

MINUTES OF THE HOUSE TAXATION COMMITTEE

The meeting was called to order by Chairman Kenny Wilk at 2:30 P.M. on March 27, 2007 in Room 519-S of the Capitol.

All members were present except:

Representative David Crum - E
Representative Melody Miller- E
Representative Arlen Siegfried- E
Representative Ron Worley - E

Committee staff present:

Chris Courtwright, Legislative Research Department
Martha Dorsey, Legislative Research Department
Gordon Self, Office of Revisor of Statutes
Rose Marie Glatt, Committee Secretary

Conferees appearing before the committee:

Representative Candy Ruff

It was noted that the minutes from February 7, 8, March 13, 14, 15, 16, 2007 were sent electronically to the Committee on March 20 and, by consensus approved on March 27, 2007.

SB 144 - School finance; renewal of statewide property tax levy and exemption therefrom.

The Chairman stated the Tax Committee had been asked to take up **SB 144**, the renewal of the 20 mill tax levy, which passed this morning on the floor on **SB 198**. It was his intention to gut the bill and insert the contents of **HB 2210** into **SB 144**.

HB 2210 - Kansas veterans affairs; service grant programs.

He opened the informational hearing on **HB 2210** and asked Representative Candy Ruff to the podium to brief the Committee on the bill.

Representative Ruff said that **HB 2210**, as amended, would amend the Veterans Claims Assistance Program (VCAP) by adding additional eligibility criteria for the Veterans Service Organizations (VSOs) to receive a service grant. She distributed a memorandum and explained the history and intent of the bill (Attachment 1).

The Chairman said the bill had gone through the Veterans Affairs Committee, had extended hearings, with much consideration and several amendments added. The bill passed the House 123-0.

The Chairman closed the informational hearing.

Representative Menghini moved that a substitute bill be created for **SB 144** and the contents of **HB 2210** be inserted. Representative Goyle seconded the motion. The motion carried.

Representative Hayzlett made the motion to move out **Sub for SB 144**, favorably. Representative Holland seconded the motion. The motion carried.

He thanked Staff members, Secretary Wagnon and her staff, including Bruce Larkin, and secretaries for their hard work. The Chairman said that in his tenure as Chair, he had never worked with a finer Committee. He commended each of them for their work and encouraged them not to lose their sense of curiosity about issues before them. He concluded by saying it was a privilege and honor to serve with them this session. Representative Holland commended the Chairman on his strong leadership skills and the way he judiciously ran the Committee. Representative Carlson thanked the Committee. The meeting was adjourned at 2:45 p.m. The next meeting is April 25, 2007.

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COMMITTEE ASSIGNMENTS
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 MEMBER: JOINT COMMITTEE ON ARTS AND
 CULTURAL RESOURCES

To: Members of the Senate Federal and State Affairs Committee

From: Rep. L. Candy Ruff

Re: Testimony for HB 2210

Date: March 15, 2007

When the Kansas Legislature passed SB 396 last year, Sen. Ralph Ostmeyer and I knew there would be some tweaking this year to the Veteran Claims Assistance Program. The bill before you today, HB 2210, not only includes some clean up language for the claims program, it also represents provisions we had hoped could be addressed in rules and regulations. Commissioners for the Kansas Commission on Veterans Affairs rejected some of the work done by the Advisory Council (created in SB 396), asking that eligibility criteria for the Veteran Service Organizations (VSO) be placed in statute.

HB 2210 spells out that eligibility keeping in mind the perimeters of our legislative intent. When the decision was made last year to dissolve the over 60-year dual employment relationship between the state and the American Legion and Veterans of Foreign Wars (VFW), the claims program was designed to replicate existing veteran services at the three veteran hospitals in Kansas. KCVA would continue its rural/outreach efforts with veteran service representatives (VSRs) who served as points of intake in the process of veterans seeking benefits from the Veterans Administration. And now, using funds from the claims program as well as their own money, the eligible VSOs would not only process VA benefit claims taken at the three VA hospitals, but also referrals from the KCVA.

Following examples from the state of Washington as well as other states, the legislation last year directed KCVA to initiate the most important aspect of the new claims program, a quality control initiative operated at the Wichita office. All claim requests for VA benefits, whether from a KCVA intake worker or from a VSO in a hospital, were directed to the central clearing point to be logged in, checked for thoroughness and proper documentation and then forwarded to the VSO named by the veteran as his/her power of attorney. Not only does this quality control measure guarantee a reduction on the number of errors in the initial application process, but reduces the number of claims that are appealed because of incomplete information or improper documentation.

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When criteria for the claims program was discussed last year, several items stood out. Because the state was dissolving a long-time relationship with VSOs (American Legion and VFS) who had been permanent fixtures in the three VA hospitals for decades, those eligible for the new funding would need to have a similar presence. At the time, Rep. Lee Tafanelli described these VSOs as having "a large footprint in Kansas," and our Advisory Council endeavored to come up with criteria that fit the description, which you will see on page three of the bill.

What I take exception to is the inference that these criteria somehow intentionally excluded the Disabled American Veterans. Frankly, the DAV had eliminated itself from consideration long before the claims program was created. Twice the DAV entered into short-time dual employment arrangements with the state, once in the late 1950s and again in the mid-1980s. Both times, the group voluntarily left state service because it did not want to comply with our reporting requirements. From what I understand of the circumstances, the DAV balked at sharing the contents of its files and the reporting obligations required of any VSO doing business with the state.

When the quality control component of the claims program became evident last year, the DAV showed no interest in participating. Not only would it not submit its claims to be reviewed for thoroughness and completeness, the DAV was not inclined to have its claims tracked for appeals. In fact, it was KCVA's executive director George Webb's claim that DAV was responsible for 90 percent of the appeals being handled by the VA hearing officers in Wichita that prompted me to look into the appeals process.

Because the Kansas Legislature has its own sources of information, I was able to secure from the Veterans Administration details on the appeals process or what it calls remands. More often than not appeals occurred because additional information was needed or the original claim application was not completed correctly. Of course, when disability claims were denied, an appeal also took place to protest the denial. The VA said Mr. Webb was quoting its Board of Veterans Appeals' hearing schedule for the last week of March, when the DAV was slated to appear on 32 appeals, American Legion, 4; and VFW, 2. However, the statistics nationwide follow a similar pattern with the DAV accounting for nearly 40 percent of the appeals, the American Legion at 17 percent, and the VFW at nearly nine percent.

The issue of cross accreditation is one that deserves attention. Although this bill calls for VSOs in the claims program to cross accredit not only one another but those KCVA personnel who work at the Wichita regional office. Frankly, cross accreditation needs to be extended further to those KCVA VSRs who work in regional offices and need access to veteran records. Because of the dictates that govern access to records in the Veterans Administration, it is impossible to view them on a "read only" basis. However, the VSOs being asked to offer this accreditation are hesitant about the details. When this bill is worked, the amendment I intend to offer will address those concerns.

Besides the veterans claims program, this bill also affirms the state's policy in regards to KCVA serving as its own veteran service organization. Although a recent Attorney General's opinion said the state agency could serve as a veteran's power of attorney when it came to taking and processing benefit claims, this bill clarifies the state's policy. During the Oct. 20, 2006, KCVA commissioners' meeting, Vice Chairman Ed Wieggers said it was not the Commission's intention to have KCVA handle claims from start to finish. The language in the amendment Rep. Jan Pauls assisted me in drafting affirms Commissioner Wieggers' statement.

I realize this is a policy first established in the early 1950s and there may be some who feel as though its' time has come. But I have to disagree. There are nine VSOs in Kansas who serve as power of attorney for veterans seeking help from the VA from burial assistance to disability benefits. In testimony

presented last year to our Veterans committee, there were only three instances in the past 11 years when a veteran did not want to use any of the VSOs. When a veteran designates a Power of Attorney, he places faith in that VSO to represent him from start to finish no matter how complicated his claim gets or no matter what legal or medical assistance will be required. The state should not get itself into a potential costly situation by allowing KCVA to serve as its own VSO. And the idea of KCVA passing off the more costly and complicated claim cases to another VSO when it looks like they could become liable for the state is insulting to the veteran who placed his faith in KCVA in the first place.

HB 2210 takes the Veterans Claims Assistance Program into its second year by placing its eligibility criteria in statute, and clarifying the state's position on KCVA of not assuming the position of a veteran's service organization. Because the state had a decades-long relationship with the VFW and American Legion, it was only natural that these two VSOs would inherit the initial phase of the claims program. It was never the intention of last year's committee to completely eliminate other VSOs from participation. Although our goal in creating this program was to replicate the existing services already being given to veterans in the three VA hospitals in Kansas, we hoped that after the program was in affect for a few years, it could be expanded.

When this bill is worked, it is my intention to call for a Legislative Post Audit at the end of three years to evaluate the program's effectiveness. With that information in hand, I will be the first to suggest changes in the program that opens it up to the VSOs with a presence in at least one of the VA hospitals in Kansas.