$ 2,385,332</b>	<b>\$ 2,122,492</b>	<b>\$ 0</b>
FTE Positions	37.0	31.0	0.0
Unclassified Temp. Positions	2.0	2.0	0.0
<b>TOTAL</b>	<b>39.0</b>	<b>33.0</b>	<b>0.0</b>

### AGENCY OVERVIEW

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 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, and FY 2000 is its first full year of operation.

## **Agency Request/Governor's Recommendation**

Requested expenditures total \$2,399,332, of which \$2,385,332 is from the State General Fund and \$14,000 is from the Publications Fee Fund. The Governor recommends expenditures of \$2,136,492, of which all but \$14,000 is from the State General Fund. The total is a reduction of \$262,840 from the Board's request. It is an increase of \$20,153 over the Governor's recommendation for the current year.

The Governor's recommendation would fund 31.0 FTE positions, five of whom are Board members. The total is a reduction of 6.0 FTE positions deleted in the current year by S.B. 39. In addition, 4.0 FTE positions are vacant and cannot be filled until February 8 when the Governor's 90-day hiring freeze is lifted. Of the 6.0 FTE positions that are eliminated, two are vacant, two (Court Reporters) provide services that will be contracted out, and two employees will be encouraged to apply for existing positions that are subject to the hiring freeze as soon as the freeze is lifted. The remaining two positions subject to the freeze also will be filled.

## **Budget Committee Recommendation**

The House Budget Committee concurs with the recommendations of the Governor, and makes the following comments:

1. The Budget Committee calls attention to reductions made in the Board's budget by the Governor in the current year. The Governor's recommendation is a reduction of \$636,586 from the State General Fund from the Board's estimate. Part of the reduction (\$416,937) was balances carried forward from FY 1999, primarily because of a delay in filling new positions allocated to the Small Claims Division. The Governor also deletes 6.0 FTE positions. The Governor's recommendation for FY 2001 is an increase of \$20,153 over his recommendation for the current year. The Board expressed concern about meeting statutorily-imposed deadlines in processing its caseload, but assured the Budget Committee that it could work within its budget to accomplish its job.
2. Information presented to the Budget Committee by the Chair and Executive Director of the State Board of Tax Appeals indicates that the total number of cases handled by the Board decreased overall during the decade of the 1990s as the Board worked through the large number of cases appealed to it in the years immediately after statewide reappraisal in 1989. However, in recent years the caseload had begun to increase. For example, appeals related to tax exemptions increased from FY 1998 to FY 1999, in large part because of exemptions on oil leases. Another reason the caseload is increasing is that legislation enacted in 1997 set a deadline of 270 days for the State Department of Revenue to take action concerning appeals to the Director of Taxation, after which the taxpayer

may appeal to the State Board of Tax Appeals. According to representatives of the Board, that legislation resulted in several hundred cases being appealed to the Board in 1999. Finally, the Small Claims Division was created January 1, 1999, and currently is in its first full year of operation. The number of claims that will be brought before the Division is estimated to be 4,200 in FY 2001.

At the same time, the Board has become more efficient by shortening the time it takes to docket a case. It also holds status conferences in most equalization and protest cases and cases involving appeals of decisions of the Division of Taxation and the Director of Property Valuation in the State Department of Revenue. These conferences, which are conducted by the Chairman of the Board, often result in cases being settled or dismissed before they reach the hearing stage. Although the caseload is increasing, the number of open cases indicates that the Board is managing its workload. As of January 1, 2000, 4,464 new cases have been filed with the regular division and 9,172 cases are open.

3. The Budget Committee calls attention to the operations of the Small Claims Division. Original estimates of the Division's workload (more than 8,000 cases per year) appear to have been too high and the Board now estimates that, in FY 2001, the number of cases will be 4,200. Predicting the number of cases has been difficult because it is assumed that some people are not yet familiar with the relatively new appeals process. Also, it is not known how many counties will retain local hearing officer panels (HOPS). Nine counties presently have HOPS, but if any of these counties do away with the panels, as other counties did when the Small Claims Division first was created, it is likely that additional appeals would be made to the Division. This is particularly true if a large county were to do away with its HOP. Information presented by the Board indicates that the Small Claims Division has rendered 2,396 decisions. Of these, some form of taxpayer relief was granted in 1,085 of the cases and 1,004 taxpayer appeals were denied.