

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE

The meeting was called to order by Chairman Melvin Neufeld at 9:00 a.m. on February 20, 2004 in Room 514-S of the Capitol.

All members were present except:

Representative Jo Ann Pottorff- excused

Committee staff present:

Alan Conroy, Legislative Research
J. G. Scott, Legislative Research
Amy VanHouse, Legislative Research
Leah Robinson, Legislative Research
Michele Alishahi, Legislative Research
Susan Kannarr, Legislative Research
Robert Waller, Legislative Research
Amy Deckard, Legislative Research
Jim Wilson, Revisor of Statutes
Mike Corrigan, Revisor of Statutes
Nikki Feuerborn, Administrative Analyst
Shirley Jepson, Committee Secretary

Conferees appearing before the committee:

Duane Goossen, Director of the Budget
Barb Hinton, Legislative Post Audit

Others attending:

See Attached List.

- Attachment 1 Proposed amendment on **SB 312**
- Attachment 2 Testimony by Barb Hinton, Legislative Post Audit, on **SB 365**
- Attachment 3 Information on Technology Equipment request by Kansas Public Employees Retirement System (KPERs)

Representative Landwehr moved to introduce legislation concerning financial assistance for K-12 disadvantaged children. The motion was seconded by Representative Bethell. Motion carried.

Chair Neufeld recognized Susan Kannarr, Legislative Research Department, who explained that **SB 312**, as originally written, would have extended the change in the levy on fire insurance premiums that is used to fund the Fire Marshal and Emergency Medical Services (EMS) and would have extended the sunset. Under legislation passed in 2002, a levy of 1% on fire insurance premiums would go to fund the State Fire Marshal and 0.25% would help fund EMS. The sunset was extended to FY 2008 under the original bill. The Senate removed the sunset making the levy in perpetuity on the distribution of those funds. The House Budget Committee further amended the bill to reduce the State Fire Marshall rate to 0.8%, left the EMS rate at 0.25% and added 0.20% to go to the Fire Service Training Institute at the University of Kansas. In addition, the House Budget Committee amendment requires a report by the Fire Services Training Institute, to the full Committee on Appropriations by February 1st of each year, describing their expenditures and activities.

Representative Light, Chair of the Public Safety Budget Committee, stated that the Budget Committee accepted the language proposed by the Senate on **SB 312** and added an amendment regarding the Fire Service Training Institute (Attachment 1).

Representative Light moved to adopt the Public Safety Budget Committee report on amending **SB 312**. The motion was seconded by Representative Minor. Motion carried.

Representative Light moved to pass **SB 312** favorably as amended. The motion was seconded by Representative Merrick. Motion carried.

CONTINUATION SHEET

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE at 9:00 a.m. on February 20, 2004 in Room 514-S of the Capitol.

Hearing on HB 2706 - State finance council, voting procedures.

J. G. Scott, Legislative Research Department, explained that **HB 2706** concerns the State Finance Council voting procedures. Under current law, all nine members of the State Finance Council must be present to pass any procedure that requires a unanimous vote, primarily affecting the usage of the State Emergency Fund. **HB 2706** allows for an absentee vote to be made before or up to ten days after a meeting with such action by the State Finance Council.

Chairman Neufeld recognized Duane Goossen, Director of Budget, who presented testimony in support of **HB 2706**. Mr. Goossen stated that in times of an emergency, such as tornado, flood or other emergency, the State needs to match federal moneys with State General Fund (SGF) moneys in order to help victims affected by these disasters. Current law allows transfer up to \$10 million from the SGF to the emergency fund with a vote of the State Finance Council. **HB 2706** would expedite this procedure to make emergency funds available by allowing Council members to vote without being present at the meeting.

The Committee questioned the use of a facsimile signature. Jim Wilson, Revisor of Statutes, stated that facsimile signatures are accepted in court filings.

The Chair closed the hearing on **HB 2706**.

Representative Howell moved to pass **HB 2706** favorably. The motion was seconded by Representative Feuerborn. Motion carried.

Hearing on HB 2886 - Prescribing restrictions on salary increases for certain state employees.

Chairman Neufeld recognized Leah Robinson, Legislative Research Department, who explained that **HB 2886** requires that a state agency submit a written report to both the director of the Budget and director of Legislative Research, before a salary increase outside of a normal pay plan would become effective for a state employee in three situations:

- When the employee is in unclassified service
- An employee who moves from the classified service to the unclassified service
- An employee who returns to a classified position from an approved leave of absence from the classified service to take a position in the unclassified service

Responding to a question from the Committee, Ms. Robinson stated that the bill is directed at the executive branch only. The Committee concluded that the bill does not discourage salary increases; however, requires that a report be submitted before the salary increase becomes effective.

The Chair closed the hearing on **HB 2886**.

Representative Light moved to pass **HB 2886** favorably. The motion was seconded by Representative Merrick. Motion carried.

Hearing on SB 365 - Deleting a provision in the post audit statute prohibiting a person who is regulated by the KCC from being audited by post audit.

Amy Deckard, Legislative Research Department, explained that **SB 365** removes the existing exceptions that Legislative Post Audit (LPA) may not audit any entities regulated by the State Corporation Commission. An amendment offered by the Senate Ways and Means Committee clarifies that LPA may only address items related to state government programs or functions.

The Chair recognized Barb Hinton, LPA, who testified in favor of **SB 365** (Attachment 2).

In response to a question from the Committee, Ms. Hinton stated that the legislation gives LPA the authority to go out-of-state to audit out-of-state companies involved in business within the State to review their records.

CONTINUATION SHEET

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE at 9:00 a.m. on February 20, 2004 in Room 514-S of the Capitol.

Chairman Neufeld closed the hearing on **SB 365**.

Representative McLeland presented a written response from the Kansas Public Employees Retirement System, (KPERS) to questions of the Committee concerning the agency's request for funding of an improved technology system (Attachment 3).

Representative Shriver moved to introduce legislation concerning public broadcasting. The motion was seconded by Representative Feuerborn. Motion carried.

The meeting was adjourned at 10:00 a.m. The next meeting of the Committee will be held at 9:00 a.m. on February 24, 2004.



Melvin Neufeld, Chairman

SENATE BILL No. 312

By Committee on Ways and Means

1-20

AN ACT concerning ~~the emergency medical services board and the state fire marshal~~; relating to financial support ~~thereof~~; amending K.S.A. 2003 Supp. 75-1508 and ~~repealing the existing section~~.

levies on fire insurance business and the disposition of the remitted therefor
for the state fire marshal, emergency medical services board fire service training program of the university of Kansas 75-1514 and repealing the existing sections

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

Section 1. K.S.A. 2003 Supp. 75-1508 is hereby amended to read as follows: 75-1508. (a) For the purpose of maintaining the department of the state fire marshal and the payment of the expenses incident thereto, each fire insurance company doing business in this state shall pay to the commissioner of insurance, on or before March 15 each year, ~~beginning with the year 1994, and each year thereafter,~~ in addition to the taxes, fees and charges now required by law to be paid by it, such levy as may be made by the state fire marshal. The levy shall not be more than ~~1.0%~~ .80% for ~~calendar years 2002 and 2003 through 2008, and 1.25% for calendar year 2004 2009 and ensuing years,~~ of a sum equal to the gross cash receipts as premiums of such company on all fire business transacted by it in the state of Kansas during the calendar year next preceding, as shown by its annual statement under oath to the state insurance department.

.80%
for calendar year 2004, and each calendar year thereafter,

(b) For the purposes of maintaining the emergency medical services board and the payment of the expenses incident thereto, each fire insurance company doing business in this state shall pay to the commissioner of insurance, on or before March 15 each year, ~~beginning with calendar year 2002 and ending with calendar year 2003 2008,~~ in addition to the taxes, fees and charges now required by law to be paid by it, such levy as may be made by the emergency medical services board. The levy shall not be more than .25% of a sum equal to the gross cash receipts as premiums of such company on all fire business transacted by it in the state of Kansas during the calendar year next preceding, as shown by its annual statement under oath to the state insurance department. ~~The provisions of this subsection (b) shall expire on July 1, 2004 2009.~~

beginning with calendar year 2002 and each calendar year thereafter,

Sec. 2. K.S.A. 2003 Supp. 75-1508 ~~is hereby repealed.~~

insert attached

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

renumber sections accordingly

and 75-1514 are

(c) For the purposes of maintaining the fire service training program of the university of Kansas and the payment of the expenses incident thereto, each fire insurance company doing business in this state shall pay to the commissioner of insurance, on or before March 15 each year, beginning with calendar year 2004, and each calendar year thereafter, in addition to the taxes, fees and charges now required by law to be paid by it, such levy as may be made by the Kansas fire service training commission. The levy shall not be more than .20% of a sum equal to the gross cash receipts as premiums of such company on all fire business transacted by it in the state of Kansas during the calendar year next preceding, as shown by its annual statement under oath to the state insurance department.

(d) The director of the fire service training program of the university of Kansas shall submit a report concerning expenditures and activities of the fire service training program of the university of Kansas to the house committee on appropriations on or before February 15, 2005, and each ensuing year thereafter.

Sec. 2. K.S.A. 2003 Supp. 75-1514 is hereby amended to read as follows: 75-1514. (a) The commissioner of insurance shall remit all moneys received by the commissioner under subsection (a) of K.S.A. 75-1508, and amendments thereto, to the state treasurer in accordance with the provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of each such remittance, the

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

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

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

(d) The commissioner of insurance shall remit all moneys received by the commissioner under subsection (c) of K.S.A. 75-1508, and amendments thereto, to the state treasurer in accordance with the provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of each such remittance, the state

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treasurer shall deposit the entire amount in the state treasury
to the credit of the fire service training program fund.



LEGISLATURE OF KANSAS
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Testimony for the House Appropriations Committee on SB 365

Barb Hinton, Legislative Post Auditor

February 20, 2004

Mr. Chairman and members of the Committee, thank you for allowing me to appear before you in support of SB 365.

Under the Legislative Post Audit Act, the Post Audit Committee currently can direct our office to conduct performance audits of any State agency, any local unit of government, and any person or entity that contracts with, receives a gift or grant from, or is licensed or regulated by a State agency, except for entities regulated by the Kansas Corporation Commission. In other words, we can audit non-governmental entities like sand-dredging companies, motor vehicle dealers, health insurance companies, race tracks, and nursing homes, but we currently aren't authorized to audit any aspect of a KCC-regulated entity.

Senate Bill 365 removes this blanket prohibition, but would limit our authority to those areas that legislators have raised legitimate audit questions about over the years—compliance with laws or regulations, collection or remittance of fees or taxes, or other matters directly related to State government programs or functions. Under this amendment, Post Audit would not be authorized to conduct audits related to stock prices, dividends, shareholder disputes with management, or other corporate governance and finance issues.

Two related points of interest have to do with access and confidentiality. In conducting audits of non-government entities, we don't have access to all these entities' records—only those records the State agency that licenses, regulates, or contracts with them has access to. Also, any information we look at during an audit that's confidential by law stays confidential—both during and after the audit.

The audits we've done of non-governmental entities have been conducted in a professional and objective manner, and have allowed the Legislature to more effectively carry out its oversight function. I would urge the Committee to support this bill, so that legit about entities regulated by the KCC also can be addressed through the function.

HOUSE APPROPRIATIONS

DATE 2-20-2004
ATTACHMENT 2

Information Systems Replacement Project

After careful consideration, the Retirement System has recommended a strategy that will reduce both the risk and eventual cost of the replacement system. The new information systems replacement project would be divided into three phases.

Risk Mitigation

PHASE 1

Document KPERS detailed business process specifications, consolidate and purify data to the extent practical, and design the enterprise database. Documentation is complete and a request for the system replacement phase will be submitted to the Executive Branch CITO in February 2004.

Timeline *July 2003 - June 2004*

Estimated Cost *\$590,000*



Core System Replacement

PHASE 2

Incremental transition to a single platform, relational database and table-driven business rules that improve integration and access to information. All current functions running on the new database with improved functionality.

Timeline *July 2004 - June 2006*

Estimated Cost *\$4.8 million*



Service Expansion

PHASE 3

Additional enhancements such as web-enabled applications, paperless transactions and employer contribution reporting by payroll period.

Timeline *July 2006 and beyond*

Estimated Cost *\$2.6 million*