

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS.

The meeting was called to order by Chair Melvin Neufeld at 9:00 a.m. on February 18, 2003, in Room 514-S of the Capitol.

All members were present except: Representative Jerry Henry, Excused

Committee staff present: J. G. Scott, Legislative Research Department
Amy Deckard, Legislative Research Department
Becky Krahl, Legislative Research Department
Julian Efird, Legislative Research Department
Jim Wilson, Revisor of Statutes
Mike Corrigan, Revisor of Statutes
Nikki Feuerborn, Administrative Analyst
Sue Fowler, Committee Secretary

Conferees appearing before the committee:

Others attending: See Attached

Representative Light moved for the introduction of legislation regarding Department of Corrections in-service training for correction officers. Motion was seconded by Representative Feuerborn. Motion carried.

HB 2345 was referred to the Education Budget Committee; **HB 2303** was referred to the General Government and Commerce Budget Committee; and **HB 2366** was referred to the Social Services Budget Committee.

Representative Shriver, Member of the General Government and Commerce Committee, presented the Budget Committee report on the Governor's budget recommendations for the Department of Commerce and Housing for FY 2003 and moved for the adoption of the Budget Committee recommendations for FY 2003. (Attachment 1). Motion was seconded by Representative Pottorff. Motion carried.

Representative Shriver, Member of the General Government and Commerce Committee, presented the Budget Committee report on the Governor's budget recommendations for the Department of Commerce and Housing for FY 2004 and moved for the adoption of the Budget Committee recommendations for FY 2004. (Attachment 1). Motion was seconded by Representative Pottorff. Motion carried.

Rae Anne Davis, Chief Fiscal Officer for Department of Commerce and Housing reported on the department's ability to provide funding to the Kansas State University Food Science Pilot Plant has been reduced, which will decrease their ability to provide services to clients and ultimately result in fewer jobs created. Representative Schwartz requested additional information on this subject prior to completion of the budget (Attachment 2).

Legislative Research staff distributed copies of a profile of the Economic Development Initiatives Fund (Attachment 3).

Representative Howell, Member of the General Government and Commerce Committee, presented the Budget Committee report on the Governor's budget recommendations for Kansas, Inc., for FY 2003 and moved for the adoption of the Budget Committee recommendations for FY 2003. (Attachment 1) Motion was seconded by Representative Shriver. Motion carried.

Representative Howell, Member of the General Government and Commerce Committee, presented the Budget Committee report on the Governor's budget recommendations for Kansas, Inc., for FY 2004 and moved for the adoption of the Budget Committee recommendations with notation for FY 2004. (Attachment 1). Motion was seconded by Representative Pottorff. Motion carried.

Representative Pottorff, Chair of the General Government and Commerce Committee, presented the Budget Committee report on the Governor's budget recommendations for Kansas Technology Enterprise Corporation for FY 2003 and moved for the adoption of the Budget Committee recommendations for FY 2003

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS at 9:00 a.m. on February 18, 2003,
in Room 514-S of the Capitol.

(Attachment 1). Motion was seconded by Representative Schriver. Motion carried.

Representative Pottorff, Chair of the General Government and Commerce Committee, presented the Budget Committee report on the Governor's budget recommendations for Kansas Technology Enterprise Corporation for FY 2004 and moved for the adoption of the Budget Committee recommendations for FY 2004. (Attachment 1). Motion was seconded by Representative Schriver. Motion carried.

Representative Pottorff, Chair of the General Government and Commerce Committee, presented the Budget Committee report on the Governor's budget recommendations for Kansas Lottery for FY 2003 and moved for the adoption of the Budget Committee recommendations with adjustment for FY 2003 (Attachment 4). Motion was seconded by Representative Schriver. Motion carried.

Representative Pottorff, Chair of the General Government and Commerce Committee, presented the Budget Committee report on the Governor's budget recommendations for Kansas Lottery for FY 2004 and moved for the adoption of the Budget Committee recommendations with additional comments for FY 2004. (Attachment 4). Motion was seconded by Representative Schriver. Motion carried.

Representative Shriver, Member of the General Government and Commerce Committee, presented the Budget Committee report on the Governor's budget recommendations for Kansas Racing and Gaming Commission for FY 2003 and FY 2004 and moved for the adoption of the Budget Committee recommendations for FY 2003 and FY 2004. (Attachment 4). Motion was seconded by Representative Pottorff. Motion carried.

Representative Klein, Member of the Tax, Judicial, Transportation, and Retirement Budget Committee, presented the Budget Committee report on the Governor's budget recommendations for the State Board of Tax Appeals for FY 2003 and moved for the adoption of the Budget Committee recommendations with changes and notations for FY 2003. (Attachment 5). Motion was seconded by Representative Campbell. Motion carried.

Representative Klein, Member of the Tax, Judicial, Transportation, and Retirement Budget Committee, presented the Budget Committee report on the Governor's budget recommendations for the State Board of Tax Appeals for FY 2004 and moved for the adoption of the Budget Committee recommendations with a comment for FY 2004. (Attachment 5). Motion was seconded by Representative Campbell. Motion carried.

Representative McCreary, Chair of the House Tax, Judicial, Transportation, and Retirement Budget Committee, presented the Budget Committee report on the Governor's budget recommendations for the Department of Revenue for FY 2003 and moved for the adoption of the Budget Committee recommendations with observations about implementing the adjustments for FY 2003. (Attachment 6). Motion was seconded by Representative Klein. Motion carried.

Representative McCreary, Chair of the House Tax, Judicial, Transportation, and Retirement Budget Committee, presented the Budget Committee report on the Governor's budget recommendations for the Department of Revenue for FY 2004 and moved for the adoption of the Budget Committee recommendations with adjustments and comments for FY 2004. (Attachment 6). Motion was seconded by Representative Campbell.

Representative Klein explained his reasoning in not signing the Department of Revenue Budget Committee Report stating that the policy reasons are unclear in the decision to move 30 positions rather than the 38 existing positions of the Division of Alcoholic Beverage Control, which now reside in the Department of Revenue, and moving them to the Kansas Highway Patrol. Law enforcement is the responsibility of the Kansas Highway Patrol. Representative Klein expressed his disagreement with the first three items and requested that there be further discussions conducted by the Budget Committee with both the ABC and the Department of Revenue prior to Omnibus.

The Committee discussed the 38 positions in the ABC Division of the Department of Revenue of which 30 are in enforcement with 23 serving as investigators. Eight FTE's are in the licensure section. There are eight other positions in the central office of the Department of Revenue which serve the ABC. The Committee

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS at 9:00 a.m. on February 18, 2003,
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questioned whether policy was driving the budget or was the budget driving policy. They also questioned if this was an attempt to pull the funding out of the State General Fund budget permanently and place the funding in the State Highway Fund. The Committee expressed concern that the Budget Committee report reflected a \$1.8 million increase over the Governor's recommendation.

Representative Nichols made a substitute motion to amend the report by leaving the policy as it currently stands and request the Public Safety Budget Committee and the Tax, Transportation, Judicial, and Retirement Budget Committee to further investigate the policy issue and return to the full Appropriations Committee with their recommendations for bill introductions. The motion was seconded by Representative Feuerborn. Motion carried.

Representative Feuerborn moved to amend by striking Item 2 from the Budget Committee report. Motion was seconded by Representative Gatewood. Motion failed.

Representative McCreary renewed his motion for the adoption of the Budget Committee recommendations with adjustments and comments for FY 2004 as amended (Attachment 6). Motion was seconded by Representative Neufeld. Motion carried.

The meeting was adjourned at 10:25 a.m. The next meeting is scheduled for February 19, 2003.



Melvin Neufeld, Chair

APPROPRIATIONS COMMITTEE GUEST LIST

DATE: *February 18, 2003*

NAME	REPRESENTING
<i>Mike Huttles</i>	<i>Ks. Governmental Consulting</i>
<i>Keith Kocher</i>	<i>Ks Lottery</i>
<i>ED VAN PETTEN</i>	<i>"</i>
<i>GARY SAVILLE</i>	<i>"</i>
<i>Wally Kearns</i>	<i>Kansas Small Business Development ^{CT}</i>
<i>Joshua Cassatt</i>	<i>Rep. McLeod</i>
<i>Debbi H. H. H.</i>	<i>Kansas Inc.</i>
<i>Rae Anne Davis</i>	<i>KDOCH</i>
<i>Stephanie Buchanan</i>	<i>DOB</i>
<i>Kyle Kessler</i>	<i>DOB</i>
<i>Vicki Segun Hessel</i>	<i>DOB</i>
<i>Kevin Conn</i>	<i>KTEC</i>
<i>Kevin Conn</i>	<i>KTE</i>
<i>Tony Folsom</i>	<i>BOTA</i>
<i>Mike Masor</i>	<i>KTEC</i>
<i>Phil Bradley</i>	<i>KLBA</i>
<i>Neal Whitaker</i>	<i>Ks Beer Wholesalers Assn</i>
<i>Jim Conant</i>	<i>KDOR</i>
<i>Kevin BARONE</i>	<i>Hen Law firm</i>
<i>Chris Carucci</i>	<i>Rep. Bothell</i>

FY 2003 and FY 2004

HOUSE SUBCOMMITTEE REPORTS

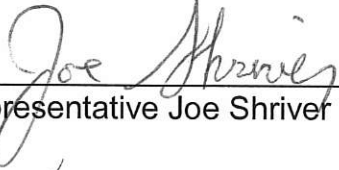
Department of Commerce and Housing
Kansas, Inc.
Kansas Technology Enterprise Corporation


Representative Jo Ann Pottorff, Chair


Representative Patricia Barbieri-Lightener


Representative Andrew Howell


Representative Annie Kuether


Representative Joe Shriver


Representative Tom Sloan


Representative Dan Thimesch

HOUSE APPROPRIATIONS

DATE 2-18-03

ATTACHMENT 1

House Budget Committee Report

Agency: Department of Commerce and Housing

Bill No. HB 2026

Bill Sec. 18

Analyst: Hollon

Analysis Pg. No.

Budget Page No. 87

Expenditure Summary	Agency Est. FY 03	Gov. Rec. FY 03	House Budget Committee Adjustments
All Funds:			
State Operations	\$ 18,615,550	\$ 18,615,550	\$ 0
Aid to Local Units	47,642,107	47,642,107	0
Other Assistance	48,876,360	48,868,685	0
TOTAL	<u>\$ 115,134,017</u>	<u>\$ 115,126,342</u>	<u>\$ 0</u>
State General Fund:			
State Operations	\$ 0	\$ 0	\$ 0
Aid to Local Units	0	0	0
Other Assistance	196,000	188,325	0
TOTAL	<u>\$ 196,000</u>	<u>\$ 188,325</u>	<u>\$ 0</u>
Economic Development Initiatives Fund	\$ 16,142,107	\$ 16,142,107	\$ 0
FTE Positions	148.0	148.0	0.0
Non-FTE Uncl. Perm. Positions	3.0	3.0	0.0
TOTAL	<u>151.0</u>	<u>151.0</u>	<u>0.0</u>

Agency Estimate/Governor's Recommendation

The agency's estimate for FY 2003 operating expenditures of \$115,134,017 is a net decrease of \$7,439,716 (6.1 percent) from the approved budget. The decrease is due mainly to lower than expected expenditures for federal housing grants partially offset by the proceeds from the sale of the Olathe Travel Information Center. The estimate includes \$196,000 from the State General Fund which is equal to the approved budget when adjusted for the Governor's November, 2002, State General Fund allotment against executive branch agencies. The estimated expenditures from the Economic Development Initiatives Fund total \$16,142,107 which is equal to the approved budget.

The Governor concurs with the agency's estimate when adjusted for the Governor's November allotment.

The Governor's recommendation reflects the August 2002 allotment which reduced Economic Development Initiatives Fund expenditures for this agency by \$387,699 and reduced State General Fund expenditures by \$4,000. The November 2002 allotment against executive branch agencies reduced State General Fund expenditures by \$7,675.

House Budget Committee Recommendations

The House Budget Committee concurs with the Governor's recommendation.

House Budget Committee Report

Agency: Department of Commerce and Housing

Bill No. ----

Bill Sec. ----

Analyst: Hollon

Analysis Pg. No. Budget Page No. 87

Expenditure Summary	Agency Req. FY 04	Gov. Rec. FY 04	House Budget Committee Adjustments
All Funds:			
State Operations	\$ 16,357,126	\$ 16,346,834	\$ 0
Aid to Local Units	46,220,034	46,045,948	0
Other Assistance	50,325,405	49,744,523	0
TOTAL	<u>\$ 112,902,565</u>	<u>\$ 112,137,305</u>	<u>\$ 0</u>
State General Fund:			
State Operations	\$ 0	\$ 0	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
TOTAL	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Economic Development Initiatives Fund	\$ 14,782,465	\$ 14,026,980	\$ 0
FTE Positions	148.0	147.5	0.0
Non-FTE Uncl. Perm. Positions	2.0	4.0	0.0
TOTAL	<u>150.0</u>	<u>151.5</u>	<u>0.0</u>

Agency Request/Governor's Recommendation

The agency request for FY 2004 operating expenditures of \$112,902,565 is a decrease of \$2,231,452 (1.9 percent) from the FY 2003 estimate. The agency requests \$14,782,465 from the Economic Development Initiatives Fund which is a decrease of \$1,359,642 (8.4 percent) from the FY 2003 estimate. The agency's budget submission included no enhancement requests.

The Governor's recommendation for FY 2004 operating expenditures of \$112,137,305 is a decrease of \$2,989,037 (2.6 percent) from the FY 2003 recommendation. The recommendation includes \$14,026,980 from the Economic Development Initiatives Fund which is a decrease of \$2,115,127 (13.1 percent) from the FY 2003 recommendation. In addition to a 5.1 percent reduction package, the Governor's recommendation includes the following:

- Transfer of the duties and responsibilities of Kansas, Inc. to the Department of Commerce and Housing. This transfer includes \$169,350 (\$55,328 EDIF) and 1.0 FTE Research Analyst position. This proposal requires statutory changes.
- Transfer of the ending balance of \$824,164 from the Export Loan Guarantee Fund to the Economic Development Initiatives Fund.

House Budget Committee Recommendations

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

1. The House Budget Committee notes Executive Reorganization Order No. 30 which transfers the Division of Housing within the Department of Commerce and Housing to the Kansas Development Finance Authority. However, the Budget Committee does not feel comfortable adjusting the agency's budget at this time due to the short amount of time between the issuance of the ERO and the reporting date for the budget. The House Economic Development Committee has scheduled a hearing on the ERO for the same day that this budget is being heard. In addition, the two agencies are in continued discussions regarding the amounts and funds to be transferred including whether any state funds will be involved in that transfer. The Budget Committee would like further information on the funds being transferred when the Appropriations Committee works the full FY 2004 appropriations bill beginning on March 17.

House Budget Committee Report

Agency: Kansas, Inc.

Bill No. ----

Bill Sec. ----

Analyst: Hollon

Analysis Pg. No.

Budget Page No. 283

Expenditure Summary	Agency Est. FY 03	Gov. Rec. FY 03	House Budget Committee Adjustments
All Funds:			
State Operations	\$ 441,414	\$ 441,414	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
TOTAL	<u>\$ 441,414</u>	<u>\$ 441,414</u>	<u>\$ 0</u>
State General Fund:			
State Operations	\$ 0	\$ 0	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
TOTAL	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Economic Development Initiatives Fund			
	\$ 291,674	\$ 291,674	\$ 0
FTE Positions			
	4.0	4.0	0.0
Non-FTE Uncl. Perm. Positions			
	1.0	1.0	0.0
TOTAL	<u>5.0</u>	<u>5.0</u>	<u>0.0</u>

Agency Estimate/Governor's Recommendation

The agency's estimate for FY 2003 operating expenditures of \$441,414 is an increase of \$108,588 (32.6 percent) from the approved budget. The increase is due mainly to the hiring of 1.0 Non-FTE Unclassified Permanent Position as the Executive Director of the Information Network of Kansas (INK). Funding for the position is reimbursed by INK. The estimate includes \$291,674 from the Economic Development Initiatives Fund which is equal to the approved budget.

The Governor concurs with the agency's estimate.

The Governor's recommendation reflects the August 2002 allotment which reduced Economic Development Initiatives Fund expenditures for this agency by \$5,953.

House Budget Committee Recommendations

The House Budget Committee concurs with the Governor's recommendation.

House Budget Committee Report

Agency: Kansas, Inc.

Bill No. ----

Bill Sec. ----

Analyst: Hollon

Analysis Pg. No.

Budget Page No. 283

<u>Expenditure Summary</u>	<u>Agency Req. FY 04</u>	<u>Gov. Rec. FY 04</u>	<u>House Budget Committee Adjustments</u>
All Funds:			
State Operations	\$ 812,587	\$ 0	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
TOTAL	<u>\$ 812,587</u>	<u>\$ 0</u>	<u>\$ 0</u>
State General Fund:			
State Operations	\$ 0	\$ 0	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
TOTAL	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Economic Development Initiatives Fund	\$ 660,832	\$ 0	\$ 0
FTE Positions	6.0	0.0	0.0
Non-FTE Uncl. Perm. Positions	1.0	0.0	0.0
TOTAL	<u>7.0</u>	<u>0.0</u>	<u>0.0</u>

Agency Request/Governor's Recommendation

The agency request for FY 2004 operating expenditures of \$812,587 is an increase of \$371,173 (84.1 percent) from the FY 2003 estimate. The requested funding from the Economic Development Initiatives Fund of \$660,832 is an increase of \$369,158 (126.6 percent) from the FY 2003 estimate. The request includes enhancements totaling \$366,002 from the Economic Development Initiatives Fund.

The Governor's recommendation includes the proposal to transfer the duties and responsibilities of Kansas, Inc. to the Department of Commerce and Housing and abolish the agency. The recommended budget of the Department of Commerce and Housing includes \$169,350 (\$55,328 EDIF) and 1.0 Research Analyst position resulting from this transfer.

House Budget Committee Recommendations

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

1. The House Budget Committee notes the communication from the Secretary of Commerce and Housing stating his decision to no longer support the merger of Kansas, Inc. with the Department of Commerce and Housing. If Kansas, Inc. is to remain an independent agency, funding must be found from some source. Given that the elimination of Kansas, Inc. was a part of the FY 2004 Governor's Budget Recommendation, the Budget Committee seeks direction from the administration concerning the funding for this agency and requests a Governor's Budget Amendment on this issue.

House Budget Committee Report

Agency: Kansas Technology Enterprise Corporation

Bill No. HB 2026

Bill Sec. 19

Analyst: Hollon

Analysis Pg. No.

Budget Page No. 301

Expenditure Summary	Agency Est. FY 03	Gov. Rec. FY 03	House Budget Committee Adjustments
All Funds:			
State Operations	\$ 2,757,587	\$ 2,625,057	\$ 0
Aid to Local Units	0	0	0
Other Assistance	13,361,457	13,361,457	0
TOTAL	<u>\$ 16,119,044</u>	<u>\$ 15,986,514</u>	<u>\$ 0</u>
State General Fund:			
State Operations	\$ 0	\$ 0	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
TOTAL	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Economic Development Initiatives Fund:			
State Operations	\$ 2,588,380	\$ 2,455,850	\$ 0
Aid to Local Units	0	0	0
Other Assistance	10,492,215	10,492,215	0
TOTAL	<u>\$ 13,080,595</u>	<u>\$ 12,948,065</u>	<u>\$ 0</u>
FTE Positions	30.0	30.0	0.0
Non-FTE Uncl. Perm. Positions	0.0	0.0	0.0
TOTAL	<u>30.0</u>	<u>30.0</u>	<u>0.0</u>

Agency Estimate/Governor's Recommendation

The agency's estimate for FY 2003 operating expenditures of \$16,119,044 is a decrease of \$105,433 (0.6 percent) from the approved budget. The estimate includes \$13,080,595 from the Economic Development Initiatives Fund which is equal to the approved budget.

The Governor's recommendation for FY 2003 operating expenditures of \$15,986,514 is a decrease of \$237,963 (1.5 percent) from the approved budget. The recommendation includes \$12,948,065 from the Economic Development Initiatives Fund which is a decrease of \$132,530 (1.0 percent) from the approved budget to adjust Salaries and Wages due to vacant positions.

The Governor's recommendation reflects the August 2002 allotment which reduced Economic Development Initiatives Fund expenditures for this agency by \$231,938.

House Budget Committee Recommendations

The House Budget Committee concurs with the Governor's recommendation.

House Budget Committee Report

Agency: Kansas Technology Enterprise Corporation

Bill No. ----

Bill Sec. ----

Analyst: Hollon

Analysis Pg. No.

Budget Page No. 301

Expenditure Summary	Agency Req. FY 04	Gov. Rec. FY 04	House Budget Committee Adjustments
All Funds:			
State Operations	\$ 2,880,077	\$ 2,384,643	\$ 0
Aid to Local Units	0	0	0
Other Assistance	14,235,003	11,569,177	0
TOTAL	<u>\$ 17,115,080</u>	<u>\$ 13,953,820</u>	<u>\$ 0</u>
State General Fund:			
State Operations	\$ 0	\$ 0	\$ 0
Aid to Local Units	0	0	0
Other Assistance	0	0	0
TOTAL	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Economic Development Initiatives Fund:			
State Operations	\$ 2,470,926	\$ 1,904,253	\$ 0
Aid to Local Units	0	0	0
Other Assistance	11,365,761	8,699,935	0
TOTAL	<u>\$ 13,836,687</u>	<u>\$ 10,604,188</u>	<u>\$ 0</u>
FTE Positions	27.0	27.0	0.0
Non-FTE Uncl. Perm. Positions	0.0	0.0	0.0
TOTAL	<u>27.0</u>	<u>27.0</u>	<u>0.0</u>

Agency Request/Governor's Recommendation

The agency request for FY 2004 operating expenditures of \$17,115,080 is an increase of \$996,036 (6.2 percent) from the FY 2003 estimate. The requested funding from the Economic Development Initiatives Fund is \$13,836,687 which is an increase of \$756,092 (5.8 percent) from the FY 2003 estimate. The request includes enhancements totaling \$2,454,477 from the Economic Development Initiatives Fund.

The Governor's recommendation for FY 2004 operating expenditures of \$13,953,820 which is a decrease of \$2,032,694 (12.7 percent) from the FY 2003 recommendation. The recommended funding from the Economic Development Initiatives Fund is \$10,604,188 which is a decrease of \$2,343,877 (18.1 percent) from the FY 2003 recommendation. The recommendation includes a 5.1 percent reduction package.

House Budget Committee Recommendations

The House Budget Committee concurs with the Governor's recommendation.

MEMO



KANSAS DEPARTMENT of COMMERCE & HOUSING

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DATE: February 17, 2003
TO: Members of the House General Government Budget Committee
FROM: Rae Anne Davis, Chief Fiscal Officer *(RAD)*
REGARDING: Questions from Budget Hearing

HOUSE APPROPRIATIONS

DATE 2-18-03
ATTACHMENT 2

During the Budget Committee's deliberations, several requests for follow up information were made.

Funding for the Division of Housing

The FY 2004 budget includes \$469,992 from the EDIF block grant for the Housing Development Division to be used for match for the federal HOME program. Executive Reorganization 30 moves the Division of Housing from the Department to the Kansas Development Finance Authority. In an effort to maintain its status as an independent instrumentality, KDFA does not wish to be appropriated state moneys. To accommodate this, the Housing Division staff have identified State Housing Trust Fund dollars that could be redirected towards the required match in FY 2004. Out years would be covered by the fees generated by other housing programs. The Department requests that the Governor's recommendation be maintained and that our EDIF block grant not be reduced in anticipation of the Housing transfer. This would provide adequate funds in the event that the ERO, which is scheduled for its first hearing on Tuesday, February 18, is disapproved by the Legislature. If the ERO is implemented, we would be able to shift funds internally to offset some of the severe program cuts we are facing in FY 2004 in the areas of workforce training and rural development.

Agriculture Products Development and Trade Show Reductions

As is clearly indicated in our performance measures, the FY 2004 budget has a negative impact on our ability to create positive economic outcomes for Kansas companies. Our ability to provide funding to the Kansas State University Food Science Pilot Plant is reduced, which will decrease its ability to provide services to clients and will ultimately result in fewer jobs created. The Kansas International Trade Show Assistance Program (KITSAP) is reduced in FY 2004 and will result in approximately two-thirds fewer Kansas companies receiving grants to exhibit in trade shows and promote their goods to international buyers. Approximately five percent of KITSAP grant recipients are agricultural companies. We recognize that these cuts have serious implications for Kansas companies and producers; however, in light of the budget situation, we had no other choice but to make program cuts.

Belle Plaine Travel Information Center (TIC)

The building destroyed in the April 2002 fire was owned by the Kansas Turnpike Authority (KTA). The Department's only losses were personal property – for which we are self-insured. To date, we have spent approximately \$3000 to replace rental equipment destroyed. We have budgeted \$100,000 from the Publications and Other Sales Fund in FY 2003 to cover the cost of furnishing the TIC after it is reconstructed by the KTA. This money was generated by the sale of the Olathe TIC building. In light of our long-standing and beneficial relationship with the KTA (we lease the location for \$1 per year) we have determined the best course of action is to avoid litigating this matter.

ECONOMIC DEVELOPMENT INITIATIVES FUND

Agency/Program	Approved FY 2003	Governor's Revised Recommendation FY 2003
Department of Commerce and Housing ⁽¹⁾		
Operating Grant	\$ 14,554,841	\$ 14,247,455
Kansas Economic Opportunity Initiative Fund	3,325,000	3,325,000
Kansas Existing Industry Expansion Program	475,000	475,000
Subtotal - KDCH	\$ 18,354,841	\$ 18,047,455
Kansas Technology Enterprise Corporation ⁽¹⁾		
Agency Operations	\$ 1,226,972	\$ 2,368,682
Centers of Excellence	3,728,750	3,374,387
Research Matching Grants	1,197,000	1,649,473
Business Innovative Research Grants	376,200	-
Special Projects	75,338	-
Commercialization Grants	1,282,500	1,593,356
Mid-America Manufact. Tech. Center	860,129	900,000
EPSCoR	2,850,000	3,062,167
Minus unplanned reappropriation	-	(1,715,645)
Subtotal - KTEC	\$ 11,596,889	\$ 11,232,420
Kansas, Inc. ⁽¹⁾	\$ 297,627	\$ 291,674
Board of Regents ⁽³⁾		
Technology Innovation & Internship Program - AVTS	\$ 190,000	\$ 190,000
Post-secondary Aid - AVTS	6,144,277	6,144,277
Capital Outlay Aid - AVTS	2,565,000	2,565,000
National Guard Educational Assistance	243,342	243,342
Subtotal - Regents	\$ 9,142,619	\$ 9,142,619
Dept. of Administration - Public Broadcasting	\$ 114,099	\$ 114,099
Death and Disability Transfer	\$ 11,370	\$ 11,370
State Water Plan Fund	\$ 1,900,000	\$ 1,900,000
State General Fund	\$ 1,699,254	\$ 2,377,062
TOTAL TRANSFERS AND EXPENDITURES	\$ 43,116,699	\$ 43,116,699

EDIF Resource Estimate

Beginning Balance	\$ (65,301)	\$ (65,301)
Gaming Revenues	42,432,000	42,432,000
Other Income ⁽²⁾	750,000	750,000
Total Available	\$ 43,116,699	\$ 43,116,699
Less: Expenditures and Transfers	43,116,699	43,116,699
ENDING BALANCE	\$ -	\$ -

- 1) Does not include expenditures from prior year EDIF allocations.
 2) Other Income includes interest earnings and released encumbrances.
 3) Final Approved reflects the Governor's veto of \$468,383 added during the Omnibus Session.

FY 2003 Allotments

Department of Commerce and Housing	\$ 387,699
Kansas Technology Enterprise Corporation	231,938
Kansas, Inc.	5,953
TOTAL	\$ 625,590

HOUSE APPROPRIATIONS

DATE 2-18-03
 ATTACHMENT 3

ECONOMIC DEVELOPMENT INITIATIVES FUND

<u>Agency/Program</u>	<u>Governor's Recommendation FY 2004</u>
Department of Commerce and Housing ⁽¹⁾	
Operating Grant	\$ 14,026,980
Kansas Economic Initiatives Opportunity Fund	2,975,000
Kansas Existing Industry Expansion Program	423,246
Subtotal - Commerce and Housing	<u>\$ 17,425,226</u>
 Kansas Technology Enterprise Corporation ⁽¹⁾	
Agency Operations	\$ 1,233,929
Centers of Excellence	3,363,510
Research Matching Grants	1,354,699
Commercialization Grants	1,317,151
Mid-America Manufact. Tech. Center	670,324
EPSCoR	2,664,575
Subtotal - KTEC	<u>\$ 10,604,188</u>
 Board of Regents	
National Guard Educational Assistance	\$ 250,000
Technology Innovation & Internship Prgm - AVTS	180,500
Post-secondary Aid - AVTS	10,331,250
Capital Outlay Aid - AVTS	2,565,000
Comprehensive Grant	750,000
Subtotal - Regents	<u>\$ 14,076,750</u>
 State Water Plan Fund	 \$ 1,900,000
 TOTAL TRANSFERS AND EXPENDITURES	 <u>\$ 44,006,164</u>

EDIF Resource Estimate

Beginning Balance	\$ -
Gaming Revenues	42,432,000
Other Income ⁽²⁾⁽³⁾	1,574,164
Total Available	<u>\$ 44,006,164</u>
Less: Expenditures and Transfers	44,006,164
ENDING BALANCE	<u>\$ -</u>

- 1) Does not include expenditures from prior year EDIF allocations.
- 2) Other Income includes interest earnings and released encumbrances.
- 3) Includes transfer of \$824,164 from the Export Loan Guarantee Fund.

The Governor's recommendation does not reflect the moratorium on contributions to the KPERs Death and Disability Insurance Fund and subsequent transfer from special revenue funds to the State General Fund.

GENERAL GOVERNMENT AND COMMERCE BUDGET COMMITTEE

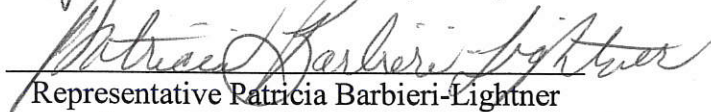
Kansas Lottery

Kansas Racing and Gaming Commission

FY 2003 and FY 2004



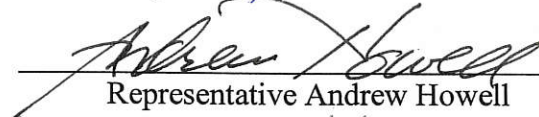
Representative Jo Ann Pottorff, Chairperson



Representative Patricia Barbieri-Lightner



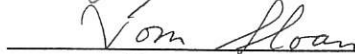
Representative Annie Kuether



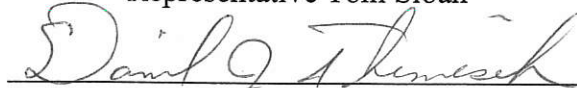
Representative Andrew Howell



Representative Joe Shriver



Representative Tom Sloan



Representative Dan Thimesch

HOUSE APPROPRIATIONS

DATE 2-18-03
ATTACHMENT 4

House Budget Report

Agency: Kansas Lottery

Bill No.

Bill Sec.

Analyst: Efirid

Analysis Pg. No.

Budget Page No. 323

Expenditure Summary	Agency Est. FY 03	Governor's Recommendation FY03	Budget Adjustments
State Operations	\$ 20,957,500	\$ 20,957,500	\$ 0
Aid to Local Units	0	0	0
Other Assistance*	125,186,400	39,013,237	0
Subtotal—Operating	\$ 146,143,900	\$ 59,970,737	\$ 0
Capital Improvements	0	0	0
TOTAL	<u>\$ 146,143,900</u>	<u>\$ 59,970,737</u>	<u>\$ 0</u>
State General Fund	\$ 0	\$ 0	\$ 0
All Other Funds	146,143,900	59,970,737	0
TOTAL	<u>\$ 146,143,900</u>	<u>\$ 59,970,737</u>	<u>\$ 0</u>
FTE Positions	87.0	87.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u>87.0</u>	<u>87.0</u>	<u>0.0</u>

***Note:** Previously, the *Governor's Budget Report* had included nonreportable expenditures for retailer commissions and retailer paid prizes that are not recorded in the State Treasury. However, beginning with the FY 2004 budget submission, only the reportable state-paid prizes are included in the *Governor's Budget Report*. For historical purposes, the total financial activity for state and local prizes and retailer commissions is reflected in this table for FY 2002 actual expenditures and FY 2003 to FY 2004 as requested by the agency. Amounts that are included above, but are not reflected in the *Governor's Budget Report* are \$75,794,570 in FY 2002, \$86,173,163 in FY 2003, and \$88,787,143 in FY 2004.

Agency Est./Governor's Recommendation

The agency's revised request includes an increase of \$97,234 for state operations and an increase of \$848,400 for prizes and retailer commissions. The Governor concurs with the increased expenditures of \$97,234 for state operations, but recommends a reduction of \$86.2 million in removing local paid prizes and retailer commissions from the budget as what is described as a "technical adjustment" in Division of the Budget materials. The approved budget amount of \$145,198,266 was reflected in the *FY 2003 Comparison Report* published by the Division of the Budget after the 2002 Legislature.

Budget Committee Recommendation

The Budget Committee concurs with the Governor's FY 2003 recommendation and makes the following additional adjustment:


- A technical amendment to last Session's appropriations is required in order to reconcile two inconsistent provisions regarding transfers. Section 86(b) of Chapter 204 and Section 15(c) of Chapter 205 would have required two separate transfers be made on July 15, 2002. The Legislature did not intend that two transfers totaling \$8.5 million be made from the Lottery Operating Fund in one month. Section 15(c) of Chapter 205 should have replaced the earlier transfer language, but Section 86(b) of Chapter 204 was not repealed as it should have been. The technical correction is to repeal that provision in Chapter 204 and to clarify that Section 15(c) of Chapter 205 was intended to replace the earlier provision. A joint letter from the Director of the Budget and the Director of Legislative Research stated the problem and solution, with a recommendation that the Director of Accounts and Reports only transfer a \$4.0 million amount as intended. That transfer has taken place, and the other transfers now needs to be repealed since it has not been made as requested in the joint letter of July 30, 2002.

**FY 2003 and FY 2004
Tax, Judicial, Transportation, and Retirement Budget Committee**

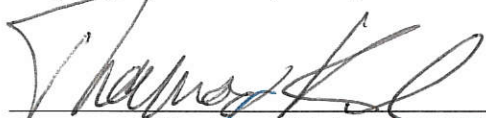
Board of Tax Appeals




Representative Bill McCreary, Chair



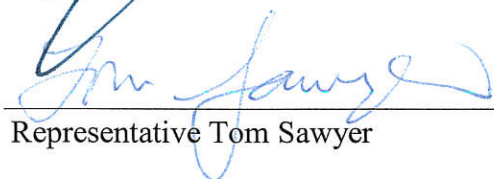
Representative Larry Campbell



Representative Tom Klein



Representative Mike O'Neal



Representative Tom Sawyer

HOUSE APPROPRIATIONS

DATE 2-18-03
ATTACHMENT 5

House Budget Committee Report

Agency: Board of Tax Appeals

Bill No.

Bill Sec.

Analyst: Deckard

Analysis Pg. No.

Budget Page No. 403

Expenditure Summary	Agency Est. FY 03	Governor's Recommendation FY 03	House Budget Committee Adjustments
State General Funds	\$ 1,991,692	\$ 1,823,819	\$ 0
All Other Funds	14,500	14,500	0
TOTAL	\$ 2,006,192	\$ 1,838,319	\$ 0
FTE Positions	28.0	27.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	28.0	27.0	0.0

Agency Est./Governor's Recommendation

The agency estimates \$2,006,192 in FY 2003 operating expenditures which includes \$1,991,692 in State General Fund. The estimate includes: \$1,439,622 for salaries and wages; \$370,838 in contractual services; \$23,827 for commodities; and \$171,905 in capital outlay.

The Governor recommends FY 2004 operating expenditures of \$1,838,319. The recommendation includes the deletion of two Board of Tax Appeals members for the second half of the year. This includes the deletion of \$100,000 in salaries and wages. The Governor's recommendation reflects the August 2002 allotment which reduced State General Fund expenditures for this agency by \$42,035, and the November 2002 allotment which reduced State General Fund expenditures by an additional \$78,405.

House Budget Committee Recommendation

The House Budget Committee concurs with the Governor's recommendation with the following changes and notations:

1. The Budget Committee notes that the agency is required to keep the official records of the appeals, but does not currently have the funding to microfilm all of the records. In the long term this may create serious problems. The Committee wishes to review the current contract that the agency has with Norton Correctional Industries for microfilming and review the issue at Omnibus.
2. The Budget Subcommittee notes that until the legislation abolishing the two board member positions take effect, the agency is required to continuing paying their salaries. The legislation to reduce membership may be found in SB 115 which is currently in the Senate Assessment and Taxation Committee and HB 2147 which is currently in the House Taxation Committee. The Budget Subcommittee wishes to review the actual amount of current year salary saving realized at Omnibus to ensure the agency does not have to make up the reductions in other salary reductions.

House Budget Committee Report

Agency: Board of Tax Appeals

Bill No.

Bill Sec.

Analyst: Deckard

Analysis Pg. No.

Budget Page No. 403

Expenditure Summary	Agency Req. FY 04	Governor's Recommendation FY 04	House Budget Committee Adjustments
State General Fund	\$ 1,878,427	\$ 1,232,493	\$ 0
All Other Funds	14,500	314,500	0
TOTAL	\$ 1,892,927	\$ 1,546,993	\$ 0
FTE Positions	28.0	26.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	28.0	26.0	0.0

Agency Req./Governor's Recommendation

The agency requests FY 2004 operating expenditures of \$1,892,927 which includes \$1,878,427 in State General Funds. The request includes: \$1,437,461 in salaries and wages; \$433,212 for contractual services; and \$22,254 for commodities. The agency's requests includes an enhancement request for \$36,000 for rent increases.

The Governor recommends \$1,546,993 for FY 2004 operating expenditures including \$1,232,493 in State General Funds. The recommendation includes shifting \$300,000 from State General Funds to a new fee fund, the Filing Fee Fund. The Governor is recommending the elimination of two board member positions and the reduction of \$200,000 in related salaries and wages. Under the Governor's FY 2004 statutory budget recommendation, the Governor's recommendation for this agency's budget would have to be reduced by an additional \$259,462.

House Budget Committee Recommendation

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

1. The House Budget Committee requests further information from the Department of Administration on the basis of the rent increases at the Docking State Office Building for FY 2004. The Budget Committee notes that the FY 2003 square footage was 16,926 and in FY 2004 was 18,685, although in the budget year the agency is not going to occupy any additional square footage. It is the Budget Committee's understanding that the increase is due to a methodology change in how the common areas are accounted for in state office buildings. The cost in FY 2003 for the agency was \$174,338 and will be \$211,140. This includes a \$1 per square foot increase.
2. Recommend introducing legislation to allow the agency to establish rules and regulations to establish filing fees, if not already done.

TAX, JUDICIAL, TRANSPORTATION AND RETIREMENT BUDGET COMMITTEE

Kansas Department of Revenue

FY 2003 and FY 2004

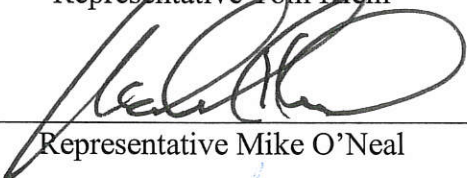


Representative Bill McCreary, Chairperson




Representative Larry Campbell

Representative Tom Klein



Representative Mike O'Neal



Representation Tom Sawyer

HOUSE APPROPRIATIONS

DATE 2-18-03
ATTACHMENT 6

House Budget Report

Agency: Kansas Department of Revenue **Bill No.** **Bill Sec.**

Analyst: Efird **Analysis Pg. No.** **Budget Page No.** 349

Expenditure Summary	Agency Estimate FY 03	Governor's Recommendation FY03	Budget Adjustments
State Operations	\$ 74,203,987	\$ 72,952,213	\$ 0
Aid to Local Units	4,856,570	4,856,570	0
Other Assistance	3,500,000	3,500,000	0
Subtotal--Operating	\$ 82,560,557	\$ 81,308,783	\$ 0
Capital Improvements	0	0	0
TOTAL	\$ 82,560,557	\$ 81,308,783	\$ 0
State General Fund	\$ 33,404,975	\$ 31,261,742	\$ 0
All Other Funds	49,155,582	50,047,041	0
TOTAL	\$ 82,560,557	\$ 81,308,783	\$ 0
FTE Positions	1,196.0	1,196.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	1,196.0	1,196.0	0.0

Agency Estimate/Governor's Recommendation

The agency's revised FY 2003 request includes a reduction of \$711,459 SGF financing due to the August allotment. The all other funds reduction reflects a revised lower estimate for payments of aid to local units of government, especially from the County Mineral Production Fund that is reduced from \$6,750,000 to \$3,952,000 by the November consensus revenue estimates.

The Governor's recommendation incorporates the August allotment of \$711,459 and makes additional adjustments to the agency's FY 2003 request, including the November allotment of \$1,308,109 that reduces SGF financing. An third SGF reduction recommended by the Governor removes \$835,124. SGF reductions total \$2,854,692 in FY 2003. In order to replace some of the SGF financing reductions, \$891,459 in financing is added from the Electronic Databases Fund. A technical correction also is recommended by adding \$20,944 from the State Bingo Regulation Fund for other operating expenditures in FY 2003. The Governor concurs with the reduction in mineral tax payments of \$2,798,000.

Budget Committee Recommendation

The Budget Committee concurs with the Governor's FY 2003 recommendation and notes the following observations about implementing the adjustments:

1. HB 2026 as introduced includes only an increase in fee fund spending of \$891,459 in order to raise an expenditure limitation. No lapse of \$835,124 SGF was included and no \$20,944 increase in the expenditures limitation for the Bingo Fund was included.
2. Since the conference committee on HB 2026 deleted the section on this agency, subsequent appropriations bill presumably should include all three adjustments recommended by the Governor in FY 2003 as technical corrections, if necessary.

House Budget Report

Agency: Kansas Department of Revenue **Bill No.** **Bill Sec.**

Analyst: Efirid **Analysis Pg. No.** **Budget Page No.** 349

Expenditure Summary	Agency Request FY 04	Governor's Recommendation FY04	Budget Adjustments
State Operations	\$ 75,548,086	\$ 70,356,211	\$ 1,805,122
Aid to Local Units	4,712,941	4,812,941	0
Other Assistance	3,500,000	3,500,000	0
Subtotal--Operating	\$ 83,761,027	\$ 78,669,152	\$ 1,805,122
Capital Improvements	0	0	0
TOTAL	\$ 83,761,027	\$ 78,669,152	\$ 1,805,122
State General Fund	\$ 34,385,869	\$ 25,213,302	\$ 0
All Other Funds	49,375,158	53,455,850	1,805,122
TOTAL	\$ 83,761,027	\$ 78,669,152	\$ 1,805,122
FTE Positions	1,196.0	1,158.0	38.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	1,196.0	1,158.0	38.0

Agency Request/Governor's Recommendation

The agency's budget request includes enhancements of \$1,004,696 from all funds, including \$464,220 from the SGF. No reduction in full-time positions is included in the revised agency request, and one of the requested enhancements would fund 10 vacant field auditor positions. The enhancements are described in the next section below.

The Governor's recommendations include a significant reduction in SGF financing, with offsetting increases in other funds to partially replace some of that financing. The Alcoholic Beverage Control (ABC) division and its 38.0 FTE positions are deleted from this agency's budget and recommended for transfer to the Kansas Highway Patrol, with a resulting reduction of \$1,805,122, of which \$1,603,590 is SGF financing (plus an additional reduction of \$98,537 for shrinkage taken in another recommendation). In a major financing shift, the SGF is reduced \$1,600,000, with an offsetting increase of \$1,600,000 in financing recommended from the VIPS/CAMA Technology Hardware Fund for operating expenditures, with a \$2 motor vehicle title fee increase recommended. In a another major financing shift, the SGF is reduced \$1,000,000, with an offsetting increase of \$1,000,000 from the Electronic Databases Fee Fund for operating expenditures, to be funded by a fee increase imposed by the Secretary of Revenue. A third major financing shift reduces \$2,075,000 from the SGF, and shifts funding of \$2,075,000 to the Division of Vehicles (DOV) Operating Fund, with a \$6 driver license fee increase recommended. Finally, the Governor recommends an increase in shrinkage for the agency that reduces SGF financing by \$2,034,447, with no substitute financing used to offset this reduction. The Governor concurs with

one of the agency's four requested enhancements that adds \$50,000 from all funds for studying a replacement computer project for the Vehicle Information Processing System (VIPS).

Under the Governor's FY 2004 **statutory budget recommendation** for this agency, the Governor's recommendation for the agency's SGF budget would have to be reduced by an additional **\$5,307,855**.

Budget Committee Recommendation

The Budget Committee concurs with the Governor's FY 2004 recommendation and makes the following adjustments and comments:

1. Pending passage of legislation, retain the Division of Alcoholic Beverage Control (ABC) within the Department of Revenue, include expenditures and staff as recommended by the Governor, and replace the Governor's recommended primary funding source with special revenue fund financing. Recommended expenditures include \$1,805,122, of which \$1,578,011 funds 38.0 FTE positions and \$227,111 funds other operating expenses. The Governor's recommended funding from the State Highway Fund would be replaced by using moneys collected as alcohol-related taxes to finance the ABC special revenue fund. Other minor funds provide some of the financing and these other funds would be retained as recommended by the Governor.
2. Introduce a bill to raise the alcohol gallonage tax by \$2.0 million in order to offset the amount needed by the ABC special revenue fund that will be used for paying the enforcement and administrative activities of the ABC division.
3. Recommend that the Public Safety Budget Committee delete the expenditures, FTE positions, and the transfer from the State Highway Fund to finance ABC in the Highway Patrol budget, pending passage of legislation.
4. Note the agency request in FY 2004 for additional funding to hire 10.0 FTE field auditors as part of a multi-year project continuing in FY 2005 and FY 2006. The request comes in response to a report issued by The Legislative Division of Post Audit on *Corporate Income Taxes: Reviewing Factors Affecting The Recent Steep Drop in Those Tax Receipts*. One of the questions examined in the report focused on "How have the resources and results for reviewing and auditing corporate tax returns changed during the last few years?" The report recommends "The department should find ways to hire or reassign more staff to conduct corporate tax audits, and the Legislature should support that effort." The report notes that "Each corporate tax auditor generates about \$1 million a year in additional revenues and promotes greater accountability within the corporate community." The agency proposed plan follows:

Phase 1: FY 2004. Reduce shrinkage by \$466,220 SGF to allow filling of 10.0 vacant auditor positions.

Phase 2: FY 2005. Continue 10.0 FTE audit positions restored in FY 2005, add funding to begin hiring 16.0 new FTE positions, and add

funding for reclassification of existing audit staff at a cost of \$1,649,600 SGF.

Phase 3: FY 2006. Continue annual funding for 10.0 FTE plus 16.0 FTE and reclassifications at a cost of \$2,463,966 SGF.

The net assessments anticipated from this auditing enhancement are projected as follows:

FY 2005	\$	153,000
FY 2006		826,500
FY 2007		2,440,000
FY 2008		5,541,250

The benefits do not come immediately after the added costs are incurred, so the time-delay mitigates against this enhancement producing new revenue in the near future. The Budget Committee concurs with the Governor that the agency should find the additional resources internally and reallocate from other areas in order to begin an emphasis on corporate auditing. The 2002 Legislature approved a five-year collections project and provided enhanced SGF resources plus FTE positions that may be shifted to the corporate auditing emphasis as the collections project matures and begins to wind-down in year four and five. A contract with an outside vendor to do telephone collections costs slightly more than \$1.0 million annually, and those funds can be redirected to the corporate auditing needs in a later fiscal year as the backlog in collections is brought under control.

5. Note that the *Governor's Legislative Message (State of the State)* proposes a Fair Share plan that includes a tax amnesty proposal to enhance collections and also includes tax audits to verify accurate collections and to pursue those who fail to paid their Fair Share. No additional financing is included in the *Governor's Budget Report* for these initiatives. The agency has agreed to funds the costs by reallocating internal resources. Tax amnesty is anticipated to yield \$4.5 million in net collections during FY 2004. A recent Missouri amnesty program yielded much greater revenue to that state, and it is hoped that the Kansas plan may exceed the projection.
6. Direct by proviso that the Executive Chief Information Technology Officer shall coordinate joint meetings of representatives from the Department of Revenue and the Secretary of State's Office to explore the possibility of sharing computer hardware and networks for three different applications that will have new software developed in the future and which will run in county courthouses. Two departmental initiatives, the Computer Assisted Mass Appraisal (CAMA) project and the Vehicle Information Processing System (VIPS) project, will replace existing software and need new hardware. The statewide voter registration system being planned by the Secretary of State's Office is the third multimillion dollar computer system that may lend itself to shared resources in the 105 county courthouses, including hardware and networks. At least in the planning stage, this recommen-

ation is intended to provide for coordination of three different projects that otherwise may be developed and implemented separately. The Executive Chief Information Technology Officer should report periodically to the Joint Committee on Information Technology on this matter.

7. Express a concern about aircraft purchased out of state and then brought to Kansas for operation, and the possibility of the owners not paying either out of state sales tax or compensating use tax to Kansas. This is one example of how business and corporate auditing is needed in order to insure proper taxes are assessed and paid. The House Committee on Taxation should be apprised of this issue in order to determine if a bill is needed to authorize some form of registration of aircraft, like automobiles and boats are required, in order to identify which entities have not paid taxes due.