

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS.

The meeting was called to order by Chairperson Representative Kenny Wilk at 9:00 a.m. on March 28, 2002, in Room 514-S of the Capitol.

All members were present except: Representative Peterson, Excused

Committee staff present: Amy Kramer, Legislative Research  
Alan Conroy, Legislative Research  
Julian Efird, Legislative Research  
Deb Hollon, Legislative Research  
Becky Krahl, Legislative Research  
Audrey Nogle, Legislative Research  
Robert Waller, Legislative Research  
Paul West, Legislative Research  
Jim Wilson, Revisor of Statutes  
Mike Corrigan, Revisor of Statutes  
Nikki Feuerborn, Committee Secretary

**Discussion and Action on HB 3007–Capitol Improvements**

Paul West, Legislative Research, informed the Committee that the dormitory renovation program at Fort Hayes for \$7.9 million and the refinancing of \$1.2 million which will be retired by student housing fees have been approved by the Joint Committee on State Building Construction.

Representative Pottorff moved to amend the bill to include the Fort Hays State University dormitory projects. Motion was seconded by Representative Minor. Motion carried.

Representative Pottorff moved to report HB 3007 favorably as amended and with any staff identified technical corrections. Motion was seconded by Representative Minor. Motion carried.

**Discussion and Action on HB 3009–Payroll deductions for state employee; changing the definition of employee**

Julian Efird, Legislative Research, explained that the bill updates Kansas law in accordance with federal law regarding voluntary contributions.

Representative Stone moved to report the bill favorably. Motion was seconded by Representative Shriver. Motion carried.

**Discussion and Action on Sub SB 508–Emergency Medical Services Board, financial support, authorizing certain transfers**

Robert Waller, Legislative Research, provided the Committee with an historical account of the State Fire Marshal Fee Fund and how it will be affected by the proposed transfers (Attachment 1). The State Fire Marshal Fee Fund would continue to receive 1.0 percent of all fire insurance premiums and the Board of Emergency Medical Services Board (EMS) would receive 0.25 percent of all fire insurance premium receipts or approximately \$750,000. EMS has been receiving funding through the state general fund.

Representative Campbell moved to amend the bill to include a funding source and a sunset provision of two years (Attachment 2) Motion was seconded by Representative Minor.

The Committee discussed the need for uniform training for emergency medical service personnel and the proposed funding would be a more dedicated source than the state general fund. The EMS budget has only grown one percent in the past twelve years. It was pointed out that EMS did not seek out funding from the State Fire Marshal Fee Fund. Also suggested was that EMS be funded by health insurance premiums or continue to be funded by the state general fund. It was suggested that the combining of various divisions throughout state government be studied in the Budget Interim.

Representative Shriver offered a substitute motion to transfer the Emergency Medical Services Board to the Office of the State Fire Marshal and retain the EMS as oversight board. Motion was seconded. Motion failed.

Representative Hermes offered a substitute motion to drop the sunset to one year. Motion was seconded by Representative Spangler. Motion failed.

Representative Campbell's motion to amend the bill by including a funding source and a sunset provision of two years passed.

Representative Nichols moved to amend the bill by inserting language that all fee funds listed in K.S.A. 75-3170a be amended to raise the amount to be deposited from all fee fund receipts into the state general fund from 20 percent to 25 percent. Motion was seconded by Representative Neufeld. Motion carried.

Representative Feuerborn moved that the bill be reported favorably as amended. Motion was seconded by Representative Campbell. Motion carried on a 12 to 4 vote.

#### **Discussion and Action on HR 6012–Participation in National Adoption Day**

Representative Landwehr moved for the adoption of HR 6012. Motion was seconded by Representative Bethell. Motion carried.

#### **Discussion on SCR 1614–Encourage decreased dependence on public moneys to finance long-term care**

Representative Landwehr moved for the adoption of the proposed balloon amendment requesting greater participation by the Department of Social and Rehabilitation Services in the education of persons regarding long-term care and encourage state government to consider a five-year look back period for capturing disqualifying transfers of physical property for Medicaid eligibility (Attachment 3). Motion was seconded by Representative Henry. Motion carried

The meeting was adjourned at 10:00 a.m. The next meeting is scheduled for March 29, 2002.

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March 26, 2002

**To:** House Appropriations  
**From:** Robert Waller, Fiscal Analyst  
**Re:** Fire Marshal Fee Fund

Per an amendment approved by the House Committee on Appropriations, the following information relates to the current balance within the Fire Marshal Fee Fund and changes incurred with the subsequent passage of SB 508.

## Fire Marshal Fee Fund

From its inception in 1913, the State Fire Marshal was funded by a fee paid on fire insurance premiums in the State of Kansas. Beginning in 1984, fees were placed in the State General Fund and the office was funded from the State General Fund. During the 1992 Legislative Session, the Fire Marshal's operating budget was returned to fee status. Since that time, the Fire Marshal Fee Fund became the primary funding source for the Fire Marshal's budget, supplemented at times by a minor federal grant and a grant from the Kansas Gas Service Company.

KSA 75-1508 requires each fire insurance company doing business in Kansas to pay to the Commissioner of Insurance, on or before March 15 of each year, a levy imposed by the State Fire Marshal, not to exceed 1.25 percent of a sum equal to the gross cash receipts of such company on all fire business transacted by the company in the preceding calendar year. The agency has established the levy on fire insurance premiums at 1.20 percent, which was lowered to 1.0 percent per request by Governor Graves and the Legislature. However, with the implementation of the Hazardous Material Response Program the levy has been raise to its statutory limit. Approximately 94 percent of the Fire Marshal's revenue is from this levy. The agency also collects certification fees from all businesses inspecting, installing or servicing portable fire extinguishers or automatic fire extinguishers for commercial cooking equipment and from indirect cost recovery for administration of the Social Security Act in the Fire Prevention Division.

**Revenue Transfer to State General Fund.** As with most other fee funded agencies, the law provides that 20 percent of revenue collected by the Fire Marshal shall be credited to the State General Fund, with a maximum contribution to the State General Fund of \$200,000. Unlike most other agencies, appropriations bills in recent years (since FY 1993) also provided that the Director of the Budget, after consultation with the State Fire Marshal, may periodically certify to the Director of Accounts and Reports, amounts of money for transfer from the Fire Marshal Fee Fund to the State General Fund. This is done in order to transfer "excess" moneys not currently needed to pay for the operations of the office of the State Fire Marshal. Upon receipt of such certification, the Director of Accounts and Reports shall transfer the amount certified. The Consensus Revenue Estimating Group assumes no discretionary transfer in either FY 2002 or FY 2003.

HOUSE APPROPRIATIONS

DATE 3/28/02  
ATTACHMENT 1

**Fire Marshal Fee Fund**

	<u>Actual FY 2000</u>	<u>Actual FY 2001</u>	<u>Gov. Rec. FY 2002</u>	<u>Gov. Rec. FY 2003</u>	<u>Senate Comm. Rec. with passage of SB 508</u>	<u>House Committee Recommendation (HB 3008) with passage of SB 508</u>
Balance Forward	\$ 2,167,826	\$ 2,864,326	\$ 3,544,628	\$ 3,497,861	\$ 3,497,861	\$ 3,497,861
Net Receipts	<u>3,594,669</u>	<u>3,925,092</u>	<u>3,919,661</u>	<u>3,928,750</u>	<u>3,178,750</u>	<u>3,178,750</u>
Total Funds Available	\$ 5,762,495	\$ 6,789,418	\$ 7,464,289	\$ 7,426,611	\$ 6,676,611	\$ 6,676,611
Less: Expenditures	(2,473,724)	(2,829,707)	(2,810,408)	(2,860,355)	(2,860,355)	(2,860,355)
Transfer Out (Hazmat)	(456,113)	(415,083)	(406,020)	(224,663)	(224,663)	(224,663)
Transfer Out (Emergency Fund)	0	0	(750,000)	(750,000)	0	(750,000)
Discretionary Transfer	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(1,700,000)</u>
Ending Balance	<u>\$ 2,832,658</u>	<u>\$ 3,544,628</u>	<u>\$ 3,497,861</u>	<u>\$ 3,591,593</u>	<u>\$ 3,591,593</u>	<u>\$ 1,141,593</u>
Ending Balance as a Percentage of Expenditures and Transfers	114.4%	109.2%	88.2%	93.7%	93.7%	20.6%

Sub for SB 508, reduces the levy imposed on fire insurance premiums remitted to the Insurance Commissioner to support the operations of the State Fire Marshal from 1.25 percent to 1.0 percent of gross cash receipts on fire business in the state. The bill also directs that a 0.25 percent levy be remitted to financing the operation of the Board of Emergency Medical Services (EMS). By current estimates, the Fire Marshal would receive \$3,000,000 in fire insurance premium receipts, and EMS would receive approximately \$750,000.

For FY 2003, the Senate Committee eliminates the transfer of \$750,000 (in FY 2003) from the Fire Marshal Fee Fund to the Hazardous Materials Emergency Fund. The Hazardous Materials Emergency Fund would have a remaining balance of \$750,000, and would hold the Fire Marshal Fee Fund at the Governor's FY 2003 recommended level.

For FY 2003, the House Committee transfers \$1,700,000 for the Fire Marshall Fee Fund to the State General Fund.

20

# Substitute for SENATE BILL No. 508

By Committee on Ways and Means

2-27

Balloon Proposed amendments  
for consideration by  
Committee on Appropriations

HOUSE APPROPRIATIONS

DATE 3/28/02  
ATTACHMENT 2

9 AN ACT concerning the emergency medical services board; providing  
10 financial support therefor; amending K.S.A. 75-1508 and K.S.A. 2001  
11 Supp. 75-1514 and repealing the existing sections.

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

13 New Section 1. The emergency medical services board shall remit  
14 all moneys received by or for the board from fees, charges or penalties  
15 to the state treasurer in accordance with the provisions of K.S.A. 75-4215,  
16 and amendments thereto. Upon receipt of each such remittance, the state  
17 treasurer shall deposit the entire amount in the state treasury to the credit  
18 of the emergency medical services operating fund. All expenditures from  
19 the emergency medical services operating fund shall be made in accord-  
20 ance with appropriation acts upon warrants of the director of accounts  
21 and reports issued pursuant to vouchers approved by the administrator  
22 of the board or by a person or persons designated by the administrator.

(a)

23 Sec. 2. K.S.A. 75-1508 is hereby amended to read as follows: 75-  
24 1508. (a) For the purpose of maintaining the department of the state  
25 fire marshal and the payment of the expenses incident thereto, each fire  
26 insurance company doing business in this state shall pay to the commis-  
27 sioner of insurance, on or before March 15 each year, beginning with the  
28 year 1984, and each year thereafter, in addition to the taxes, fees and  
29 charges now required by law to be paid by it, such levy as may be made  
30 by the state fire marshal. The levy shall not be more than ~~1.25%~~ 1.0% of  
31 a sum equal to the gross cash receipts as premiums of such company on  
32 all fire business transacted by it in the state of Kansas during the year  
33 next preceding, as shown by its annual statement under oath to the state  
34 insurance department.

(b) The provisions of this section shall  
expire on June 30, 2004.

for calendar years 2003 and 2004, and 1.25%  
for calendar year 2005 and ensuing years,

35 (b) For the purposes of maintaining the emergency medical services  
36 board and the payment of the expenses incident thereto, each fire insur-  
37 ance company doing business in this state shall pay to the commissioner  
38 of insurance, on or before March 15 each year, beginning with the year  
39 2003, and each year thereafter, in addition to the taxes, fees and charges  
40 now required by law to be paid by it, such levy as may be made by the  
41 emergency medical services board. The levy shall not be more than .25%  
42 of a sum equal to the gross cash receipts as premiums of such company  
43

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1 on all fire business transacted by it in the state of Kansas during the year  
2 next preceding, as shown by its annual statement under oath to the state  
3 insurance department.

The provisions of this subsection shall  
expire on December 31, 2004.

4 Sec. 3. K.S.A. 2001 Supp. 75-1514 is hereby amended to read as  
5 follows: 75-1514. (a) The commissioner of insurance shall remit all mon-  
6 eys received by the commissioner under subsection (a) of K.S.A. 75-1508,  
7 and amendments thereto, to the state treasurer in accordance with the  
8 provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of  
9 each such remittance, the state treasurer shall deposit the entire amount  
10 in the state treasury. ~~The state treasurer shall credit 20% of each such~~  
11 ~~deposit to the state general fund and shall credit the remainder of each~~  
12 ~~such deposit to the credit of the fire marshal fee fund.~~

for the fiscal years ending June 30, 2003,  
and June 30, 2004, the state treasurer shall  
credit 20% of each such deposit to the state  
general fund and shall credit the remainder  
of each such deposit to the fire marshal fee  
fund for the fiscal year ending June 30,  
2005, and ensuing fiscal years.

13 (b) There is hereby created the fire marshal fee fund in the state  
14 treasury. All expenditures from the fire marshal fee fund shall be made  
15 in accordance with appropriations acts upon warrants of the director of  
16 accounts and reports issued pursuant to vouchers approved by the state  
17 fire marshal or a person or persons designated by the state fire marshal.

18 (c) The commissioner of insurance shall remit all moneys received by  
19 the commissioner under subsection (b) K.S.A. 75-1508, and amendments  
20 thereto, to the state treasurer in accordance with the provisions of K.S.A.  
21 75-4215, and amendments thereto. Upon receipt of each such remittance,  
22 the state treasurer shall deposit the entire amount in the state treasury to  
23 the credit of the emergency medical services board operating fund.

24 Sec. 4. K.S.A. 75-1508 and K.S.A. 2001 Supp. 75-1514 are hereby  
25 repealed.

26 Sec. 5. This act shall take effect and be in force from and after its  
27 publication in the Kansas register.

Senate Concurrent Resolution No. 1614

By Committee on Ways and Means

1-15

HOUSE APPROPRIATIONS  
DATE 3/28/02  
ATTACHMENT 3

10 A CONCURRENT RESOLUTION encouraging decreased depend-  
11 ence on public moneys to finance long-term care and education con-  
12 cerning long-term care insurance.

14 WHEREAS, Science, technology, nutrition and other factors have in-  
15 creased life expectancy and have set our nation on a course for a major  
16 expansion of our mid-life and older populations; and

17 WHEREAS, The average life expectancy is now almost 80 years and,  
18 often, the blessing of longer life means that diseases of aging that require  
19 long-term or custodial care, such as Alzheimer's disease, are more prev-  
20 alent; and

21 WHEREAS, Changes in the structure of the nuclear family, such as  
22 two-earner households, make families less able to care for an aging parent,  
23 and

on a full-time basis

24 WHEREAS, Currently, 5.8 million people aged 65 or older need long-  
25 term care and this number will increase as more people survive heart  
26 attacks, cancer, strokes and other ailments that *once* were fatal; and

27 WHEREAS, Medicare does not cover the cost of nursing home care,  
28 assisted living, residential health care or other long-term care except for  
29 100 days of rehabilitation; and

30 WHEREAS, The primary source of private financing of long-term care  
31 is the income and savings of the elderly, the disabled and their families  
32 or medicaid, a program for the poor; and

33 WHEREAS, The average cost for care in a nursing home in the United  
34 States is \$40,000-\$50,000 a year and that figure is certain to increase; and

35 WHEREAS, Kansas seniors must spend their life savings and contrib-  
36 ute all their income before medicaid pays for their care; and

37 WHEREAS, Long-term care insurance can play an important role in  
38 helping to provide protection against the cost of long-term care and the  
39 expenditure of a lifetime of savings; and

better quality and choice of long-term care and

40 WHEREAS, Long-term care insurance can help assure the security,  
41 dignity and independence of Kansans as they age as well as decrease the  
42 dependence on public moneys to finance long-term care: Now, therefore,

See attached

43 Be it resolved by the Senate of the State of Kansas, the House of Rep-

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1 *representatives concurring therein:* That in order to decrease dependence  
2 on public moneys to finance long-term care and, in order to help assure  
3 the security, dignity and independence of Kansas senior citizens, the sec-  
4 retary of the Kansas department on aging ~~is~~ urged to begin an education  
5 and awareness campaign that makes ~~younger~~ Kansans aware of the po-  
6 tential cost of long-term care and encourages them to invest in long-term  
7 care insurance at an age when it is affordable; and

and the Kansas department of social and  
rehabilitation services are

8 *Be it further resolved:* That the Secretary of State be directed to send  
9 an enrolled copy of this resolution to the Secretary of the Department on  
10 Aging.

and to encourage the state government to  
consider a five-year look back period for  
capturing disqualifying transfers of physical  
property for Medicaid eligibility



ATTACHMENT

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WHEREAS, The department of social and rehabilitation services and the department on aging work to inform and educate applicants for medical assistance of such department's powers and duties under state and federal laws to recover the costs of medical assistance provided from the estates of medical assistance recipients, including kinds and amounts of allowable expenditures or other utilizations of assets to acquire exempt or other property so that such assets are excluded from such income calculations and also including the use of trusts to allowably reduce an individual's net worth when applying for medical assistance; and

WHEREAS, The state's goal should be to encourage purchase of long-term insurance not only to protect the public from asset loss, but also to protect the Medicaid program for the truly needy; and