

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS

The meeting was called to order by Chair Melvin Neufeld at 9:00 a.m. on February 24, 2003, in Room 514-S of the Capitol.

All members were present except:

Representative Campbell, Excused
Representative Huebert, Excused
Representative Newton, Excused
Representative Klein, Excused

Committee staff present:

Alan Conroy, Legislative Research Department
J. G. Scott, Legislative Research Department
Amy Deckard, Legislative Research Department
Becky Krahl, Legislative Research Department
Robert Waller, 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:

Susan Somers, Board of Accountancy
T. C. Anderson, Kansas Society of Certified Public Accountants
Rocky Vacek, Board of Barbering
Marvin Burris, Board of Regents
Joe Fritton, Department of Administration
Ken Christensen, International Association of Plumbing and Mechanical Officials

Others attending:

See Attached

Representative Shultz moved for the introduction of legislation regarding tobacco securitization. Motion was seconded by Representative Bethell. Motion carried.

Hearing on HB 2241 - Certified Public Accountants, fees

Nicoletta Buonasera, Legislative Research Department, explained the requested fee increase bill for the Accountancy Board.

Susan Somers, Executive Director, Board of Accountancy presented testimony in support of their requested fee increases for registering, examining, and licensing Certified Public Accountants (Attachment 1).

T. C. Anderson, Executive Director, Kansas Society of Certified Public Accounts, provided testimony in opposition of the Certified Public Accounts proposed fees (Attachment 2).

Chairman Neufeld announced the hearing on **HB 2241** was closed.

Representative Shriver moved to report favorably **HB 2241**. Motion was seconded by Representative Bethell. Motion carried.

Hearing and Action on HB 2182 - Kansas Board of Barbering, fees.

Nicoletta Buonasera, Legislative Research Department, explained the requested fee increase bill for the Kansas Board of Barbering.

Rocky Vacek, Administrator of the Kansas Board of Barbering provided testimony asking for unanimous support of Kansas Board of Barbering, proposed fee increases (Attachment 3).

The proposed increases were determined by the Kansas Board of Barbering in consultation with the Division of Budget. Even though the proposed increases appeared to the Committee to be extreme, it was pointed out that these are merely increases in the range of fees that may be charged and the actual increases will be

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS at 9:00 a.m. on February 24, 2003,
in Room 514-S of the Capitol.

determined by the Joint Committee on Administrative Rules and Regulations. This allows the increases in the range of fees that may be charged to remain in the statutes for some time and the Kansas Board of Barbering will not have to request fee increases for a number of years.

Chairman Neufeld announced the hearing on **HB 2182** was closed.

Representative Pottorff moved to report favorably **HB 2182**. Motion was seconded by Representative Shriver. Motion carried.

Hearing and Action on HB 2343 - Out-district tuition for community colleges and Washburn University continued through 2004-05 academic year

Paul West, Legislative Research Department, presented the overview of the bill which defers the third year of a phaseout of out-of-district tuition paid to community colleges and Washburn University.

Marvin Burris, Vice President for Finance and Administration, State Board of Regents, presented testimony in support of deferring the phaseout of the out-of-district tuition for community colleges and Washburn University to the FY 2004-05 academic year (Attachment 4).

David G. Monical, Executive Director of Governmental and University Relations, Washburn University presented written testimony in support of deferring the phaseout of the out-of-district tuition for community colleges and Washburn University continued through to the FY 2004-05 academic year (Attachment 5).

Chairman Neufeld announced the hearing on **HB 2343** was closed.

Representative Shultz moved to report favorably **HB 2343**. Motion was seconded by Representative Minor. Motion carried.

Hearing and Action on HB 2367 - Inspection procedures for state capital improvement projects

Paul West, Legislative Research Department, explained the bill which would allow inspections of state capital improvement projects to be done by local inspectors.

Joe Fritton, Deputy Director of Facilities Management, Department of Administration, provided testimony in support of the inspection procedures for state capital improvement projects (Attachment 6). He also submitted an amendment prepared by the State Board of Regents which would provide for the concurrence of the state agency that owns the property before inspection services of the city, township, county or other political subdivision are utilized (Attachment 6).

Ken Christensen, Mid-America Representative, International Association of Plumbing and Mechanical Officials presented testimony in opposition of the inspection procedures for state capital improvement projects (Attachment 7).

Chairman Neufeld announced the hearing on **HB 2367** was closed.

Representative Shriver moved to amend the bill by adopting the Fritton amendment (Attachment 6). Motion was seconded by Representative Pottorff. Motion carried.

Representative Minor moved to report the bill favorably as amended. Motion was seconded by Representative Pottorff. Motion carried.

Representative McCreary, Chair of the Tax, Judicial, Transportation and Retirement Budget Committee, presented the Budget Committee report on the Governor's budget recommendations for the Department of Transportation for FY 2003 and moved for the adoption of the Budget Committee recommendations for FY 2003. (Attachment 8). Motion was seconded by Representative Feuerborn. Motion carried.

Representative McCreary, Chair of the Tax, Judicial, Transportation and Retirement Budget Committee, presented the Budget Committee report on the Governor's budget recommendations for the Department of

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS at 9:00 a.m. on February 24, 2003,
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Transportation for FY 2004 and moved for the adoption of the Budget Committee recommendations with comments for FY 2004. (Attachment 8). Motion was seconded by Representative Feuerborn. Motion carried.

The meeting was adjourned at 10:35 a.m. The next meeting is scheduled for February 25, 2003.



Melvin Neufeld, Chair

APPROPRIATIONS COMMITTEE GUEST LIST

DATE: February 24, 2003

NAME	REPRESENTING
Neyssa Thomas	Dept of Admin.
Kyle Shaw	KACCT
MAM Feighny	Att. Gen / Bd of Acct
SUSAN Somers	Bd of Acct
KEN CHRISTENSEN	IAPMO
WARREN CORMAN	UNIV. OF KS.
JOE FRITTON	DOFA
Karl McWorther	Ks Fire Marshal's Off
Judy Cecil	AMTIST of Architects
George Barbee	Ks Consulting Engne
Jami Rose	KACCT
T.P. Johnson	KSCPA
Wendy Williams	KAPA
Kevin Barone	Hein Law Firm

KANSAS

BOARD OF ACCOUNTANCY
SUSAN L. SOMERS, EXECUTIVE DIRECTOR

KATHLEEN SEBELIUS, GOVERNOR

BOARD OF ACCOUNTANCY

TESTIMONY

FEBRUARY 24, 2003

HOUSE BILL 2241

HOUSE APPROPRIATIONS

DATE 2-24-03
ATTACHMENT 1

House Bill #2241

Good Morning. I am Susan Somers, Executive Director of the Board of Accountancy.

House Bill 2241 reflects an increase in the statutory maximum amount of fees the Board is able to charge. The primary source of revenue generated by the agency is at the maximum statutory level. It is not the intent of the Board to raise its fees. However, if it becomes necessary for us to generate more revenues, this could only be accomplished if the current maximum levels were raised. The Board last raised its primary source of fees in 1999.

The Bill also provides for a new fee for the issuance of verification of licensure, certificates of good standing, and the like. These are official documents used by a firm or a practitioner to become licensed in other states; to obtain other types of professional licenses; to register with the Secretary of State, or to provide as a due diligence requirement by clients.

The Bill also includes a new fee for examination application processing. The Board currently contracts with a third party to administer the CPA exam applications; however, if it becomes necessary for the Board to take back this duty in the future, we will need to have the enabling language to charge a fee for this service.

I will be happy to answer any questions the Committee may have.



Kansas Society of Certified Public Accountants

1080 S.W. Wanamaker, Suite 200 • P.O. Box 4291 • Topeka, Kansas 66604-0291 • 785-272-4366 • Fax 785-272-4468

February 24, 2002

Mr. Chairman and members of the Committee:

Thank you for the opportunity to appear before you today to express some concerns the Board of Directors of the 2,600-member Kansas Society of CPAs have with HB 2241.

I am T.C. Anderson, Executive Director of the organization.

Attached to my testimony is a balloon that details four amendments the Kansas Society would like to offer to this bill for your consideration.

The first amendment occurs on line 32 of page 1. It would keep the permit to practice fee at its current statutory maximum of \$150.

The second amendment occurs on page 2, line 7. This amendment would keep the notification fee to practice in Kansas at its current statutory maximum of \$150.

The third amendment occurs on page 2, line 8. It would keep the annual firm registration fee at its current statutory maximum of \$50.

The final amendment would delete lines 13 and 14 on page 2.

The Board of Accountancy raised its permit fee from \$120 to the statutory maximum of \$150 in 2000.

Since this \$30 increase in 2000, the balance in the Board of Accountancy Fee Fund has risen steadily to an estimated \$292,321 for the end of the current fiscal year.

While the Division of the Budget estimates for the fee fund balance drop to \$272,761 at the end of 2004 and to \$254,039 at the end of 2005, that fund balance will exceed the expected expenditures of the Board of Accountancy for all of FY 2005.

In addition, the Board of Accountancy has included in its budgets for FY '04 and '05 expenditures of over \$40,000 per year to contract with qualified persons or firms to conduct investigations of complaints.

HOUSE APPROPRIATIONS

DATE 2-24-03
ATTACHMENT 2

Page 2

This increased expense is a result of HB 2242 that is likely to be recommended for passage this morning by the House Committee on Commerce and Labor. This legislation, if enacted, would for the first time authorize the Board to employ, appoint, designate or utilize experts to assist with investigations, including providing testimony in the event of a hearing.

The bill also allows the Board to assess the costs of these experts if the board's order is adverse to the person or entity under investigation. A copy of HB 2242 is attached to my testimony.

Please note, no recapture of these costs is reflected in the Board's anticipated income for FY '04 or '05 as indicated on the attached Division of the Budget spreadsheet.

If the Board of Accountancy were able to recapture only half of the estimated expenditures for these experts, the fee fund balance would remain at nearly \$300,000 through 2006.

With this magnitude of reserves, the Kansas Society respectfully submits that no increase in the statutory authority for permit fees is needed at this time or in the foreseeable future.

There is no reason to increase the statutory authority for notification fees which the Board assesses out-of-state CPAs who wish to enter Kansas to do work for clients and not obtain a Kansas permit to practice.

There is no reason to increase the statutory authority for the annual firm registration. Attached is a copy of the Board's current fee schedule and you will note the firm fee is \$40 which is still below the current statutory limit of \$50.

There is no reason for the Board to charge for verification of information relating to examination, certification, licensure and firms as contained in lines 13 and 14 on page 2 of the bill. Shouldn't the Board provide some services free of charge when people and firms already pay a fee to take the examination, pay a fee to receive an initial certificate, pay a fee for a license to practice and pay a fee to register as a firm? We think so.

Mr. Chairman, thank you again for allowing me to appear today to offer these amendments to HB 2241. I hope the Committee will react favorably to them. I'll stand for questions.

HOUSE BILL No. 2241

By Committee on Commerce and Labor

2-7

9 AN ACT concerning accountants and accountancy; regarding examina-
10 tion fees; amending K.S.A. 1-301 and repealing the existing section.

11
12 *Be it enacted by the Legislature of the State of Kansas:*

13 Section 1. K.S.A. 1-301 is hereby amended to read as follows: 1-301.

14 (a) The board shall charge and collect a fee from each applicant for a
15 Kansas certificate or notification and shall charge and collect a fee for a
16 permit to practice as a certified public accountant in this state. ~~Fees for~~
17 ~~examination and reexamination shall be paid directly to the examination~~
18 ~~service by the person taking the examination. The board or the board's~~
19 ~~designated examination service may charge an examination application~~
20 ~~processing fee.~~ Each fee payable to the board or the examination service
21 shall accompany the appropriate application. ~~No portion of any fee shall~~
22 ~~be returned to the applicant unless the board determines there is just~~
23 ~~cause for a refund.~~

24 (b) The board shall adopt rules and regulations fixing the fees pro-
25 vided to be charged and collected under this section, which shall be as
26 follows:

27 (1) For issuance of a certificate (initial or duplicate) an amount not
28 to exceed \$50;

29 (2) for issuance of a reciprocal certificate an amount not to exceed
30 ~~\$250~~ \$300;

31 (3) for issuance or renewal of a permit to practice for the holder of
32 a Kansas certificate, an amount not to exceed ~~\$150~~ ~~\$225~~, subject to par-
33 agraphs (4) and (6);

\$150

34 (4) for issuance or renewal of a permit to practice for the holder of
35 a Kansas certificate whose permit is issued or renewed for a period of 12
36 months or less, an amount equal to 1/2 the amount of the fee fixed under
37 paragraph (3), subject to paragraph (6);

38 (5) for issuance of a duplicate permit to practice for the holder of a
39 Kansas certificate, an amount not to exceed ~~\$25~~ \$50;

40 (6) for reinstatement of a permit to practice in the case of the holder
41 of a Kansas certificate who had in some prior year held a permit to prac-
42 tice but who did not hold such a permit for the year immediately pre-
43 ceding the period for which a permit to practice is requested, or who, if

1 holding a permit to practice for such period immediately preceding ap-
 2 plies for renewal subsequent to the expiration date of such permit, an
 3 amount equal to 1½ times the amount of the fee then fixed under par-
 4 agraph ~~(2)~~ (3) or paragraph ~~(3)~~ (4), whichever is applicable;
 5 (7) for notification or renewal of notification required pursuant to
 6 K.S.A. 1-322, and amendments thereto, an amount not to exceed \$150
 7 ~~\$225~~; and
 8 (8) for annual firm registration, an amount not to exceed \$50. ~~\$100.~~
 9 (9) for renewing a firm registration after the expiration, an amount
 10 equal to 1 1/2 times the amount of the fee then fixed under paragraph (8);
 11 (10) for examination application processing by the board, an amount
 12 not to exceed \$150;

\$150

\$50

13 (11) for official verification of information relating to examination,
 14 certification, licensure and firms, an amount not to exceed \$25.

Delete

15 (c) On or before May 30 each year, the board shall determine the
 16 amount of funds that will be required during the ensuing year to carry
 17 out and enforce the provisions of law administered by the board and may
 18 adopt rules and regulations to change any fees fixed under this section as
 19 may be necessary, subject to the limitations prescribed by this section.
 20 Upon changing any renewal fees as provided by this section, the board
 21 shall immediately notify all holders of permits to practice of the amount
 22 of such fees. The fees fixed by the board and in effect under this section
 23 immediately prior to the effective date of this act shall continue in effect
 24 until such fees are fixed by the board by rules and regulations as provided
 25 by this section.

26 Sec. 2. K.S.A. 1-301 is hereby repealed.

27 Sec. 3. This act shall take effect and be in force from and after its
28 publication in the Kansas register.

Fund/Account Name and Number			Agency Name		Board of Accountancy					
			FY 2002 Actual	FY 2003 Estimate	FY 2003 DOB Use Only	FY 2004 Allocated Resources	FY 2004 Enhancement Package	FY 2004 DOB Use Only	FY 2005 Allocated Resources	FY 2005 Enhancement Package
Board of Accountancy Fee Fund	2701	00								
Add:										
Balance Forward			233,583	264,098	264,098	292,321		292,321	272,761	272,761
Receipts Name and Revenue Object Number:										
Certificate Fees				17,600	17,600	18,700		18,700	18,700	18,700
Permits to Practice			205,982	180,000	180,000	184,320		184,320	188,640	188,640
Practice by Notification				4,800	4,800	5,400		5,400	5,400	5,400
Fines				1,600	1,600	1,700		1,700	1,700	1,700
Firm Registrations				13,760	13,760	13,920		13,920	13,920	13,920
Miscellaneous Fees			(261)	96	96	96		96	96	96
Subtotal -- Receipts			206,721	217,856	217,856	224,136		224,136	228,456	228,456
Equal	Total Available		\$440,304	\$481,954	\$481,954	\$516,457		\$516,457	\$501,217	\$501,217
Subtract:										
Transfer Out *			9,263					14,378		
Balance Forward			264,098	292,321	292,321	272,761		272,761	254,039	254,039
Nonreportable Expenditures										
Total Expenditures			\$166,943	\$189,633	\$189,633	\$243,696		\$229,318	\$247,178	\$247,178
Expenditure Limitation			\$179,693	\$189,633	\$189,633	\$243,696		\$229,318	\$247,178	\$247,178

* Transfer Out in FY 2004 is Governor's recommendation to reduce fee agency budgets and transfer the amount of the reduction to the State General Fund. For Board of Accountancy, the reduction is \$14,378.

House Budget Committee Report

Agency: Board of Accountancy

Bill No.

Bill Sec.

Analyst: Buonasera

Analysis Pg. No.

Budget Page No. 473

Expenditure Summary	Agency Request FY 04	Governor's Recommendation FY 04	House Budget Committee Adjustments
Board of Accountancy Fee Fund	\$ 243,696	\$ 229,318	\$ 0
FTE Positions	3.0	3.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	3.0	3.0	0.0

Agency Request/Governor's Recommendation

The agency requests for FY 2004 operating expenditures is \$243,696, which is an increase of \$54,033 (28.5 percent) from the FY 2003 estimate. The agency requests \$127,506 for salaries and wages for 3.0 FTE positions. This is an increase of \$2,696 (2.2 percent) from the FY 2003 estimate. The agency requests \$112,860 for contractual services. This is an increase of \$52,912 (88.3 percent) from the FY 2003 estimate. There was a large increase in professional fees so the agency would be able to contract qualified persons or firms to conduct investigations of complaints and pay fees incurred in the disciplinary proceedings. The agency requests \$3,330 for commodities and no capital outlay was requested.

The Governor recommends funding for FY 2004 operating expenditures of \$229,318, which is a decrease of \$39,655 (20.9 percent) from the FY 2003 recommendation.

For FY 2004, the Governor recommends a 5.9 percent reduction in expenditures for all biennial budget agencies and for selected other agencies. The amount reduced from the agency's budget for the 5.9 percent reduction totals \$14,378. The amount will be transferred to the State General Fund.

House Budget Committee Recommendation

The Budget Committee concurs with the Governor's recommendation.

House Budget Committee Report

Agency: Board of Accountancy

Bill No.

Bill Sec.

Analyst: Buonasera

Analysis Pg. No.

Budget Page No. 473

Expenditure Summary	Agency Reqest FY 05	Governor's Recommendation FY 05	House Budget Committee Adjustments
Board of Accountancy Fee Fund	\$ 247,178	\$ 247,178	\$ 0
FTE Positions	3.0	3.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	3.0	3.0	0.0

Agency's Request/Governor's Recommendation

The agency's request for FY 2005 operating expenditures is \$247,178 which is an increase of \$3,482 (1.4 percent) from the FY 2004 estimate. Salaries and wages total \$130,261 which is an increase of \$2,755 (2.2 percent) from the FY 2004 estimate. The agency estimates \$113,587 for contractual services and \$3,330 for commodities.

The Governor concurs with the agency request.

House Budget Committee Recommendation

The Budget Committee concurs with the Governor's recommendation.

HOUSE BILL No. 2242

By Committee on Commerce and Labor

2-7

9 AN ACT concerning accountants and accountancy; relating to
10 investigations.

11

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

13 Section 1. (a) Upon receipt of a complaint or information suggesting
14 violations of the accountancy statutes or the rules and regulations of the
15 board of accountancy, the board may conduct investigations to determine
16 whether there is probable cause to institute proceedings under K.S.A. 1-
17 311, 1-312, 1-316, 1-322 and amendments thereto. An investigation shall
18 not be a prerequisite to such proceedings in the event that a determi-
19 nation of probable cause can be made without an investigation.

20 (b) The board may designate one or more board members to serve
21 as investigating officers. The investigation officer or officers may employ,
22 appoint, designate or utilize any other person of appropriate competence
23 to assist with the investigation, including providing testimony in the event
24 of a hearing.

25 (c) Upon completion of an investigation, the investigating officer or
26 officers shall determine whether probable cause exists based upon the
27 documents gathered, discussions with the person or firm under investi-
28 gation and reports submitted by any other person assisting with the
29 investigation.

30 (d) If the investigating officer or officers find no probable cause, the
31 complaint, if any, the testimony and any documents gathered during the
32 investigation including any information regarding the pendency of an in-
33 vestigation shall be confidential and shall not be disclosed to any person,
34 without the consent of the person or firm under investigation, except to
35 law enforcement and state or federal agencies.

36 (e) Upon a finding of probable cause, the matter may be referred for
37 prosecution or disciplinary action to the office of attorney general or to
38 an attorney retained by the board.

39 (f) No person who provides services to the board in conjunction with
40 any investigation authorized in subsection (a) shall be liable in a civil
41 action for damages or other relief arising from any testimony, recom-
42 mendation, or opinion provided by such person acting in good faith and
43 without malice.

1 (g) In aid of such investigations, the investigating officer may issue
2 subpoenas to compel the attendance and testimony of any person or the
3 production for examination or copying of documents or any other evi-
4 dence in the possession of any person.

5 Sec. 2. (a) If the board's order is adverse to a firm, an applicant, a
6 certificate or permit holder or a person practicing pursuant to K.S.A. 1-
7 322 and amendments thereto, reasonable costs incurred by the board in
8 conducting any proceeding under the Kansas administrative procedure
9 act may be assessed against the parties to the proceeding in such pro-
10 portion as the board may determine upon consideration of all relevant
11 circumstances including the nature of the proceeding and the level of
12 participation by the parties. If the board is the unsuccessful party, the
13 board shall absorb the board's costs.

14 (b) For the purposes of this section, board costs incurred shall mean
15 the presiding officer fees and expenses, costs of making any transcripts,
16 statutory witness fees and mileage, and any fees and expenses of persons
17 identified in subsection (b) of section 1, and amendments thereto. Board
18 costs incurred shall not include presiding officer fees and expenses or
19 costs of making transcripts unless the board has designated or retained
20 the services of independent contractors to perform such functions.

21 (c) In either the order disposing of the case or in a subsequent order,
22 the board shall make an assessment of reasonable costs incurred in the
23 proceeding. Such order shall include findings and conclusions in support
24 of the assessment of costs.

25 Sec. 3. This act shall take effect and be in force from and after its
26 publication in the Kansas register.

[Bypass header]



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Article 12.--FEES

74-12-1. Fees. Each applicant shall submit the appropriate application form and fee shown in the following schedule:

- (a) Issuance of Kansas certificate (initial or duplicate) \$ 25.00
- (b) Issuance of reciprocal certificate \$250.00
- (c) Initial permit to practice as a certified public accountant:
 - (1) For more than one year of a biennial period \$150.00
 - (2) For one year or less of a biennial period \$ 75.00
- (d) Renewal of biennial permit to practice as a certified public accountant:
 - (1) If received on or before July 1 of the renewal year in which the permit expires \$150.00
 - (2) If received after July 1 of the renewal year in which the permit expires \$225.00
- (e) Reinstatement of permit to practice as a certified public accountant whose permit has expired:
 - (1) For more than one year of a biennial period \$225.00
 - (2) For one year or less of a biennial period \$112.50
- (f) Issuance of a duplicate permit \$ 25.00
- (g) Renewal of a biennial permit to practice as a licensed municipal public accountant:
 - (1) If received on or before July 1 of the odd-numbered renewal year 50.00
 - (2) If received after July 1, or for reinstatement of a permit to practice that has been expired for one or more years \$ 75.00
- (h) To proctor another state's candidate at a CPA examination in Kansas \$100.00
- (i) Notification fee \$150.00
- (j) Renewal of notification fee \$150.00
- (k) Firm registration fee \$ 40.00

(Authorized by and implementing K.S.A. 2000 Supp. 1-301, as amended by SB 110, §1, and K.S.A. 75-1119; effective May 1, 1988; amended May 22, 1989; amended Dec. 18, 1989; amended Sept. 26, 1994; amended Aug. 23, 1996; amended July 18, 1997; amended May 28, 1999; amended November 29, 1999; amended Nov. 17, 2000; amended Nov. 2, 2001.)

Download a Printable Version Article 12.--FEES (57k pdf)



KANSAS

STATE BOARD OF BARBERING

Jayhawk Tower
700 S. W. Jackson; Suite 1002
Topeka, Kansas 66603-3811

TESTIMONY ON HOUSE BILL NO. 2182

(785) 296-2211
Created February 27, 1913

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE ON APPROPRIATIONS.

GOOD MORNING. MY NAME IS ROCKY VACEK AND I AM THE ADMINISTRATOR OF THE KANSAS BOARD OF BARBERING. THE KANSAS BOARD OF BARBERING, ITSELF, IS A FIVE-MEMBER BOARD, ALL APPOINTED BY THE GOVERNOR. FOUR (4) MEMBERS OF THE BOARD ARE LICENSED BARBERS AND THE OTHER MEMBER REPRESENTS THE PUBLIC AT LARGE. THE APPOINTMENTS ARE FOR THREE (3) YEAR TERMS AS SPECIFIED BY STATUTE. THE STAFF IN THE ADMINISTRATIVE OFFICE CONSISTS OF ONE (1) FULL-TIME ADMINISTRATOR; ONE (1) HALF-TIME OFFICE SPECIALIST; AND ONE (1) HALF-TIME INSPECTOR.

FOR THE RECORD, THE BOARD IS UNANIMOUSLY IN SUPPORT OF HOUSE BILL NO. 2182.

HOUSE BILL NO. 2182 STATUTORILY INCREASES THE FEES IN EACH CATEGORY PERTAINING TO BARBER LICENSURE. THE INCREASE OF BARBER LICENSURE FEES IS NECESSARY BECAUSE OF THE FOLLOWING:

HOUSE APPROPRIATIONS

DATE 2-24-03
ATTACHMENT 3

- LIMITING CURRENT FEE FUND BALANCES ; AND
- EXPERIENCING FUTURE NEGATIVE FEE FUND BALANCES.

PLEASE NOTE THAT THE PROPOSED DOLLAR AMOUNTS (IN HOUSE BILL NO. 2182) IS AN INCREASE TO THE KANSAS BOARD OF BARBERING'S MAXIMUM STATUTORY FEES SCHEDULE. THE DOLLAR AMOUNTS TO BE PROPOSED IN THE RULES AND REGULATIONS WILL BE LESS.

AS A SIDE NOTE, THE FEES HAVE NOT BEEN INCREASED SINCE 1989.

AS I HAVE STATED, THE BOARD IS IN COMPLETE SUPPORT OF PASSAGE OF HOUSE BILL NO. 2182. AND AT THIS TIME, IT IS ASKED FOR YOUR FAVORABLE CONSIDERATION AND SUPPORT.

I THANK YOU FOR YOUR TIME. AND IF THERE ARE ANY QUESTIONS, I WILL ANSWER THEM NOW.



KANSAS BOARD OF REGENTS

1000 SW JACKSON • SUITE 520 • TOPEKA, KS 66612-1368

TELEPHONE – 785-296-3421
FAX – 785-296-0983
www.kansasregents.org

Testimony on House Bill 2343
House Appropriations Committee

Marvin Burris
Vice President for Finance and Administration
Kansas Board of Regents

February 24, 2003

Chairman Neufeld and Members of the Committee:

I appear on behalf of the Kansas Board of Regents in support of House Bill 2343. This bill accomplishes the purpose of a nearly identical bill passed by the 2002 Legislature. Last year, it was clear that the Legislature would be unable to provide third-year funding under the Higher Education Coordination Act (1999 SB 345), a portion of which would have replaced out-district tuition revenue under the Act's phase-out provisions. The Legislature determined that if the SB 345 funding could not proceed, the out-district tuition phase-out should not proceed. Accordingly, last Session's bill froze the out-district rate at \$12 per credit hour for FY 2003. Because SB 345 funding appears unlikely for FY 2004, passage of House Bill 2343 is needed to effect the same outcome for FY 2004. The bill defers the phase-out of out-district tuition for one year by holding the rate per credit hour at \$12 for FY 2004, the same as for FY 2003. Under the bill, the rate would be reduced to \$6 per credit hour in FY 2005 and to zero thereafter.

SB 345 of the 1999 Legislature provided for a four-year phase-out of out-district tuition by reducing the \$24 per credit hour rate by 25% annually from FY 2001 through FY 2004. The funding plan in SB 345 was intended to provide additional state operating grants to community colleges to offset the decreased out-district tuition revenue projected at a total of \$2.7 million annually for all 19 community colleges. For FY 2004, the Governor has recommended no increased funding for community college operating grants. Under that scenario, if the out-district tuition phase-out continued, the community colleges would experience a loss of revenue projected at \$2.7 million in FY 2004, which would not be offset by additional state funding. (The range of individual college revenue reduction would be \$40,000 to \$501,000.) Passage of HB 2343 would maintain the revenue stream from out-district tuition in FY 2004.

The scenario described in the preceding paragraph would be applicable to Washburn University as well, except that Washburn University collects about \$100,000 annually from out-district tuition.

The Board of Regents urges the Committee's favorable consideration of House Bill 2343.

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WASHBURN UNIVERSITY

**Testimony to the
House Committee on Appropriations
regarding House Bill 2343**

**by
David G. Monical
Executive Director of Governmental and University Relations
February 24, 2003**

Mr. Chairman, Members of the Committee:

Washburn University reluctantly supports passage of House Bill 2343. Our reluctance is due to the financial circumstances confronting the state which creates the necessity for such legislation.

This bill is required in order to suspend for a second one year interval the four-year phase down of out-district tuition which was begun with enactment of 1999 Senate Bill 345 (the Higher Education Coordination Act). Because it is unlikely that funds will be available to provide for the continuation of this phase-down in fiscal year 2004, it is important this bill be enacted so the 19 community colleges and Washburn University are not required to absorb the cost of this phase-down without the promised corresponding compensating resources.

The bill only suspends this phase-down for one year. In the future, we are optimistic additional resources will be available to implement this plan to completion. We hope you will support passage of HB 2343.

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**TESTIMONY TO
APPROPRIATIONS COMMITTEE
BY JOE FRITTON, P.E.
DEPUTY DIRECTOR FACILITIES MANAGEMENT
February 24, 2003**

HB 2367

An Act concerning the exemption of state capital improvement projects from local building codes, permits and fees and certain zoning fees.

Mr. Chairman and members of the committee:

Thank you for the opportunity to provide testimony regarding inspections of state capital improvement projects.

My name is Joe Fritton and I am the Deputy Director of Facilities Management for the Department of Administration. The division is responsible for the design, operations and maintenance of the facilities of the Capitol Complex, Complex West and the facilities at Forbes and for providing administrative oversight of all state funded building construction projects in the State of Kansas.

State capital improvement projects for the construction, reconstruction, remodeling, improvement, repair or maintenance of any building or facility are currently not subject to any building permit requirements or building codes of local governments or any related fees. State capital improvement projects are also not subject to any inspection requirement or any fees to obtain any permit, license or other instrument of approval for the project, which may be imposed by a city, township, district, or other political subdivision of the state.

The Department of Administration, Division of Facilities Management provides currently providing building code and life/safety inspections on state capital improvement projects. The primary concern is that all state projects be inspected in order to protect the interests of the state, prolong the life expectancy of the building or facility and protect the safety and welfare of those individuals using the state facility.

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The proposed legislation is permissive and would allow the Secretary of Administration to waive the exemption from local building permit or code requirements on a project by project basis if it is deemed to be in the best interest of the state. Over 70% of the state capital improvement projects initiated in FY 2002 were in a location that had a building code and the ability to enforce the code. By allowing the Secretary of Administration to waive the exemption, the following benefits could be realized:

- Eliminate the duplication of governmental services
- Increase the potential for cost savings
- Promote the most effective and efficient means of providing quality capital improvement projects

By utilizing local building code inspections at locations that enforce an adequate standard code, the Division of Facilities Management could have the option of reducing its overhead by not filling vacant positions and reduce travel costs. However, there are locations throughout the state that do not enforce any building code or that only enforce a minimum code and the Division of Facilities Management must provide the service in those areas. In FY 2002, 29 projects, or 14% of that years total projects were initiated at locations that do not utilize a building code. The same year, 15% of the state's capital improvement projects were in locations with a minimum code requirement or a limited ability to enforce the building code. These locations include Emporia, Hays and Pittsburg.

The proposed legislation provides flexibility in the inspection of state building projects and allows the state to use the most cost effective method of code reviews and inspections. This legislation does not force the use of local jurisdictions but provides a flexibility that does not currently exist.

At the request of the Kansas Board of Regents, we are submitting a proposed amendment to the legislation. This amendment would provide for the concurrence of the state agency

that owns the property before inspection services of the city, township, county or other political subdivision are utilized.

I will be happy to answer any questions you may have regarding this testimony.

HOUSE BILL No. 2367

By Committee on Appropriations

2-13

AN ACT concerning state capital improvement projects; relating to inspections of such projects; amending K.S.A. 75-1262 and 75-3741c and repealing the existing sections.

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

Section 1. K.S.A. 75-1262 is hereby amended to read as follows: 75-1262. (a) In performing the construction administration services described in K.S.A. 75-1260, and amendments thereto, the project architect, or, if there is no project architect, the secretary of administration or the agency architect as provided in K.S.A. 75-1254, and amendments thereto, shall have primary responsibility for inspection of the project. The state agency for which the project is being constructed may perform and the secretary of administration shall perform periodic inspection of the construction project. In no case shall such inspections by the state agency or the secretary of administration relieve the project architect of any part of its authority or responsibility to perform all construction administration services as described in K.S.A. 75-1260, and amendments thereto.

(b) When the project architect or, if there is no project architect, the secretary of administration or the agency architect as provided in K.S.A. 75-1254, and amendments thereto, determines that a project has been satisfactorily completed, such project architect, secretary or agency architect shall certify that determination to the state agency for which the project was completed and to the secretary of administration. The final inspection of the project shall be conducted jointly by the project architect, if there is one, the state agency and the secretary of administration.

(c) The results of such final inspection shall be reported to the secretary of administration. Upon determining that the project has been satisfactorily completed, based on the recommendations of the project architect, if there is one, and the state agency and on other information, the secretary of administration shall officially accept the project as satisfactorily complete and thereby authorize the state agency for which the project was completed to occupy and make use of the project. No state agency shall occupy or make use of any building or portion thereof which has been constructed, or any areas of a building which were repaired or improved, until the project therefor has been officially accepted as pro-

1 vided in this section, except that an agency may occupy all or any area of
2 any such building for which the contractor has agreed in writing to com-
3 plete and correct all work for the project in accordance with the contract
4 documents within a time specified after the date of such occupancy.

5 (d) Within nine months after official acceptance of a project, the state
6 agency for which the project was completed and the secretary of admin-
7 istration shall conduct a full inspection of the completed project and shall
8 promptly notify the appropriate contractor of any claims resulting
9 therefrom.

10 (e) *In performing the inspection services pursuant to this section, the*
11 *secretary of administration may use inspection services of the city, town-*
12 *ship, county or other political subdivision in which the project is located,*
13 *in accordance with K.S.A. 75-3741c, and amendments thereto.*

[with concurrence of the state agency
that owns the property]

14 Sec. 2. K.S.A. 75-3741c is hereby amended to read as follows: 75-
15 3741c. (a) No state capital improvement project for the construction,
16 reconstruction, remodeling, improvement, repair or maintenance of any
17 building or facility for use by one or more state agencies, shall be subject
18 to any building permit requirement or building code of any county, town-
19 ship, district, city or other political subdivision of this state or fees charged
20 therefor. No project shall be subject to any inspection requirement or
21 any requirement to obtain any permit, license or other instrument of
22 approval for the project which is imposed by any city, township, district,
23 city or other political subdivision of this state, except that such project
24 shall be subject to reasonable inspections for the sole purpose of allowing
25 members of the police and fire departments and other public emergency
26 services personnel to become familiar with the project. As used in this
27 section "building code" means any building code and includes any plumb-
28 ing code, electrical wiring code, gas piping code or similar code. This act
29 shall apply to all capital improvement projects in existence prior to the
30 effective date of this act and to those commenced on or after the effective
31 date.

32 (b) *Notwithstanding the provisions of subsection (a), the secretary of*
33 *administration may request that the city, township, county or other po-*
34 *litical subdivision in which a state capital improvement project is located*
35 *provide code review or inspection services required by this section or*
36 *K.S.A. 75-1262, and amendments thereto. The city, township, county or*
37 *other political subdivision shall be compensated for such services from*
38 *funds appropriated for the project or available therefor. The amount of*
39 *such compensation shall be based on the fee schedule established by the*
40 *city, county, township or other political subdivisions.*

41 (b) (c) State capital improvement projects shall be exempt from the
42 payment of fees relating to local zoning ordinances and resolutions, but
43 the state shall reimburse a political subdivision for any related publication

1 expenses incurred by the political subdivision.

2 Sec. 3. K.S.A. 75-1262 and 75-3741c are hereby repealed.

3 Sec. 4. This act shall take effect and be in force from and after its
4 publication in the Kansas register.

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INTERNATIONAL ASSOCIATION OF PLUMBING AND MECHANICAL OFFICIALS

Ken Christensen, Mid-America Representative
1308 NW 43rd Terrace, Kansas City, MO 64116
Phone: 816-741-8830 - Fax: 816-741-8830
e-mail: kchristensen@iapmo.org

February 24, 2003

KANSAS HOUSE OF REPRESENTATIVES
COMMITTEE HEARING HOUSE BILL No. 2367

RE: HEARING ON HOUSE BILL No. 2367

Honorable Committee Chairman and Committee Members:

I thank you for the opportunity to appear before you this morning. I am Ken Christensen, Mid-America Representative, of the International Association of Plumbing and Mechanical Officials, commonly know as IAPMO, an 80 year old non-profit organization of inspectors, that publish the Uniform Plumbing Code, Uniform Mechanical Code and nearly 100 other codes and standards related to the construction industry.

I apologize for not registering as a speaker, and appreciate your permitting our testimony. I was notified on Friday evening, about House Bill No. 2367, and asked to give IAPMO's comments on the bill, and we oppose House Bill No. 2367.

It is difficult to give testimony without having the opportunity to read the bill. I have been given an overview of the bill, so will base my comments on that overview. It is my understanding that it's purpose is to discontinue state inspection on state buildings, and rely on local city and county inspectors to make the inspections on state buildings to insure compliance with the plans and applicable building, plumbing, mechanical and other applicable codes. Our interest, of course, is compliance with plumbing and mechanical codes. It isn't difficult to understand, with budget limitations and reductions why this bill was drafted and introduced. It is our hope, this Committee would agree with us that it should not be passed for the following reasons

1. The city and county representatives I have spoken to, say they have the same problems the state has, budget limitations, possibilities of staff reductions, and potentially heavy new construction forthcoming. Accordingly, lack of adequate personnel to properly inspect construction beyond what they will have in their own jurisdictions.
2. Cities and Counties are adopting various codes, and for the purpose of this portion of my comments, we will limit the discussion to plumbing and mechanical construction. With different codes, the state building in a particular jurisdiction, may be designed to a different code. This puts the inspector in a situation, inspecting under a code he may not be familiar with. We haven't discussed plan review, but

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if the jurisdiction were to become responsible for plan review, that could provide additional staff burden and even liabilities of compliance that the jurisdictions would not want that responsibility.

3. It is my understanding the state is not responsible for permit fees in local jurisdictions. This would create additional burden for the inspection staff, and the jurisdictional budget, without remuneration.

We hope this Committee will see fit to oppose passage of this Bill, and hold the Bill from proceeding any

We appreciate your hearing our comments, and I would be pleased to respond to any questions you may have at this time.

HOUSE TRANSPORTATION BUDGET COMMITTEE

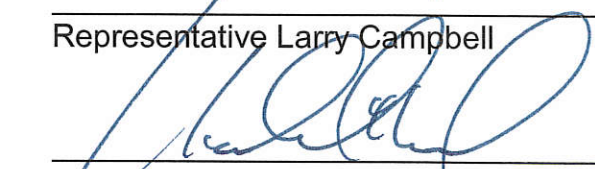
Kansas Department of Transportation



Representative Bill McCreary
Chairperson



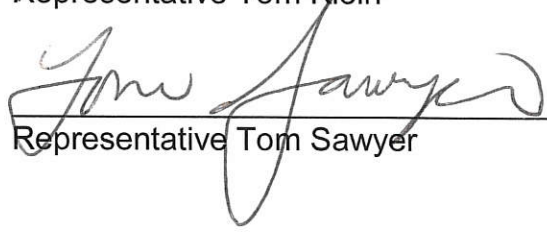
Representative Larry Campbell



Representative Mike O'Neal



Representative Tom Klein



Representative Tom Sawyer

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HOUSE BUDGET COMMITTEE REPORT

Agency: Kansas Department of Transportation

Bill No. 2026

Bill Sec. 19

Analyst: Waller

Analysis Pg. No. 1495

Budget Page No. 409

<u>Expenditure Summary</u>	<u>Agency Request FY 2003</u>	<u>Gov. Rec. FY 2003</u>	<u>House Budget Committee Adjustments</u>
Agency Operations	\$ 225,634,631	\$ 225,634,631	\$ 0
Aid to Local Units	178,569,330	178,569,330	0
Debt Service	120,037,323	120,037,323	0
Other Assistance	1,400,000	1,400,000	0
Other Operations	971,955,582	971,955,582	0
Subtotal - Reportable	<u>\$ 1,497,596,866</u>	<u>\$ 1,497,596,866</u>	<u>\$ 0</u>
Nonreportable Expenses	21,961,512	13,961,512	0
Total - Operations	<u><u>\$ 1,519,558,378</u></u>	<u><u>\$ 1,511,558,378</u></u>	<u><u>\$ 0</u></u>
 <u>Financing Summary</u>			
State General Fund	\$ 0	\$ 0	\$ 0
State Highway Fund	1,333,162,442	1,333,162,442	0
All Other Funds	164,434,424	164,434,424	0
Subtotal - Reportable	<u>\$ 1,497,596,866</u>	<u>\$ 1,497,596,866</u>	<u>\$ 0</u>
Nonreportable Funds	21,961,512	13,961,512	0
Total - All Funds	<u><u>\$ 1,519,558,378</u></u>	<u><u>\$ 1,511,558,378</u></u>	<u><u>\$ 0</u></u>
 FTE Positions	 3,247.5	 3,247.5	 0.0
Unclassified Temp. Positions	3.0	3.0	0.0
TOTAL	<u><u>3,250.5</u></u>	<u><u>3,250.5</u></u>	<u><u>0.0</u></u>

Agency Request/Governor's Recommendation

The agency's revised FY 2003 reportable budget reflects an increase of \$268,521,113. The agency estimate contains no State General Fund related expenditures which is consistent with their approved budget. The 2002 Legislature did authorize a transfer of \$94.5 million from the State Highway Fund to the State General Fund during FY 2002. The transfer was made in the form of a loan that is schedule to be repaid in FY 2003.

- For agency operations, the following changes in the revised budget are noted:
 - Salaries and wages increase by \$906,898.
 - Other operating expenses increase by \$521,914
- An additional \$2,406,000 is estimated to be expended within the Substantial Maintenance program above the \$166,341,000 approved figure

- For Construction related expenses, salaries and wages are reduced by \$906,898 (for an overall reduction of zero in salaries and wage expense changes from approved) and other operating expenses increase by \$462,635. Additionally, Local Construction estimates are expected to increase by \$12,722,360 from the \$116,676,640 approved figure.
- Local Aid is reduced by \$2,658,087 from the current year amount (\$184,796,956)
- State Projects are estimated to increase by \$68,366,000 from the approved \$538,039,000 amount
- Debt Service payment are set to decrease from \$147,437,323 to \$120,037,323 (22.8 percent)
- Design/Appraisal contracts are reduced by \$1,500,000, along with Inspections Contracts in the amount of \$5,000,000

Overall, capital improvement expenditures are set to increase by \$297,485,744 (with \$195,981,008 being non-reportable due to the non-issuance of bonds in the amount of \$217,942,520 and an increase in other non-expense items).

The Governor concurs with the agency's FY 2003 estimate. However, the Governor makes the following adjustments:

- reduce the motor carrier property tax transfer (State General Fund) from \$10,063,644 to \$5,031,822 (50.0 percent); however, the Governor utilizes existing balances in the Special City and County Highway Fund (SCCHF) to provide the \$10,063,644 payment to cities and counties
- transfer \$13,111,909 from the State Highway Fund to the Kansas Highway Patrol to cover agency operations
- reduces non-expense items by \$8,000,000 due to the deletion of funding for tunnels connecting state-owned buildings to the Capitol

House Budget Committee Recommendation

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

HOUSE BUDGET COMMITTEE REPORT

Agency: Kansas Department of Transportation

Bill No. - -

Bill Sec. - -

Analyst: Waller

Analysis Pg. No. 1495

Budget Page No. 409

<u>Expenditure Summary</u>	<u>Agency Request FY 2004</u>	<u>Gov. Rec. FY 2004</u>	<u>House Budget Committee Adjustments</u>
Agency Operations	\$ 244,488,600	\$ 238,766,367	\$ 0
Aid to Local Units	179,649,677	179,649,677	0
Debt Service	120,002,449	120,002,449	0
Other Assistance	1,400,000	1,400,000	0
Other Operations	918,855,666	916,379,283	0
Subtotal - Reportable	\$ 1,464,396,392	\$ 1,456,197,776	\$ 0
Nonreportable Expenses	16,398,923	16,398,923	0
Total - Operations	<u>\$ 1,480,795,315</u>	<u>\$ 1,472,596,699</u>	<u>\$ 0</u>
 <u>Financing Summary</u>			
State General Fund	\$ 128,000,000	\$ 0	\$ 0
State Highway Fund	1,169,295,308	1,289,096,692	0
All Other Funds	167,101,084	167,101,084	0
Subtotal - Reportable	\$ 1,464,396,392	\$ 1,456,197,776	\$ 0
Nonreportable Funds	16,398,923	16,398,923	0
Total - All Funds	<u>\$ 1,480,795,315</u>	<u>\$ 1,472,596,699</u>	<u>\$ 0</u>
 FTE Positions	 3,247.5	 3,247.5	 0.0
Unclassified Temp. Positions	3.0	3.0	0.0
TOTAL	<u>3,250.5</u>	<u>3,250.5</u>	<u>0.0</u>

Agency Request/Governor's Recommendation

The agency's FY 2004 reportable budget totals \$1,464,396,392 and reflects a decrease of \$33,200,474 (2.2 percent) below the current year. Included within the agency's request are increases of \$18,853,969 (8.4 percent) in agency operating expenses, \$1,080,347 (0.6 percent) in aid to local units, which were offset by a decrease in project costs \$53,099,916 (6.7 percent), \$34,874 (0.03 percent) in debt service expenditures, and non-expense items in the amount of \$5,562,589 (25.3 percent).

- For agency operations, the following FY 2004 items are noted when compared with the current fiscal year:
 - the agency increases salaries and wages expenses by 2.3 percent from \$136,923,864 to \$140,112,840
 - no change in FY 2004 staffing level is requested
 - the agency requests an increase in other operating expenditures from \$88,710,767 to \$104,375,760 (17.7 percent)
 - for debt service, a decrease in payments of \$34,874 from the FY 2003 amount of \$120,037,323
- For other operations, the following items in the budget are noted as changing from the current fiscal year:
 - a decrease in state construction projects from \$606,405,000 to \$557,731,000 (\$48,674,000 or 8.0 percent)
 - an increase in regular maintenance from \$114,259,223 to \$127,375,329 (11.5 percent)
 - an increase of \$4,062,689 (2.7 percent) in Special City/County Highway aid payments above the current year
 - an increase in substantial maintenance from \$168,747,000 to \$174,925,000 (\$6,178,000 or 3.7 percent)
 - an increase of 9.2 percent above the current year estimate of \$28,557,402 within the Management program
 - an increase in local construction expenses of \$7,325,000 (5.7 percent) above the FY 2003 amount of \$129,399,000
 - a decrease in building projects from \$13,404,582 to \$7,475,666 (due mostly to re-appropriated balances)
 - a decrease in categorical aid expenditures of \$2,982,342 (12.3 percent) below the current year estimate of \$24,187,797

Governor's Recommendation

The Governor recommends \$1,456,197,776, which is \$8,198,616 (0.6 percent) below the agency's request. From the current fiscal year, the recommendation reflects a decrease of \$41,399,090 or 2.8 percent in reportable expenditures. The Governor concurs with the agency's non-reportable expenditure amount of \$16,398,923.

- For agency operations, the Governor recommends the following adjustments to the agency's request:
 - a decrease of \$2,888,926 in salary expenditures and other operating expenditures in the amount of \$2,833,307 (\$5,000,000 is transferred to the State General Fund).
 - a decrease in regular maintenance expenses of \$4,018,072 (3.2 percent).
 - an agency operations expenditure limitation of \$238,766,367, a decrease of \$5,722,293 (2.3 percent).

- For other operations, the Governor recommends the following adjustments to the agency's request:
 - The Governor recommends the elimination of the demand transfer in FY 2004 (\$128,000,000), and expends carry over balances from the State Highway Fund to maintain the integrity of CTP funding
 - Eliminates the motor carrier property tax transfer of \$11,200,000, and utilizes the timeliness of deposits to the Special City/County Highway Fund to fully fund the request.
 - a decrease in building project expenditures from \$7,475,666 to \$4,999,283.

Additionally, the Governor transfers \$30,965,704 in FY 2004 to finance operating expenditures within the Kansas Highway Patrol from the State Highway Fund.

STATUTORY BUDGET SUBMISSION

KSA 75-6701 requires that the budget submitted by the Governor and the budget ultimately approved by the Legislature provide for a State General Fund ending balance of at least 7.5 percent of expenditures for FY 2004. To comply with this provision, Volume 1 of the *Governor's Budget Report* includes a "statutory budget" designed to provide for a 7.5 percent ending balance. In general, this requires a 21.1 percent reduction to the FY 2004 State General Fund budget recommendations submitted by the Governor. That reduction has not been applied to school finance funding in the Department of Education or to the Board of Regents and its institutions. **For this agency, the reduction to the Governor's recommended FY 2004 State General Fund budget would total \$0.**

Summary of Operating Budget FY 2004

<u>Expenditure Summary</u>	<u>Agency Request FY 2004</u>	<u>Gov Rec. FY 2004</u>	<u>Governor's Adjustment to Agency Request</u>
By Program:			
Maintenance	\$ 302,300,329	\$ 298,282,257	(4,018,072)
Construction	924,161,476	920,643,296	(3,518,180)
Local Support	182,960,923	182,899,023	(61,900)
Management	54,973,664	54,373,200	(600,464)
TOTAL - Reportable	<u>\$ 1,464,396,392</u>	<u>\$ 1,456,197,776</u>	<u>\$ (8,198,616)</u>
Maintenance			
Maintenance	\$ 788,600	\$ 788,600	\$ 0
Construction	3,264,955	3,264,955	0
Local Support	1,162,000	1,162,000	0
Management	11,183,368	11,183,368	0
TOTAL - Nonreportable	<u>\$ 16,398,923</u>	<u>\$ 16,398,923</u>	<u>\$ 0</u>
GRAND TOTAL	1,480,795,315	1,472,596,699	(8,198,616)
Major Object Expenditure:			
Salaries and Wages	\$ 140,112,840	\$ 137,223,914	\$ (2,888,926)
Contractual Services	40,244,447	40,244,447	0
Commodities	32,565,768	32,565,768	0
Capital Outlay	31,565,545	28,732,238	(2,833,307)
Subtotal - Agency Oper.	\$ 244,488,600	\$ 238,766,367	\$ (5,722,233)
Aid to Local Units	179,649,677	179,649,677	0
Other Assistance	1,400,000	1,400,000	0
Debt Service	120,002,449	120,002,449	0
Other Operations	918,855,666	916,379,283	(2,476,383)
TOTAL - Reportable	<u>\$ 1,464,396,392</u>	<u>\$ 1,456,197,776</u>	<u>\$ (8,198,616)</u>
Nonreportable	\$ 16,398,923	\$ 16,398,923	\$ 0
GRAND TOTAL	\$ 1,480,795,315	\$ 1,472,596,699	\$ (8,198,616)
Financing:			
State General Fund	\$ 128,000,000	\$ 0	\$ (128,000,000)
State Highway Fund	1,169,295,308	1,289,096,692	119,801,384
Other Funds	167,101,084	167,101,084	0
TOTAL - Reportable	<u>\$ 1,464,396,392</u>	<u>\$ 1,456,197,776</u>	<u>\$ (8,198,616)</u>
Bond Proceeds	\$ 0	\$ 0	\$ 0
State Highway Fund	5,598,923	5,598,923	0
Rail Service Improvement	800,000	800,000	0
Transp. Revolving Fund	10,000,000	10,000,000	0
TOTAL - Nonreportable	<u>\$ 16,398,923</u>	<u>\$ 16,398,923</u>	<u>\$ 0</u>
GRAND TOTAL	\$ 1,480,795,315	\$ 1,472,596,699	\$ (8,198,616)

House Budget Committee Recommendation

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

1. The House Budget Committee notes its concern relating to the deletion of the demand transfer (\$128,000,000) in FY 2004. Within the *Governor's FY 2004 Budget Report*, the demand transfer was eliminated along with the repayment of monies borrowed from the agency (\$94.6 million) set to be re-paid on or before June 30, 2003. The House Budget Committee notes the economic impact that the Comprehensive Transportation Program (CTP) has on the state as a whole, and is concerned about the continued elimination of the demand transfer over the last three fiscal years. The Budget Committee believes that Legislature should make every effort to maintain the integrity of CTP. However, the Committee is unsure of the plan's future due to the economic outlook of the state, continued transfers from the State Highway Fund (SHF) to the State General Fund or other entities, and adjustments in projects outlined in the "red map" as passed by the 2002 Legislature.
2. The House Budget Committee notes its concern relating to the demand transfer, and the continuation of the demand transfer throughout the life of the plan. In FY 2005, the demand transfer percentage is set to increase from 11.25 percent to 12.00, thus transferring approximately \$163.8 million dollars from the State General Fund to the State Highway Fund. The House Budget Committee is concerned that with the elimination of the demand transfer in FY 2003, FY 2004, and the recommendation to not repay the loan of \$94.6 million (pursuant to 2002 S.B. 517), it will be difficult to "reinstate" the continuation of the demand transfer with other issues like education and social services demanding that same funding. Subsequently, with the passage of 2002 HB 3011, additional financing for the Comprehensive Transportation Plan was added to maintain the integrity of the plan. The House Budget Committee believes that with continued reductions in funding to CTP, the revenue package passed by the 2002 Legislature will not be enough to complete CTP as outlined by the passage of 1999 HB 2071.
3. The House Budget Committee recommends that the Comprehensive Transportation Program continue along the same 10 year time schedule as approved by the passage of 1999 HB 2071. The Committee believes that any extension of the plan adversely affects projects, the completion of projects, or the complete financing of the plan. The Committee states that extending the plan does not address the continued elimination of funding to CTP, which the Committee believes is the underlying problem in completing the plan.
4. The House Budget Committee draws attention to the transfer of \$13.1 million in FY 2003 and \$30.9 million in FY 2004 from the State Highway Fund (SHF) to the Kansas Highway Patrol Operations Fund. Although the Committee is sympathetic to the increase in the Patrol's shrinkage rate from year to year, the Committee does not recommend the continued transfer of SHF financing to the Kansas Highway Patrol beyond FY 2004. The Committee notes that with the passage of 1983 H.B. 2566, financing from the State Highway Fund for KHP operations was eliminated and replaced with a State General Fund expenditure limitation.

**CTP FY 2000-2009 Revenue Summary
(In Thousands)**

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Projected Ten-Year Revenues

	Approved 1999	Agency's Revised Sept. 2002	Agency's Revised Nov. 2002	\$ Change from Approved	% Change from Approved	2002 HB 3011	Gov. Rec. FY 2004	\$ Change from Approved	% Change from Approved
Cash Beginning Balance	\$ 475,189	\$ 559,875	\$ 559,875	\$ 84,686	17.8%	\$ 559,875	\$ 559,875	\$ 84,686	17.8%
Motor Fuels Taxes	3,930,400	4,171,066	4,258,865	328,465	8.4%	4,172,947	4,258,865	328,465	8.4%
SGF Sales Tax Transfer	1,830,010	1,270,385	1,218,278	(611,732)	(33.4)%	1,298,083	1,090,278	(739,732)	(40.4)%
Quarter Cent	1,071,513	1,029,179	968,400	(103,113)	(9.6)%	1,025,008	968,400	(103,113)	(9.6)%
Registration Fees	1,387,995	1,536,046	1,538,440	150,445	10.8%	1,539,641	1,538,440	150,445	10.8%
Interest	251,900	289,964	273,796	21,896	8.7%	248,792	237,972	(13,928)	(5.5)%
Other Sources	44,613	59,419	59,419	14,806	33.2%	60,841	59,419	14,806	33.2%
Transfers In	156,762	147,789	147,789	(8,973)	(5.7)%	148,578	131,557	(119,814)	(76.4)%
Subtotal - State	\$ 9,148,382	\$ 9,063,723	\$ 9,024,862	\$ (123,520)	(1.4)%	\$ 9,053,765	\$ 8,844,806	\$ (303,576)	(3.3)%
Federal and Local Construction Reimbursement	\$ 3,012,953	\$ 3,520,248	\$ 3,520,248	\$ 507,295	16.8%	\$ 3,252,848	\$ 3,520,248	\$ 507,295	16.8%
Bonds	980,075	1,277,298	1,277,298	297,223	30.3%	1,277,298	1,277,298	297,223	30.3%
TOTAL REVENUES	\$ 13,141,410	\$ 13,861,269	\$ 13,822,408	\$ 680,998	5.2%	\$ 13,583,911	\$ 13,642,352	\$ 500,942	3.8%

* **Source:** KDOT estimates for FY 2004: September and November of 2002, 2002 H.B. 3001 and the Governor's FY 2004 CTP Cash Flow recommendation (which includes the repayment of \$94.6 million in FY 2006).

Expenditures: The CTP budget includes expenditures for maintenance, including regular and substantial maintenance; construction and reconstruction, including major modifications and priority bridges; system enhancement projects; and a highway demonstration project to evaluate guarantees by a contractor. The CTP budget also provides for enhanced assistance to local units of government and other entities, including increased aid from the Special City and County Highway Fund, increased state payments for city connecting links, new state assistance for communities with railroad crossings not on the state highway system, a railroad loan program with new state funding, state financing for general aviation airports, and additional state aid for public transit. Revisions in the proposed 10-year expenditures are noted in the following table.

The 2002 Legislature passed HB 3011, which provides additional financing for the Comprehensive Transportation Plan with the following enhancement provisions:

Motor Fuels taxes would increase an additional 2 cents per gallon with two cents effective June 1, 2002, and an additional cent to be added on July 1, 2004 in accordance with the original CTP legislation. Motor fuels tax rates when all increases are fully phased in on June 1, 2004, would be as follows: gasoline, increased from 21 to 24 cents per gallon; the special fuels tax would be increased from 23 to 26 cents per gallon; and the LP-gas tax would be increased from 20 to 23 cents per gallon.

Motor vehicle registration taxes would be increased for passenger automobiles by \$1.50; for motorcycles by \$1; and for various trucks by amounts ranging from \$2 to \$10, effective July 1, 2002.

Additionally, the 2002 Legislature reduced major modification and priority bridge set-aside projects (not yet identified) by \$40,000,000 from the State Highway Fund. The projects are identified on a one to three year planning horizon. The Conference Committee cuts approximately one year of economic development, geometric improvement, railroad crossing surfacing, ITS, corridor management, priority bridge redeck, priority bridge, culvert-bridge, and state and local railroad grade separation funding funding for projects not yet identified.

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**CTP FY 2000-2009 Revenue Summary
(In Thousands)**

Projected Ten-Year Expenses

	Approved 1999	Agency's Revised Sept. 2002	Agency's Revised Nov. 2002	\$ Change from Approved	% Change from Approved	2002 HB 3011	Gov. Rec. FY 2004	\$ Change from Approved	% Change from Approved
Routine Maintenance	\$ 1,226,149	\$ 1,187,349	\$ 1,187,349	\$ (38,800)	(3.2)%	\$ 1,180,170	\$ 1,188,250	\$ (37,899)	(3.1)%
Substantial Maintenance	2,061,731	1,884,696	1,884,696	(177,035)	(8.6)%	1,878,598	1,884,696	(177,035)	(8.6)%
Major Modification and Priority Bridges	3,321,458	3,967,915	3,967,915	646,457	19.5%	3,747,139	3,971,544	650,086	19.6%
System Enhancements	979,993	1,081,501	1,081,501	101,508	10.4%	1,331,679	1,081,501	101,508	10.4%
General Aviation	30,000	29,625	29,625	(375)	(1.3)%	29,857	29,625	(375)	(1.3)%
Public Transit	103,823	106,820	106,820	2,997	2.9%	106,194	106,820	2,997	2.9%
Rail Assistance	44,410	40,139	40,139	(4,271)	(9.6)%	43,655	40,139	(4,271)	(9.6)%
Special City-County Highway Fund	1,599,821	1,580,641	1,609,314	9,493	0.6%	1,579,910	1,593,082	(6,739)	(0.4)%
Local Aid	1,041,867	986,727	986,727	(55,140)	(5.3)%	1,008,726	986,727	(55,140)	(5.3)%
KLINK Payments	33,600	32,288	32,288	(1,312)	(3.9)%	32,658	32,288	(1,312)	(3.9)%
Management and Other	729,604	745,065	745,065	15,461	2.1%	746,348	750,339	20,735	2.8%
Transfers Out	486,312	534,016	534,016	47,704	9.8%	517,928	582,928	96,616	19.9%
Debt Service (Existing and New)	1,198,034	1,324,714	1,310,117	112,083	9.4%	1,295,923	1,343,549	145,515	12.1%
TOTAL Expenditures	\$ 12,856,802	\$ 13,501,496	\$ 13,515,572	\$ 658,770	5.1%	\$ 13,498,785	\$ 13,591,488	\$ 734,686	5.7%
Ending Balance	\$ 281,607	\$ 359,774	\$ 306,837	\$ 25,230	9.0%	\$ 361,124	\$ 50,864	\$ (230,743)	(81.9)%
<i>Minimum Ending Balance</i>	<i>\$ 220,237</i>	<i>\$ 492,637</i>	<i>\$ 483,120</i>	<i>\$ 262,883</i>	<i>119.4%</i>	<i>\$ 441,559</i>	<i>\$ 467,710</i>	<i>\$ 247,473</i>	<i>112.4%</i>
Available Ending Fund Balance	\$ 61,370	\$ (132,863)	\$ (176,283)	\$ (237,653)	(387.2)%	\$ (80,435)	\$ (416,846)	\$ (478,216)	(779.2)%

* **Source:** KDOT estimates for FY 2004: September and November of 2002, 2002 H.B. 3001 and the Governor's FY 2004 CTP Cash Flow recommendation.

A number of adjustments in estimated CTP expenditures are reflected in the revised KDOT budget, most of which are adopted by the Governor's recommendations. Spending would increase from \$12.9 billion to \$13.5 billion, or a total of \$734,686 million. The Governor's FY 2004 recommendation includes increases of \$97.8 in debt service costs, major modification and bridges increase by \$413.9 million, and system enhancements, where an increase of \$281.6 million is budgeted. Additional revenues for local units also is projected for the Special City and County Highway Fund distributions that total \$20.0 million less than the approved amount.