

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE

The meeting was called to order by Chairman Stephen Morris at 10:40 a.m. on March 4, 2004, in Room 123-S of the Capitol.

All members were present except:

Senator David Adkins- excused

Committee staff present:

Alan Conroy, Director, Kansas Legislative Research Department
J. G. Scott, Chief Fiscal Analyst, Kansas Legislative Research Department
Leah Robinson, Kansas Legislative Research Department
Michele Alishahi, Kansas Legislative Research Department
Nicoletta Buonasera, Kansas Legislative Research Department
Melissa Calderwood, Kansas Legislative Research Department
Amy Deckard, Kansas Legislative Research Department
Susan Kannarr, Kansas Legislative Research Department
Norman Furse, Revisor of Statutes
Jill Wolters, Senior Assistant, Revisor of Statutes
Judy Bromich, Administrative Analyst
Mary Shaw, Committee Secretary

Conferees appearing before the committee:

None

Others attending:

See Attached List.

Bill Introductions

Senator Helgerson moved, with a second by Senator Downey, to introduce a bill concerning gaming; relating to the use of moneys derived therefrom (3rs2042). Motion carried on a voice vote.

Senator Downey moved, with a second by Senator Jordan, to introduce a bill concerning postsecondary educational institutions; relating to out-district tuition (3rs2046). Motion carried on a voice vote.

Copies of the Governor's Budget Amendment No. 2 were distributed regarding the Kansas Commission on Veterans Affairs (Attachment 1).

Copies of the Kansas Legislative Research Department Budget Analysis Report for FY 2004 and FY 2005 were available to the committee.

Subcommittee budget reports on:

Governmental Ethics Commission (Attachment 2)

Subcommittee Chairman Salmans reported that the subcommittee on the Governmental Ethics Commission concurs with the Governor's recommendation in FY 2004 and concurs with the Governor's FY 2005 recommendations with an adjustment.

Senator Salmans moved, with a second by Senator Jackson, to adopt the subcommittee budget report on the Governmental Ethics Commission in FY 2004 and FY 2005. Motion carried on a voice vote.

Chairman Morris called the committee's attention to discussion of the unfinished business regarding the adjustments to fee fund transfers. Staff distributed copies of a list showing Transfers from Special Revenue Funds to the State General Fund, FY 2000-FY 2005 (Attachment 3).

CONTINUATION SHEET

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE at 10:40 a.m. on March 4, 2004, in Room 123-S of the Capitol.

Senator Salmans moved to accept the GBA No. 1 with the following adjustments: change the Banking Department ending balance from \$200,000 to \$600,000 and make the remaining adjustments in the appropriations bill and adopt the budget corrections. There was no second to this motion.

Senator Salmans moved, with a second by Senator Barone, an amendment to the budget bill itself to change the certification date for review by July 17, 2005 to the date April 19, 2004, to give an opportunity to look at these funds at Omnibus. Motion carried on a voice vote.

Senator Salmans moved, with a second by Senator Jackson, to amend the Banking Department proposed transfer from \$1,882,797 to \$1,482,797 and all other transfers listed (Attachment 4). Motion carried on a voice vote. Senator Helgerson requested to be recorded as voting "No" on the motion.

Senator Salmans moved, with a second by Senator Barone, to adopt the subcommittee budget reports on the Abstractors' Board of Examiners, Board of Accountancy, Banking Department, Board of Barbering, Behavioral Sciences Regulatory Board, Board of Cosmetology, Department of Credit Unions, Kansas Dental Board, Board of Healing Arts, Hearing Aid Board of Examiners, Board of Mortuary Arts, Board of Nursing, Board of Examiners in Optometry, Board of Pharmacy, Real Estate Appraisal Board, Kansas Real Estate Commission, Office of the Securities Commissioner, Board of Technical Professions and the Board of Veterinary Examiners in FY 2004 and FY 2005 as amended. Motion carried on a voice vote. Senator Helgerson and Senator Jackson requested to be recorded as voting "No" on the motion.

The Chairman called the committee's attention to discussion of the following bills:

HB 2669--Setoff collection assistance fee

Staff explained a proposed balloon amendment requested by the Department of Administration (Attachment 5). Senator Barone moved, with a second by Senator Helgerson, to adopt the balloon amendment for HB 2669. Motion carried on a voice vote.

Senator Helgerson moved, with a second by Senator Schodorf, to recommend HB 2669 favorable for passage as amended. Motion carried on a roll call vote.

HB 2670--Accounts and reports fiscal reporting

Senator Downey moved, with a second by Senator Jackson, to recommend HB 2670 favorable for passage. Motion carried on a roll call vote.

SB 487--Creating the gas valuation depletion trust fund and providing for distribution of moneys therefrom

Senator Bunten moved, with a second by Senator Downey, to recommend SB 487 favorable for passage. Motion carried on a roll call vote.

SB 320--Allowing grandparents to serve as foster parents

Senator Helgerson moved, with a second by Senator Jackson, to reconsider committee action taken on SB 320. After committee discussion, it was realized that the committee report on SB 320 was already read in the Senate, on the General Orders list and completely out of the committee's possession.

The meeting adjourned at 11:25 a.m. The next meeting is scheduled for March 5, 2004.

SENATE WAYS AND MEANS COMMITTEE

GUEST LIST

DATE March 4, 2004

NAME	REPRESENTING
Cheryl Froetscher	Budget
Aaron Dunkel	Budget
Ethaw ERICKSON	DOB
Megan Chalk +	.
Ken Peterson	KS Petroleum Council
Mark Stafford	BOHA
LARRY BUENING	BOHA
Bob's Lee	KSBTP
Debra Billingsley	BOP
Karen Hollon	BOP
Denny Bowie	Brd of Optometry
Mark Smith	Mortuary Arts Board
Sharon Doman	KS Bd. of Accountancy
Fly VL	KS Bd of BARBERING
Larry Watson	Sen. Allen
Pat Lehman	GMD #4
Marska Schrenyp	BSRB
Sheryl Diehl	KS Real Estate Commission
Mary Lou Davis	KS Bd of Cosmetology
SHERYL WELER	DEPT OF ADMIN.
Gavin Young	DOFA
Dale Brunton	17



K A N S A S

OFFICE OF THE GOVERNOR

KATHLEEN SEBELIUS, GOVERNOR

February 26, 2004

The Honorable Steve Morris, Chairperson
Senate Committee on Ways and Means
Room 120-S, Statehouse

and

The Honorable Melvin Neufeld, Chairperson
House Committee on Appropriations
Room 514-S, Statehouse

Dear Senator Morris:

As Governor's Budget Amendment No. 2, I offer the following changes to the budget of the Kansas Commission on Veterans Affairs.

1. **Kansas Soldiers Home and Veterans Home**

New management at the Kansas Commission on Veterans Affairs, after initiating a thorough review of its finances with the assistance of the Division of the Budget, recently identified concerns regarding the budget at the two homes for veterans, the Soldiers Home at Fort Dodge and the Veterans Home at Winfield. Because I believe that maintaining the proper standard of care for our veterans is important, I recommend funding adjustments to these facilities in both FY 2004 and 2005 to ensure that the budget can support this objective. It is my intention that the agency will continue to work with the Division of the Budget to ensure that monies are properly spent and that reimbursement from the federal government and fee revenues are received as now estimated. Amounts affecting each home and fiscal year are summarized below.

Capitol, 300 SW 10th Ave., Ste. 212S, Topeka, KS 66612-1590

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governor@state.ks.us

*Senate Ways and Means
3-4-04
Attachment 1*

Kansas Soldiers Home:

	<u>FY 2004</u>	<u>FY 2005</u>
Original Recommendation	\$ 5,389,511	\$ 5,282,989
Revised Recommendation	<u>5,581,577</u>	<u>5,838,524</u>
Difference	\$ 192,066	\$ 555,535

	<u>FY 2004</u>	<u>FY 2005</u>
State General Fund	\$ 368,436	\$ 403,147
All Other Funds	<u>(176,370)</u>	<u>152,388</u>
All Funds	\$ 192,066	\$ 555,535

Kansas Veterans Home:

	<u>FY 2004</u>	<u>FY 2005</u>
Original Recommendation	\$ 6,979,331	\$ 8,351,912
Revised Recommendation	<u>6,772,672</u>	<u>7,718,549</u>
Difference	\$ (206,659)	\$ (633,363)

	<u>FY 2004</u>	<u>FY 2005</u>
State General Fund	\$ 297,686	\$ 236,401
All Other Funds	<u>(504,345)</u>	<u>(869,764)</u>
All Funds	\$ (206,659)	\$ (633,363)

The amendments make changes both to expenditure levels and the mix of funding sources. The level of expenditure from all funding sources for the Kansas Soldiers Home needs to be increased in both fiscal years, and the expenditure authority at the Kansas Veterans Home should be decreased in both years. However, the combined effect would be a reduction of \$14,593 from all funding sources for FY 2004 and a reduction of \$77,828 for FY 2005. On the funding side, fee and federal revenues are projected to be less than originally included in my budget recommendations; therefore, it is necessary to substitute State General Fund dollars to cover this loss. For FY 2004, \$666,122 from the State General Fund must be added, of which \$136,000 will come from lottery ticket sales that are authorized to be transferred to the State General Fund, and the rest will be from regular State General Fund balances. For FY 2005, the additional State General Fund dollars total \$639,548, with \$250,000 from lottery transfers.

	<u>FY 2004</u>	<u>FY 2005</u>
State General Fund	\$ 666,122	\$ 639,548
All Other Funds	<u>(680,715)</u>	<u>(717,376)</u>
All Funds	\$ (14,593)	\$ (77,828)

2. Rehabilitation and Repair at the Kansas Veterans Home

Another issue that needs to be addressed at the Veterans Home is ongoing maintenance of facilities. By mistake, the agency did not request any monies for FY 2005. Because there are buildings that require upkeep and an available funding source to maintain them, I recommend \$100,000 from the State Institutions Building Fund for FY 2005 for rehabilitation and repair projects at the Veterans Home.

	<u>FY 2004</u>	<u>FY 2005</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>--</u>	<u>100,000</u>
All Funds	\$ --	\$ 100,000

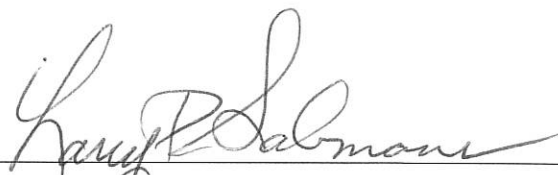
Sincerely,



Kathleen Sebelius
Governor of the State of Kansas

FY 2004 and FY 2005
SENATE SUBCOMMITTEE REPORTS

Governmental Ethics Commission

A handwritten signature in cursive script, appearing to read "Larry Salmans", written over a horizontal line.

Senator Larry Salmans, Chair

A handwritten signature in cursive script, appearing to read "Jim Barone", written over a horizontal line.

Senator Jim Barone

House Budget Committee Report

Agency: Governmental Ethics Commission **Bill No.** HB 2899

Bill Sec. 20

Analyst: Deckard

Analysis Pg. No. Vol. 1-697 **Budget Page No.** 487

<u>Expenditure Summary</u>	<u>Agency Estimate FY 04</u>	<u>Governor's Recommendation FY 04</u>	<u>House Budget Committee Adjustments</u>
State General Fund	\$ 453,621	\$ 453,621	\$ 0
Special Revenue Funds	129,850	129,850	0
TOTAL	<u>\$ 583,471</u>	<u>\$ 583,471</u>	<u>\$ 0</u>
FTE Positions	9.0	9.0	0.0
Non FTE Uncl. Perm. Pos.	0.5	0.5	0.0
TOTAL	<u>9.5</u>	<u>9.5</u>	<u>0.0</u>

Agency Estimate/Governor's Recommendation

The **agency's** estimate for FY 2004 expenditures is \$583,471, with \$453,621 from the State General Fund. This is a decrease of \$1,015 or 0.8 percent from the FY 2004 approved amount. The fee funds that will not be utilized, \$983, will be carried over in the fee fund for use in future years. The remainder, \$32, is State General Fund money that was part of the amount reappropriated (\$15,829) and will not be utilized.

The **Governor** recommends \$583,471 for FY 2004, the same as the agency request.

House Budget Committee Recommendation

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

House Committee Recommendation

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

Senate Subcommittee Report

Agency: Governmental Ethics Commission

Bill No. SB 536

Bill Sec. 20

Analyst: Deckard

Analysis Pg. No. Vol. 1- 697 **Budget Page No.** 487

Expenditure Summary	Agency Estimate FY 04	Governor's Recommendation FY 04	Senate Subcommittee Adjustments
State General Fund	\$ 453,621	\$ 453,621	\$ 0
Special Revenue Funds	129,850	129,850	0
TOTAL	\$ 583,471	\$ 583,471	\$ 0
FTE Positions	9.0	9.0	0.0
Non FTE Uncl. Perm. Pos.	0.5	0.5	0.0
TOTAL	9.5	9.5	0.0

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The **Governor** recommends \$583,471 for FY 2004, the same as the agency request.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation.

House Budget Committee Report

Agency: Governmental Ethics Commission **Bill No.** HB 2899

Bill Sec. 20

Analyst: Deckard

Analysis Pg. No. Vol. 1-697

Budget Page No. 487

Expenditure Summary	Agency Request FY 05	Governor's Recommendation FY 05	House Budget Committee Adjustments
State General Fund	\$ 466,756	\$ 474,169	\$ 0
Special Revenue Funds	132,446	135,954	0
TOTAL	\$ 599,202	\$ 610,123	\$ 0
FTE Positions	9.0	9.0	0.0
Non FTE Uncl. Perm. Pos.	0.5	0.5	0.0
TOTAL	9.5	9.5	0.0

Agency Request/Governor's Recommendation

The **agency** requests expenditures of \$599,202 which is \$3,591 or 0.6 percent above the approved amount. The entire amount is attributable to family health insurance coverage for an employee for FY 2005.

The **Governor** recommends \$610,123 for FY 2005, including \$474,169 from the State General Fund. The recommendation includes the funding for the increase in health insurance coverage of \$3,591 as requested by the agency. In addition, the recommendation includes an increase of \$12,732 (including \$9,227 State General Fund) for the three percent pay plan increase and a reduction of \$1,811 State General Fund for the BEST recommendations.

Under the Governor's FY 2005 **statutory budget** recommendation, the Governor's recommendation for this agency's budget would have to be reduced by an additional \$70,225 State General Fund.

House Budget Committee Recommendation

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

House Committee Recommendation

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

Senate Subcommittee Report

Agency: Governmental Ethics Commission

Bill No. SB 536

Bill Sec. 20

Analyst: Deckard

Analysis Pg. No. 697

Budget Page No. 487

<u>Expenditure Summary</u>	<u>Agency Request FY 05</u>	<u>Governor's Recommendation FY 05</u>	<u>Senate Subcommittee Adjustments*</u>
State General Fund	\$ 466,756	\$ 474,169	\$ (9,277)
Special Revenue Funds	132,446	135,954	(3,455)
TOTAL	\$ 599,202	\$ 610,123	\$ (12,732)
FTE Positions	9.0	9.0	0.0
Non FTE Uncl. Perm. Pos.	0.5	0.5	0.0
TOTAL	9.5	9.5	0.0

*The adjustment reflects deletion of the Governor's recommended pay plan adjustments.

Agency Request/Governor's Recommendation

The **agency** requests expenditures of \$599,202 which is \$3,591 or 0.6 percent above the approved amount. The entire amount is attributable to family health insurance coverage for an employee for FY 2005.

The **Governor** recommends \$610,123 for FY 2005, including \$474,169 from the State General Fund. The recommendation includes the funding for the increase in health insurance coverage of \$3,591 as requested by the agency. In addition, the recommendation includes an increase of \$12,732 (including \$9,227 State General Fund) for the three percent pay plan increase and a reduction of \$1,811 State General Fund for the BEST recommendations.

Under the Governor's FY 2005 **statutory budget** recommendation, the Governor's recommendation for this agency's budget would have to be reduced by an additional \$70,225 State General Fund.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation with the following adjustment:

1. **Pay Plan Adjustment** - Delete \$12,732, including \$9,227 from the State General Fund, to remove pay plan funding recommended by the Governor (a 3.0 percent base salary adjustment for all state employees) for consideration in a separate bill.

**TRANSFERS FROM SPECIAL REVENUE FUNDS TO THE STATE GENERAL FUND
FY 2000-FY 2005**

<u>Year</u>	<u>Agency/Fund</u>	<u>Amount</u>
FY 2000	Kansas Corporation Commission - Well Plugging Fund	\$ 400,000
	Commission on Veterans Affairs	545,000
	Department of Health and Environment - Air and Radiation	235,000
	University of Kansas - Special Capital Improvements Fund	52,447
	Total - FY 2000	\$ 1,232,447
FY 2001	Department of Human Resources - Workers Compensation Fee Fund	\$ 500,000
	Department of Human Resources - Penalty and Interest Fund	700,000
	Animal Health Department	49,000
	Juvenile Justice Authority - Juvenile Detention Facilities Fund	1,000,000
	Department of Health and Environment - Air and Radiation	210,000
	Department of Health and Environment - Trauma Fund	168,750
	Total - FY 2001	\$ 2,627,750
FY 2002	Juvenile Justice Authority - Juvenile Detention Facilities Fund	\$ 1,000,000
	Department of Administration - Workers Compensation Fund	1,250,000
	Department of Revenue - Electronic Databases Fee Fund	1,117,263
	Department of Revenue - Cigarette and Tobacco Registration Fund	208,555
	Department of Revenue - Central Stores Fund	50,000
	Department of Revenue - Automated Tax Systems Fund	451,302
	Department of Health and Environment - Waste Tire Management Fund	195,000
	Department of Health and Environment - Trauma Fund	200,000
	KPERS - Death and Disability Fund	1,065,538
	Board of Pharmacy Fee Fund	250,000
	Board of Nursing Fee Fund	200,000
	Bank Commissioner Fee Fund	500,000
	Board of Healing Arts Fee Fund	200,000
	Real Estate Commission Fee Fund	100,000
	Department of Human Resources - Special Employment Security Fund	159,140
Department of Transportation - State Highway Fund	94,608,648	
	Total - FY 2002	\$ 101,555,446
FY 2003	Department of Human Resources - Workers Compensation Fee Fund	\$ 500,000
	Department on Aging - Long Term Care Loan and Grant Fund	500,000
	Department of Social and Rehabilitation Services - SRS Fee Fund	2,000,000
	Children's Initiatives Fund	3,858,868
	Department of Education - Certificate Fee Fund	100,000
	KPERS - Death and Disability Fund	965,770
	Department of Administration - Workers Compensation Fee Fund	1,000,000
	Department of Administration - Property Contingency Fund	36,291
	Department of Administration - Equipment Lease Fund	112,500
	Department of Administration - Flexible Spending Fund	150,000
	Fire Marshal Fee Fund	1,700,000
	Highway Patrol - Motor Vehicle Fund	600,000
	Juvenile Justice Authority - Juvenile Detention Facilities Fund	500,000
Department of Agriculture - Feeding Stuffs Fee Fund	200,000	
Department of Agriculture - Petroleum Inspection Fee Fund	200,000	

<u>Year</u>	<u>Agency/Fund</u>	<u>Amount</u>
	Department of Wildlife and Parks - State Agriculture Production Fund	200,000
	Department of Transportation - Coordinated Public Transportation Fund	500,000
	Department of Transportation - KSIP Fund transfer	260,896
	Economic Development Initiatives Fund balance transfer	2,301,112
	Kansas Endowment for Youth Balance Transfer	14,400,000
	Senior Services Trust Fund transfers	8,300,000
	Long Term Care Loan and Grant Fund	7,400,000
	Insurance Department - Workers Compensation Fund	4,000,000
	KPERS - Death and Disability Fund	858,000
	Department of Health and Environment - Waste Tire Fund	1,000,000
	Department of Health and Environment - Underground Petroleum St. Tank.	10,000,000
	Total - FY 2003	\$ 61,643,437
FY 2004	Biennial and Fee Funded Agencies 5.9 Percent Reduction:	
	Abstracters Fee Fund	\$ 1,220
	Board of Accountancy Fee Fund	14,378
	Bank Commissioner Fee Fund	358,775
	Board of Barbering Fee Fund	6,784
	Behavioral Sciences Regulatory Board Fee Fund	30,857
	Board of Healing Arts Fee Fund	128,208
	Board of Cosmetology Fee Fund	40,526
	Department of Credit Unions Fee Fund	51,492
	Kansas Dental Board Fee Fund	19,846
	Board of Mortuary Arts Fee Fund	13,384
	Hearing Aid Examiners Fee Fund	1,173
	Board of Nursing Fee Fund	83,202
	Board of Optometry Fee Fund	6,544
	Board of Pharmacy Fee Fund	36,505
	Real Estate Appraisal Board	13,884
	Real Estate Commission	44,587
	Securities Commissioner	128,461
	Technical Professions	32,149
	Veterinary Examiners	14,999
	Governmental Ethics Commission	6,910
	Kansas Corporation Commission	948,821
	Citizens Utility Ratepayer Board	36,400
	Kansas Lottery	542,800
	Insurance Department	613,757
	Emergency Medical Services Board	51,269
	State Fire Marshal	179,475
	Kansas Endowment for Youth Balance Transfer	9,875,000
	KPERS - Death and Disability Fund	3,386,000
	Insurance Department - Service Regulation Fund	850,000
	Department of Administration - Motor Pool Operating Fund	3,254,000
	Department of Administration - Motor Pool Depreciation Fund	1,818,000
	Department of Health and Environment - Waste Tire Management Fund	304,000
	Department of Health and Environment - Subsurface Hydrocarbon Fund	152,000
	Department of Health and Environment - Solid Waste Management Fund	424,000
	Juvenile Justice Authority - Community Planning Fund	25,000
	Highway Patrol - Motor Vehicle Fund	500,000
	Total - FY 2004	\$ 23,994,406

Year	Agency/Fund	Amount
FY 2005	BEST Savings	\$ 20,136,400
(Gov. Rec.)	Fee Fund Transfers - Biennial Budget Agencies	6,422,848
	Kansas Lottery - Lottery Operating Fund	500,000
	Department of Health and Environment - Waste Tire Management Fund	311,000
	Department of Health and Environment - Subsurface Hydrocarbon Fund	151,000
	Department of Health and Environment - Solid Waste Management Fund	317,000
	Juvenile Justice Authority - Juvenile Detention Facilities Fund	300,000
	Emergency Medical Services Board - Operating Fund	1,000,000
	State Fire Marshal - Fire Marshal Fee Fund	500,000
	Highway Patrol - Motor Vehicle Fund	1,000,000
	Total - FY 2005	\$ 30,638,248
TOTAL - FY 2000-FY 2005		\$ 221,691,734

Proposed Adjustments to Fee Fund Transfers

Agency Name	Original Gov Rec Fee Fund Transfer	Revised Fee Fund Transfer with GBA	Subcommittee Recommendation	Proposed Recommendation
Abstracters' Board of Examiners	\$ -	\$ -	\$ -	\$ -
Accountancy, Board of	160,977	160,977	-	160,977
Banking Department	2,704,718	1,882,797	-	1,482,797
Barbering, Board of	-	-	-	-
Behavioral Sciences Regulatory Board	-	-	-	-
Cosmetology, Board of	-	-	-	-
Credit Unions, Department of	166,705	140,328	-	140,328
Dental Board, Kansas	354,960	15,584	-	15,584
Healing Arts, Board of	-	-	-	-
Hearing Aid Board of Examiners	-	-	-	-
Mortuary Arts, Board of	-	-	-	-
Nursing, Board of	379,751	305,987	-	305,987
Optometry, Board of Examiners in	16,684	-	-	-
Pharmacy, Board of	1,178,600	1,178,600	-	1,178,600
Real Estate Appraisal Board	334,369	334,369	-	334,369
Real Estate Commission, Kansas	508,438	508,438	-	508,438
Securities Commissioner, Office of the	-	-	-	-
Technical Professions, Board of	617,646	550,954	-	550,954
Veterinary Examiners, Board of	-	-	-	-
	\$ 6,422,848	\$ 5,078,034	\$ -	\$ 4,678,034

Senate Ways and Means
3-4-04
Attachment 4

2
3 **HOUSE BILL No. 2669**

4
5 By Committee on Appropriations

6
7 1-30

8
9 AN ACT concerning the division of accounts and reports; relating to the
10 write off of accounts receivable; setoff collection assistance fee; amend-
11 ing K.S.A. 44-716a and K.S.A. 2003 Supp. 60-2310 and 75-6210 and
12 repealing the existing sections; also repealing K.S.A. 75-3728a, 75-
13 3728c and 75-3728d and K.S.A. 2003 Supp. 75-3728b.
14

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

16 Section 1. K.S.A. 44-716a is hereby amended to read as follows: 44-
17 716a. (a) There is hereby created in the state treasury a special fund to
18 be known as the special employment security fund. All interest and pen-
19 alties collected under the provisions of the Kansas employment security
20 law shall be paid into this fund. No such moneys shall be expended or
21 available for expenditure in any manner which would permit their sub-
22 stitution for, or a corresponding reduction in, federal funds which in the
23 absence of such moneys would be available to finance expenditures for
24 the administration of the employment security law. Nothing in this section
25 shall prevent such moneys from being used as a revolving fund, to cover
26 expenditures, necessary and proper under the law, for which federal funds
27 have been duly requested but not yet received, subject to the charging
28 of such expenditures against such funds when received. Except as oth-
29 erwise authorized by this section or by appropriations act, the moneys in
30 this fund may be used by the secretary of human resources only for the
31 payment of costs of administration which are found not to have been
32 properly and validly chargeable against federal grants, or other funds,
33 received for or in the employment security administration fund. In ad-
34 dition to the other purposes for which expenditures may be made from
35 the special employment security fund as authorized by this section or by
36 appropriations act, moneys from this fund may be used to finance activ-
37 ities as deemed necessary by the secretary of human resources for the
38 efficient operation of activities under or the administration of the em-
39 ployment security law, except that (1) no moneys shall be used for such
40 purposes unless the secretary has determined that no other funds are
41 available or can be properly used to finance expenditures for such pur-
42 poses, and (2) expenditures during any fiscal year for purposes authorized
43 r this section shall not exceed \$110,000 except upon approval of the

Amendment requested by the
Department of Administration
2/25/04

Senate Ways and Means
3-4-04
Attachment 5

state finance council acting on this matter which is hereby characterized as a matter of legislative delegation and subject to the guidelines prescribed by subsection (c) of K.S.A. 75-3711c and amendments thereto. No expenditures of this fund shall be made except on written authorization by the governor and the secretary of human resources.

(b) The director of accounts and reports is hereby directed to draw warrants upon the state treasurer against the money in the special employment security fund for the use and purposes authorized under this section upon vouchers, approved by the secretary of human resources, and accompanied by the written authorization of the governor and the secretary of human resources. The moneys in this fund are hereby specifically made available to replace, within a reasonable time, any moneys received by this state pursuant to section 302 of the federal social security act, as amended, which, because of any action or contingency, have been lost or have been expended for purposes other than, or in amounts in excess of, those necessary for the proper administration of the employment security law. The moneys in this fund shall be continuously available to the secretary of human resources for expenditure in accordance with the provisions of this section and shall not lapse at any time or be transferred to any other fund, except as otherwise authorized in subsection (c) or subsection (d).

(c) In addition to expenditures authorized by this section, the director of accounts and reports may transfer funds from the special employment security fund to the accounting services recovery fund as provided in K.S.A. ~~75-3728b~~ and 75-6210 and amendments thereto.

(d) In addition to expenditures authorized by this section, the director of accounts and reports is directed and authorized to transfer funds from the special employment security fund to the department of human resources federal indirect cost offset fund on July 1 of each year in the amount contained in appropriation bills to be expended from the federal indirect cost offset fund for that fiscal year.

(e) In addition to expenditures authorized by this section, the director of accounts and reports is directed and authorized to transfer funds from the special employment security fund to the clearing account of the employment security fund to be expended in the payment of interest due employers from erroneously collected contributions or benefit cost payments as provided in subsection (h) of K.S.A. 44-717 and amendments thereto.

Sec. 2. K.S.A. 2003 Supp. 60-2310 is hereby amended to read as follows: 60-2310. (a) *Definitions*. As used in this act and the acts of which this act is amendatory, unless the context otherwise requires, the following words and phrases shall have the meanings respectively ascribed to them:

1 (1) "Earnings" means compensation paid or payable for personal
2 services, whether denominated as wages, salary, commission, bonus or
3 otherwise;

4 (2) "disposable earnings" means that part of the earnings of any in-
5 dividual remaining after the deduction from such earnings of any amounts
6 required by law to be withheld;

7 (3) "wage garnishment" means any legal or equitable procedure
8 through which the earnings of any individual are required to be withheld
9 for payment of any debt; and

10 (4) "federal minimum hourly wage" means that wage prescribed by
11 subsection (a)(1) of section 6 of the federal fair labor standards act of
12 1938, and any amendments thereto.

13 (b) *Restriction on wage garnishment.* Subject to the provisions of sub-
14 section (e), only the aggregate disposable earnings of an individual may
15 be subjected to wage garnishment. The maximum part of such earnings
16 of any wage earning individual which may be subjected to wage garnish-
17 ment for any workweek or multiple thereof may not exceed the lesser of:
18 (1) Twenty-five percent of the individual's aggregate disposable earnings
19 for that workweek or multiple thereof; (2) the amount by which the in-
20 dividual's aggregate disposable earnings for that workweek or multiple
21 thereof exceed an amount equal to 30 times the federal minimum hourly
22 wage, or equivalent multiple thereof for such longer period; or (3) the
23 amount of the plaintiff's claim as found in the order for garnishment. No
24 one creditor may issue more than one garnishment against the earnings
25 of the same judgment debtor during any one 30-day period, but the court
26 shall allow the creditor to file amendments or corrections of names or
27 addresses of any party to the order of garnishment at any time. In an-
28 swering such order the garnishee-employer shall withhold from all earn-
29 ings of the judgment-debtor for any pay period or periods ending during
30 such 30-day period an amount or amounts as are allowed and required
31 by law. Nothing in this act shall be construed as charging the plaintiff in
32 any garnishment action with the knowledge of the amount of any de-
33 fendant's earnings prior to the commencement of such garnishment
34 action.

35 (c) *Sickness preventing work.* If any debtor is prevented from work-
36 ing at the debtor's regular trade, profession or calling for any period
37 greater than two weeks because of illness of the debtor or any member
38 of the family of the debtor, and this fact is shown by the affidavit of the
39 debtor, the provisions of this section shall not be invoked against any such
40 debtor until after the expiration of two months after recovery from such
41 illness.

42 (d) *Assignment of account.* If any person, firm or corporation sells or
assigns an account to any person or collecting agency, that person, firm

or corporation or their assignees shall not have or be entitled to the benefits of wage garnishment. The provision of this subsection shall not apply to the following:

(1) Assignments of support rights to the secretary of social and rehabilitation services pursuant to K.S.A. 39-709 and 39-756, and amendments thereto, and support enforcement actions conducted by court trustees pursuant to K.S.A. 23-492, *et seq.*, and amendments thereto;

(2) support rights which have been assigned to any other state pursuant to title IV-D of the federal social security act (42 U.S.C. § 651 *et seq.*); or

~~(3) assignments of accounts receivable or taxes receivable to the director of accounts and reports made under K.S.A. 75-3728b and amendments thereto; or~~

~~(4) (3) collections pursuant to contracts entered into in accordance with K.S.A. 75-719 and amendments thereto involving the collection of restitution or debts to district courts.~~

(e) *Exceptions to restrictions on wage garnishment.* The restrictions on the amount of disposable earnings subject to wage garnishment as provided in subsection (b) shall not apply in the following instances:

(1) Any order of any court for the support of any person, including any order for support in the form of alimony, but the foregoing shall be subject to the restriction provided for in subsection (g);

(2) any order of any court of bankruptcy under chapter XIII of the federal bankruptcy act; and

(3) any debt due for any state or federal tax.

(f) *Prohibition on courts.* No court of this state may make, execute or enforce any order or process in violation of this section.

(g) The maximum part of the aggregate disposable earnings of an individual for any workweek which is subject to garnishment to enforce any order for the support of any person shall not exceed:

(1) If the individual is supporting a spouse or dependent child (other than a spouse or child with respect to whose support such order is used), 50% of the individual's disposable earnings for that week;

(2) if the individual is not supporting a spouse or dependent child described in clause (1), 60% of such individual's disposable earnings for that week; and

(3) with respect to the disposable earnings of any individual for any workweek, the 50% specified in clause (1) shall be 55% and the 60% specified in clause (2) shall be 65%, if such earnings are subject to garnishment to enforce a support order for a period which is prior to the twelve-week period which ends with the beginning of such workweek.

Sec. 3. K.S.A. 2003 Supp. 75-6210 is hereby amended to read as follows: 75-6210. (a) Upon completion of a setoff transaction, the director

1 shall transfer the net proceeds collected to the account or fund of the
 2 state agency, ~~foreign state agency to which the debt was owed or shall~~
 3 ~~pay the net proceeds collected to the~~ municipality, ~~foreign state agency or~~
 4 ~~court~~ to which the debt was owed.

5 (b) ~~From the gross proceeds collected by the director through setoff,~~
 6 ~~the director shall retain a reasonable collection assistance fee in an~~
 7 ~~amount based on cost, as determined by generally accepted cost allocation~~
 8 ~~techniques, except that in the case of transactions for collection of debts~~
 9 ~~arising from the employment security law such fee shall not exceed \$300~~
 10 ~~for any transaction. The director shall retain a reasonable collection as-~~
 11 ~~sistance fee from the gross proceeds of collections collected through setoff~~
 12 ~~on behalf of the following entities:~~

13 (1) a state agency in an amount not to exceed 20%;

14 (2) a municipality ~~as in an amount~~ specified in an agreement entered
 15 into pursuant to K.S.A. 75-6204, and amendments thereto, ~~or;~~ [, or]

16 (3) a foreign state agency in ~~such an amount as~~ specified in the re-
 17 ciprocal agreement entered into pursuant to K.S.A. 75-6215, and amend-
 18 ments thereto, ~~or~~

19 ~~(4) a court in an amount specified in a contract entered into pursuant~~
 20 ~~to K.S.A. 75-719, and amendments thereto.]~~

21 The director may credit a
 22 portion of the collection assistance fee to the appropriate account or fund
 23 of any other state agency that has incurred expenses in assisting in the
 24 collection of the debt. The amount of the collection assistance fee re-
 25 tained by the director shall be remitted to the state treasurer in accord-
 26 ance with the provisions of K.S.A. 75-4215, and amendments thereto.
 27 Upon receipt of each ~~such~~ remittance, the state treasurer shall deposit
 28 the entire amount in the state treasury to the credit of the accounting
 29 services recovery fund.

30 (c) Upon receipt by the state agency, ~~foreign state agency or munic-~~
 31 ~~ipality~~ of the net proceeds collected, the state agency, ~~foreign state agency~~
 32 ~~or municipality~~ shall credit the debtor's obligation in the amount of the
 33 gross proceeds collected.

34 (d) Except as otherwise prescribed by the director or the secretary
 35 of administration, any state agency, foreign state agency or municipality
 36 which receives any payment from a debtor after notification to the debtor
 37 under K.S.A. 75-6206, and amendments thereto, other than payments
 38 collected pursuant to K.S.A. 44-718, and amendments thereto, or col-
 39 lected through the federal government or judicial process, shall remit the
 40 collection assistance fee imposed under subsection (b) to the director
 41 which shall be credited to the accounting services recovery fund. If a state
 42 agency fails to remit the collection assistance fee as required by this sub-
 section, the director may transfer an amount equal to such collection
 assistance fee from the appropriate account or fund of the state agency

1 to the accounting services recovery fund. If a foreign state agency or
2 municipality fails to remit the collection assistance fee as required by this
3 subsection, the director may seek collection of ~~such~~ *the* fee in ~~such~~ *any*
4 manner ~~as may be~~ allowed by law.

5 (e) In cases involving the collection of debts arising from the em-
6 ployment security law, the entire amount collected shall be credited to
7 the employment security fund and the collection assistance fee shall be
8 transferred from the special employment security fund to the accounting
9 services recovery fund.

10 Sec. 4. K.S.A. 44-716a, 75-3728a, 75-3728c and 75-3728d and K.S.A.
11 2003 Supp. 60-2310, 75-3728b and 75-6210 are hereby repealed.

12 Sec. 5. This act shall take effect and be in force from and after its
13 publication in the statute book.

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