

MINUTES OF THE SENATE FEDERAL AND STATE AFFAIRS COMMITTEE

The meeting was called to order by Chairman Pete Brungardt at 10:30 a.m. on January 24, 2007 in Room 231-N of the Capitol.

All members were present.

Committee staff present:

Kathie Sparks, Kansas Legislative Research Department
Dennis Hodgins, Kansas Legislative Research Department
Ken Wilke, Revisor of Statutes Office
Connie Burns, Committee Assistant

Conferees appearing before the committee:

Senator Schodorf
Christie Brandau, State Librarian
Rosanne Siemans, The Library Association
Micaela Ayres, Library Services
Thomas Groneman, Alcoholic Beverages Control

Others attending:

See attached list.

Steve Kearney, Kansas Surgical Hospitals Association, requested a bill introduction that relates to assignment of insurance payments for covered services. (Attachment 1)

Senator Gilstrap moved that this request should be introduced as a committee bill. Senator Reitz seconded the motion. The motion carried.

SB 67 - Libraries; creating the state library board and related entities

Chairman Brungardt opened the hearing on **SB 67**.

Staff provided the committee with an overview of the bill.

Senator Jean Schodorf spoke in favor of the bill. (Attachment 2) The bill focuses on the consolidation of the State Library Advisory Commission and the Kansas Library Network Board; if enacted these two entities will become the State Library of Kansas Board. This consolidation would help to centralize and simplify the current system in place for the administration of the state's library system by combining two similar entities into one uniform agency.

Christie Brandau, State Librarian, State Library of Kansas, appeared in favor of the bill. (Attachment 3) The bill reduces the number of library policy boards for the state Library of Kansas from two to one, and the membership from a total of 18 to 14; the reorganization will be more effective and efficient.

Rosanne Siemens, Executive Director, Kansas Library Association, spoke in favor of the bill. (Attachment 4) The reorganizing of the State Library Board is to better serve libraries in Kansas and to serve those who use the libraries; this will eliminate the confusion in the library community and the public. The 1,600 members of KLA support the bill.

Micaela Ayers, Chairperson of the Kansas Library Commission and the Director of Library Service, Butler Community College, appeared as a proponent of the bill. (Attachment 5) A wide variety of library personalities and library constituencies have contributed and support the bill; the bill will make it easier for libraries of all types and locals to talk and work together toward better library service for the entire state of Kansas.

The committee asked about having some language in the bill to promote cooperation with the KAN-ED network to ensure the inclusion of libraries on the network and continued availability of statewide library reference resources.

CONTINUATION SHEET

MINUTES OF THE Senate Federal and State Affairs Committee at 10:30 a.m. on January 24, 2007 in Room 231-N of the Capitol.

Chairman Brungardt closed the hearing on **SB 67**.

Thomas Groneman, Director of Division of Alcoholic Beverage Control, (ABC) provided a briefing on Alcoholic Beverage Control Division for the committee. (Attachment 6) The number one priority of the ABC Division is that they fairly administer and enforce the liquor laws in Kansas and ensure compliance and maintain a level playing field among all licensees. As part of the Department of Revenue, their duty is to see that all applicable liquor taxes due and owing are collected. There are three organizational units: licensing, administration and enforcement. Licensing is functionally part of the Customer Relations Bureau with the Division of Tax Operations, but under the authority of the Director of ABC for issues related to liquor licenses.

In 2006 licensing processed in excess of 3,900 renewals and new license applications for retail liquor stores, distributors, manufacturers, farm wineries, micro breweries, on-premise establishments (class "A" clubs, class "B" clubs and Drinking Establishments), caterers, suppliers and temporary permit holders. Licensing handled 33,764 phone calls and assisted 1,955 walk in customers, licenses are issued and renewed on an annual basis. Licensing collects gallonage taxes, liquor drink taxes, liquor excise taxes, sales taxes and withholding taxes.

The Enforcement unit provides investigative support for the ABC Direct and Chief Enforcement Officer. Enforcement agents are certified law enforcement officers; they conduct criminal and administrative investigations to determine compliance with liquor laws, provide training to licensees and local law enforcement officers; conduct controlled buy operations and bar checks; investigate complaints and hidden ownerships; and perform routine compliance checks.

ABC has been assigned other programs to administer, including conducting the compliance checks for the Master Tobacco Settlement Agreement (SYNAR), and under the SYNAR a state must maintain a minimum compliance rate of 80% or risk losing a portion of the monies allocated to the state under the agreement.

Senate Bill **297** was enacted in 2006; the bill had several provisions pertaining to the direct shipment of wine; the bill allowed Kansas farm wineries and out-of-state wineries to ship directly to a Kansas consumer under certain circumstances. In addition, the bill provided for the sale of wine and beer at the state fair; the State Fair Board chose not to contract for the sale of beer and wine. Senate Bill **298** was passed in 2005 allowing for issuance of retail liquor licenses with all cities in the state, unless the city passed an ordinance prohibiting such sales, and to date there are four cities that have notified ABC that they have opted to go dry. The bill also allowed expanded hours and 58 cities and two counties have notified ABC of expanded hours.

Included were maps showing on and off-premise licenses, a listing of cities /counties adopting expanded hours, and cities opting to be dry. (Attachment 7)

The meeting was adjourned at 11:30 am. The next scheduled meeting is January 25, 2007.

SENATE FEDERAL AND STATE AFFAIRS COMMITTEE
GUEST LIST

DATE 1-24-07

NAME	REPRESENTING
Lindsay Douglas	Hein Law Firm
Jamie Katsoulas	TICBC
Micaela Ayers	State Library SLAC/KLNB
Rosanne Siemens	Kansas Pulper Association
Christie Brandau	State Library of Kansas
Mare Ballant	State Library of Kansas
Tom Groneman	ABC
Mike Padilla	ABC
Phil Wilkes	ABC
Debbi Beavers	ABC
HOLLI JOHNSON	ABC
Pam & Neil	ABC
Charles Kerts	Senate Intern
Jean Schreyer	Senator
Michael Hopper	Kearney & Assoc.
STEUZ KEARNEY	" "

SENATE BILL NO. _____

AN ACT concerning health insurance; relating to assignment of insurance payments for covered services.

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

Section 1. This act shall be known as the expanded access to health care act.

Section 2. All policies and certificates providing benefits for medical care issued on or after July 1, 2007 must contain a provision permitting the insured to assign benefits for such care to the provider of the care. An assignment of benefits under this section does not affect or limit the payment of benefits otherwise payable under the policy or certificate.

Section 3. When any insurance entity has notice of such assignment prior to such payment, any payment to the insured shall not release said entity from liability to the provider to which the benefits have been assigned, nor shall such payment be a defense to any action by the provider against that entity to collect the assigned benefits.

Section 4. This act shall take effect and be in force from and after its publication in the statute book.

JEAN KURTIS SCHODORF

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January 24, 2007

Testimony presented to
Senate Federal and State Affairs Committee
by Senator Jean Kurtis Schodorf
Senate Bill 67

Senate Bill 67 focuses on the consolidation of the State Library Advisory Commission and the Kansas Library Network Board. If this bill is enacted, these two entities will become the State Library of Kansas Board. The new board will consist of fourteen members, seven of which will be professional librarians who will be appointed by the governor. One member will be a trustee of a public library, two members will represent the general public, and one will be a member of the Kansas Federation of Women's Clubs. The final three members will be comprised of the executive officer of the Board, the Commissioner of Education, and the State Librarian. The State Library Advisory Commission currently has eight members, and the Kansas Library Network Board has ten members.

This bill will serve to consolidate two entities into one unified body. Both boards are in support of this merge into the State Library of Kansas Board. All employees of the abolished boards will be incorporated into the State Library of Kansas Board. This new board will have the same duties, responsibilities, and powers as the two boards that this bill will abolish. In essence, this will cut down on overall government while centralizing power and responsibility within our state library system. The duties of each board are located in Kansas statutes: K.S.A 75-2580, Kansas Library Network Board, and K.S.A 75-2546, Kansas Library Advisory Commission. This consolidation would help to centralize and simplify the current system in place for the administration of the state's library system by combining two similar entities into one uniform agency.

January 24, 2007

To: Senate Federal and State Affairs Committee

- Senator Pete Brungardt, Chair
- Senator Roger Reitz, Vice Chair
- Senator Karin Brownlee
- Senator James Barnett
- Senator Julia Lynn
- Senator Ralph Ostmeyer
- Senator John Vratil
- Senator Mark Gilstrap
- Senator Anthony Hensley

From: Christie Brandau, State Librarian
State Library of Kansas

Re: SB 67, Combining the Kansas Library Advisory Commission and the Kansas Library Network Board

Mr. Chairman and committee members, thank you for the opportunity to visit with you about the merits of SB 67.

SB 67 will repeal the current State Library Advisory Commission (SLAC), created in 1963, and the Kansas Library Network Board (KLNB) created in 1981, and replace it with the State Library of Kansas Board. This bill reduces the number of State Library policy boards from two to one and establishes that there is just one board charged with this function in state government. The new board will consist of eleven voting members and three ex officio members.

A little background on the two existing boards:

1. The State Library Advisory Commission has served as the State Library's primary governing board for many years. It has long been a board with representation from libraries and the public, helping to advise the State Library in its role of providing Kansans with the best possible library service.
2. The Kansas Library Network Board was created to foster greater resource sharing among all types of Kansas libraries. KLNB also came to serve as a type of R&D shop where resource sharing concepts, often aided by new technology, could be studied and tested and recommended for implementation. The KLNB hired a director, and that person reported to the board, but was housed and funded by the State Library of Kansas.

The KLNB launched several successful projects, and a long list of some of the most talented librarians in Kansas have served among its board members.

But, even while the KLNB was successful, there has also been confusion about its place and mission juxtaposed with the State Library Advisory Commission. On occasion, there has also been a less-than-perfect transition from research expectation and the State Library's ability to marshal needed resources to bring a concept to fruition. There has also been a less-than-clear understanding about the reporting obligations of the KLNB Executive Director. In statute, this position reports to the KLNB, but in practice, this position is housed in the State Library and funded by the State Library which, of course, operates under the direction of the State Library Advisory Commission.

What we propose continues the duties of the long-standing State Library Advisory Commission while folding in the broad-based membership and the emphasis on resource sharing of the KLNB to create one State Library of Kansas Board.

The proposal before you, and the details in the bill, have been worked out and agreed to by major sectors of the Kansas library community. In fact, there is such support for the combination of these boards that their membership has been meeting jointly since the spring of 2006... and it is working very well.

In summary, this bill reduces the number of library policy boards for the State Library of Kansas from two to one, and the membership from a total of 18 to 14. We believe this bill represents a reorganization that will be more effective and efficient. At the same time, we believe the reorganization proposed here will allow libraries to speak to you, to your constituents and to library users throughout the state with a single and stronger voice.

We encourage your support of SB 67.



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January 24, 2007

Senator Brungardt, and members of the Senate Federal and State Affairs Committee, my testimony is short.

I have been asked to convey to you by the KLA Council and the membership of the association that KLA supports this bill.

It was in the thoughtful process of reorganizing the State Library in order to better serve libraries in Kansas, and to ultimately serve those who use libraries, that Christie Brandau, State Librarian, had the idea to combine both the State Library Advisory Commission and the Kansas Library Network Board. Having served on both boards (at different times in my career), I was often asked to explain how they were different and what roles they served. This indicated confusion as to why both boards existed. Combining these boards eliminates that confusion, in the library community, and to the public.

Any time two boards are doing the work one board can do, combining them becomes more efficient.

I have heard no negative comment about SB 67. This idea and change was well received by the members of both boards and by the library community in Kansas. If there are opponents I am not aware of who they might be and why they would not approve of such a smart change.

I am here today on behalf of the 1,600 members of KLA to ask you to support SB 67.

Please feel free to contact me at kansaslibraryassociation@yahoo.com if you have questions.

Thank you,

Rosanne Siemens, Executive Director

January 24, 2007

To: Senate Federal and State Affairs Committee

Senator Pete Brungardt, Chair
Senator Roger Reitz, Vice Chair
Senator Karin Brownlee
Senator James Barnett
Senator Julia Lynn
Senator Ralph Ostmeyer
Senator John Vratil
Senator Mark Gilstrap
Senator Anthony Hensley

From: Micaela Ayers
Director of Library Services
Butler Community College
El Dorado, Kansas

Re: SB 67, Combining the Kansas Library Advisory Commission and the Kansas Library Network Board

Good Morning.

Thank you for the opportunity to visit with you about SB 67.

My name is Micaela Ayers. I am the Director of Library Services for Butler Community College in El Dorado, Kansas.

I'm also the current chairperson of the Kansas Library Commission.

As Christie has explained, SB 67 would combine the Kansas Library Commission and the Kansas Library Network Board into one board to be called the State Library of Kansas Board.

I am here to convey to you that this is a good thing. A wide variety of library personalities and library constituencies have contributed to what is now spelled out in SB 67.

Members of both boards have been meeting together now since last spring and they have been productive and effective.

All of the members of both boards support SB 67. In fact, I think it is fair to say the entire Kansas library community supports this proposal.

This is an efficiency measure. The adoption of SB 67 will make it easier for libraries of all types and locals to talk together and work together toward better library service for the entire state of Kansas.

I encourage you to approve SB 67.

Sen Fed & State

Attachment 5
1-24-07

**Briefing on Alcoholic Beverage Control Division
to
The Senate Committee on Federal and State Affairs**

**by Thomas W. Groneman
Director**

January 24, 2007

Mr. Chairman, Members of the Committee, it is my pleasure to appear before you today to present a brief overview of the Alcoholic Beverage Control Division (ABC).

The number one priority of the Alcoholic Beverage Control Division is to fairly administer and enforce the liquor laws in Kansas to ensure compliance and to maintain a level playing field among all licensees. Also, as part of the Department of Revenue, it is our duty to see that all applicable liquor taxes due and owing are collected.

The division is divided into three organizational units: licensing, administration and enforcement. Licensing is functionally part of the Customer Relations Bureau within the Division of Tax Operations, but under the authority of the Director of ABC for issues related to liquor licenses.

In 2006, licensing processed in excess of 3,900 renewal and new license applications for retail liquor stores, distributors, manufacturers, farm wineries, microbreweries, on-premise establishments (class "A" clubs, class "B" clubs and Drinking Establishments), caterers, suppliers and temporary permit holders. In addition, licensing handled 33,764 phone calls and assisted 1,955 walk-in customers. Licenses are issued and renewed on an annual basis. Following is a breakdown of licenses by license type for years 2004 through 2006:

	2004	2005	2006
Retail liquor stores	717	724	731
Class "A" clubs	317	315	315
Class "B" clubs	158	155	150
Drinking Establishments	1,509	1,565	1,674
Caterers	111	117	120
Beer Distributors	44	44	42
Spirits Distributors	7	7	6
Wine Distributors	10	11	8
Microbreweries	9	12	14
Farm Wineries	14	16	18
Outlets	5	5	6
Manufacturers	5	6	6
Temporary Permits	338	309	328
Supplier Permits	556	547	565
Total	3,807	3,841	3,983

In addition, licensing collects gallonage taxes, liquor drink taxes, liquor excise taxes, sales taxes and withholding taxes. The following liquor related taxes were collected during fy2004-fy2007 (6 mo.).

Gallonage Tax Rates				
	Alcohol/Spirits	\$2.50 per gallon		
	Fortified Wine	.70 per gallon		
	Light Wine	.30 per gallon		
	Beer/CMB	.18 per gallon		
	2004	2005	2006	2007
Gallonage*	\$16,614,792.35	\$18,572,138.80	\$19,598,134	\$10,330,147
Liquor Enforcement	\$40,256,465.86	\$41,903,994.57	\$44,264,770	\$22,974,765
Liquor Excise**	\$28,614,009.98	\$29,770,339.35	\$32,051,923	\$16,532,263

*10% of gallonage tax goes to SRS Community Alcoholism and Intoxication Program and the remainder to the state general fund.

** 70% of Liquor Excise Tax goes to Local Alcoholic Liquor fund, 5% goes to the SRS Community Intoxication Program and 25% to the state general fund.

The ABC administrative unit performs general staff support for the Director and Chief Enforcement Officer and related work such as budget preparation, personnel record keeping, property management, records management, performs background investigations on licensees and coordinates the divisions activities. ABC has 37 full-time funded positions. Currently all positions are filled. The FY2007 budget for ABC is \$2,538,839 comprised of \$2,109,156 salary and wages and \$429,683 other operating expenses.

The Enforcement unit provides investigative support for the ABC Director and Chief Enforcement Officer. Enforcement agents are certified law enforcement officers. They conduct criminal and administrative investigations to determine compliance with liquor laws. Agents provide training to licensees and local law enforcement officers; conduct controlled buy operations and bar checks; investigate complaints and hidden ownerships; and perform routine compliance checks. Enforcement works closely with local, state and federal law enforcement agencies as well as the Division of Taxation in carrying out these activities. Investigations resulting in alleged violations are presented to the County or District Attorney for criminal prosecution against the individual, and/or the ABC Assistant Attorney General (AAG) for administrative action against the licensee.

	2006	2007
Inspection Compliance checks	1122	751
Violations	154	62
Compliance Rate	86%	92%
Random Control Buys	406	260
Violations	73	88
Compliance Rate	82%	66%

The Licensee Administrative Action (LAA) section is staffed by the Assistant Attorney General (AAG) assigned to the ABC, a paralegal and two support staff. The AAG reviews the cases presented by the enforcement section and local law enforcement agencies to determine the appropriateness of the charges and administratively prosecutes violations of the liquor laws before the Director or his designee. The Director and the AAG are responsible for the disposition of all liquor related administrative citations brought forth by the investigative activities of the Enforcement section and other law enforcement agencies. Following are the number of citations issued for FY2005 through FY2007 and the total fines collected for those years:

	FY2006	FY2007
Citations issued		
Liquor violations	427	351
Tax orders	380	143
Fines collected		
Liquor violations	\$111,906	\$155,356
Tax orders	\$326,100	\$ 53,350

Over the years the ABC has been assigned other programs to administer, including conducting the compliance checks for the Master Tobacco Settlement Agreement (SYNAR). Under SYNAR a state must maintain a minimum compliance rate of 80% or risk losing a portion of the monies allocated to the state under the agreement. During FFY2006 ABC agents and Underage Cooperating Individuals (UCI's) performed 447 random buy attempts resulting in 88 sales for a 80.31% compliance rate. This compares to FFY2005 results as follows:

	FFY2005	FFY2006
Attempted buys	552	447
Sales made	108	88
Compliance rate	80.8%	80.31%

In addition, ABC agents are responsible for levying drug tax assessments across the state. During FY2006 agents made 461 drug tax assessments totaling \$4,919,169 resulting in collections of \$867,720.

	Assessments	Amount	Collected
FY05	313	\$4,068,574	\$923,040
FY06	461	\$4,919,169	\$867,720
FY07 (6 mo.)	197	\$2,068,153	\$354,720

Senate Bill 297 was enacted in 2006. This bill had several provisions pertaining to the direct shipment of wine, the bill allowed Kansas farm wineries and out-of-state wineries to ship directly to a Kansas consumer under certain circumstances 1) consumer had to be physically present at the winery at the time of purchase 2) wine had to be for personal consumption and not for resale 3) the purchaser had to be 21 years of age 4) purchaser was to remit all applicable taxes to the state. To date we have received 15 individual gallonage tax returns amounting to \$216.09. **Second**, the bill provided for wineries in-state and out-of-state that produce less than 100,000 gallons of wine a year to apply for a direct shipping permit. The permit

would allow the shipment of wine purchased over the internet, phone, mail, etc. to Kansas consumers through a retail liquor store designated by the purchaser. The store notifies the purchaser when the shipment arrives; the purchaser goes to the liquor store, picks up the wine and pays the applicable taxes and handling fees. The process for wineries which produce more than 100,000 gallons of wine a year is basically the same except that the winery ships the wine first to a distributor who delivers the wine to the designated retailer. To date we have issued 36 shipping permits; consisting of 8 large winery permits and 28 small winery permits which include 2 in-state wineries. There have been 10 shipments reported received by the retail liquor stores with a total \$255.49 enforcement tax collected. **Third**, the bill allowed Kansas farm wineries to ship to consumers outside the state in accordance with that state's laws.

In addition, Senate Bill 297 provided for the sale of wine and beer at the state fair. It allowed the ABC to issue a temporary permit for the duration of the fair to a vendor that had entered into a contract with the State Fair Board. In 2006, the State Fair Board chose not to contract for the sale of beer and wine.

Senate Bill 298 (uniformity bill) was passed in 2005 allowed for the issuance of retail liquor licenses within all cities in the state, unless the city passed an ordinance prohibiting such sales. To date there are four cities that have notified ABC that they have opted to go dry. Senate Bill 298 also nullified all previous charter ordinances passed by cities and counties opting out of certain provisions of the liquor control act, mainly hours of operation. However, the bill allowed cities and counties to pass an ordinance or resolution, subject to a protest petition, to expand hours of sale for retail liquor and cereal malt beverage to include Sundays, except Easter, from 12 noon to 8:00 p.m., and to sell on Memorial Day, Independence Day and Labor Day. Fifty-eight cities and two counties have notified us of expanded hours.

7

Retail Liquor Store Expanded Sales – Cities

1.23.07

Arma
 Auburn
 Baldwin
 Buffalo
 Chapman
 Chase
 Cheney
 Coldwater
 Columbus
 Colwich
 De Soto
 Deerfield
 Ellis
 Erie
 Eudora
 Eureka
 Fairway City
 Frontenac
 Garden Plain
 Gardner
 Girard
 Grandview
 Plaza
 Greeley
 Grinnell
 Hanover
 Herington
 Iola
 Kanopolis

Kansas City
 Kechi
 Kiowa
 Latham
 Leavenworth
 Lenexa
 Merriam
 Oberlin
 Olathe
 Overland Park
 Ozawkie
 Paola
 Park
 Park City
 Phillipsburg
 Pittsburg
 Pomona
 Princeton
 Rose Hill
 Satanta
 Scammon
 Scranton
 Shawnee
 Solomon
 St. Paul
 Strong City
 Victoria
 WaKeeney
 Weir
 White City

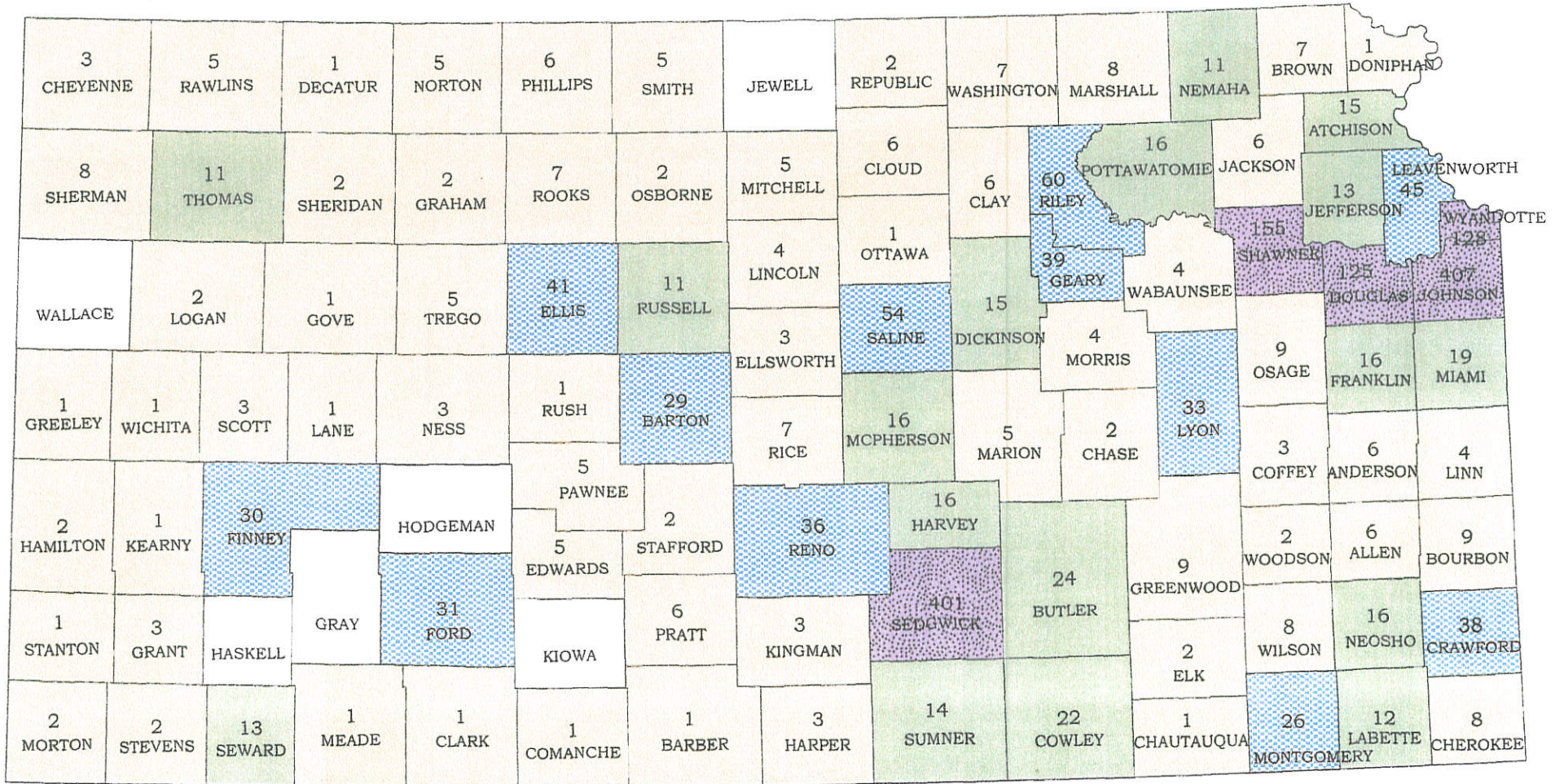
Retail Liquor Store Expanded Sales – Counties

Crawford
 Russell

Retail Liquor Store - Dry Cities

Moundridge
 North Newton
 Overbrook
 Parkerfield

Active Kansas On-Premise Licenses



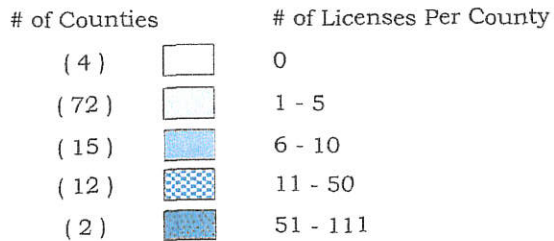
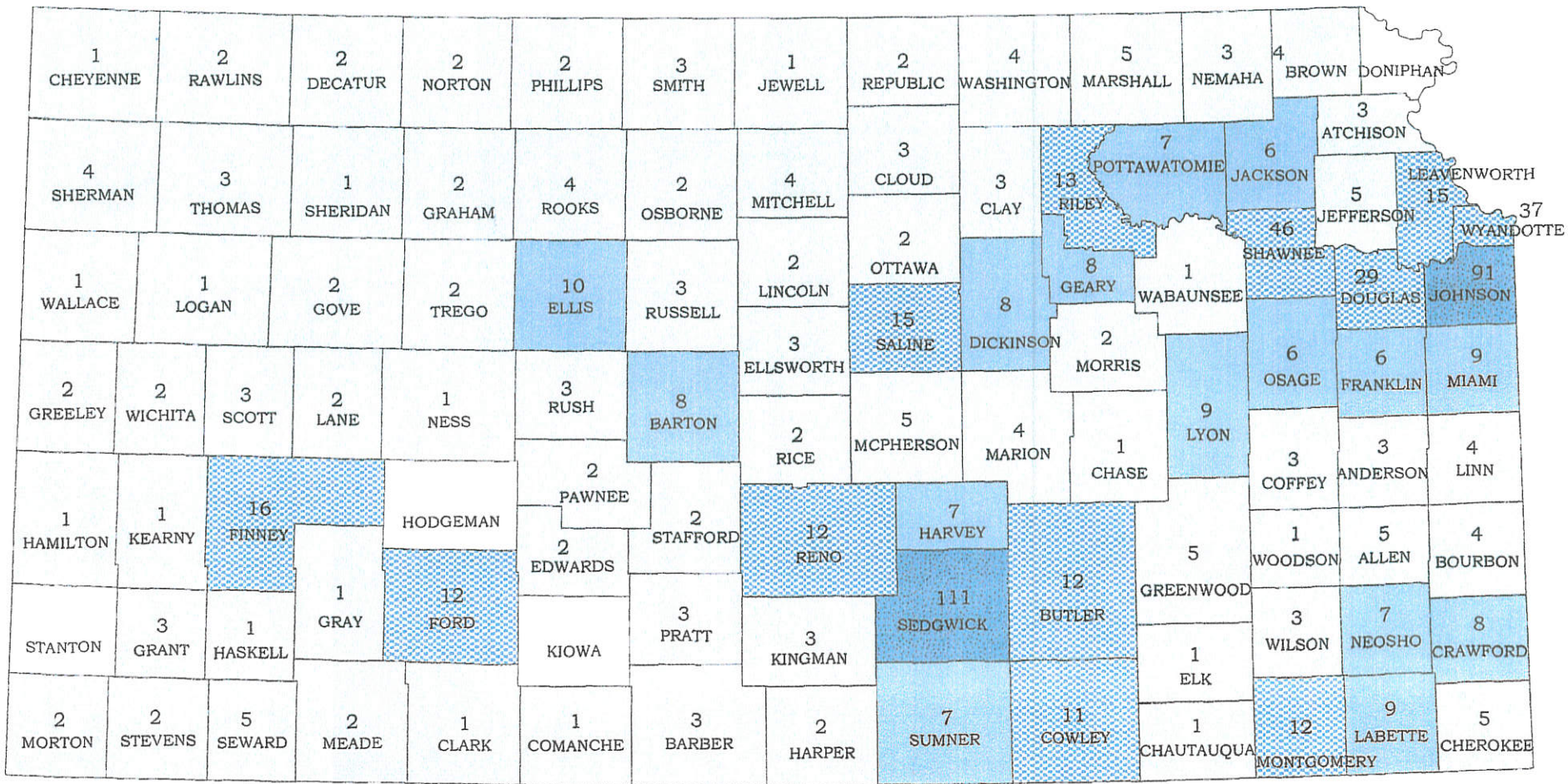
# of Counties	# of Licenses Per County
(6)	0
(65)	1 - 10
(17)	11 - 25
(12)	26 - 100
(5)	101 - 407

January 23, 2007
Map #AC07-001

The data used for this map was derived from the Kansas Department of Revenue, Alcoholic Beverage Control Division, Liquor Licensing Database for January 2007

Total: 2,186 Active On-Premise Licenses

Active Kansas Off-Premise Licenses



January 23, 2007
Map #AC07-002

The data used for this map was derived from the Kansas Department of Revenue, Alcoholic Beverage Control Division, Liquor Licensing Database for January 2007

Total: 724 Active Off-Premise Licenses