

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE

The meeting was called to order by Chair Sharon Schwartz at 9:00 A.M. on March 20, 2008, in Room 514-S of the Capitol.

All members were present except:

- Representative Ty Masterson - excused
- Representative Barbara Ballard - excused

Committee staff present:

- Alan Conroy, Legislative Research Department
- J. G. Scott, Legislative Research Department
- Reed Holwegner, Legislative Research Department
- Cody Gorges, Legislative Research Department
- Julian Efird, Legislative Research Department
- Amy Deckard, Legislative Research Department
- Jim Wilson, Revisor of Statutes
- Nobuko Folmsbee, Revisor of Statutes
- Nikki Feuerborn, Chief of Staff
- Shirley Jepson, Committee Assistant

Conferees appearing before the committee:

- Glenn Deck, Executive Director, Kansas Public Employees Retirement System (KPERs)
- Thomas Thornton, President, Kansas Bioscience Authority
- Ron Trewyn, Vice President for Research, Kansas State University

Others attending:

See attached list.

- Attachment 1 Bill draft for proposed legislation
- Attachment 2 Response from Don Jordan relative to block grants
- Attachment 3 Report from Subcommittee on KPERs on **HB 2077, Sub for SB 662, SB 385**
- Attachment 4 Testimony on **HB 2974** by Thomas Thornton
- Attachment 5 Testimony on **HB 2974** by Ron Trewyn
- Attachment 6 Budget Committee report on **HB 2744**

Introduction of Legislation

Representative Burgess appeared before the Committee to request the introduction of legislation regarding voters photo identification.

Representative McLeland made a motion to introduce the legislation concerning voter photo identification. The motion was seconded by Representative Kelsey. Motion carried.

Representative Watkins made a motion to introduce legislation concerning public schools, dyslexia and truancy. The motion was seconded by Representative Powell. Motion carried.

Woody Moser appeared before the Committee to request the introduction of legislation concerning drainage districts (Attachment 1).

Representative Powell made a motion to introduce legislation concerning drainage and levees; relating to excavation by drainage districts. The motion was seconded by Representative Feuerborn. Motion carried.

Representative Feuerborn made a motion to introduce legislation concerning appropriation of water and providing for certain studies thereof. The motion was seconded by Representative Tafanelli. Motion carried.

Response to Questions on SRS Block Grant

CONTINUATION SHEET

MINUTES OF THE House Appropriations Committee at 9:00 A.M. on March 20, 2008, in Room 514-S of the Capitol.

A response to Committee questions from Don Jordan, Secretary, Department of Social and Rehabilitation Services (SRS) was distributed to the Committee regarding information relative to the block grants administered by SRS (Attachment 2).

Discussion and Action on HB 2077, S Sub for SB 662, SB 385

Representative Pottorff, Chair of the Subcommittee on Kansas Public Employees Retirement System (KPERs), presented the Subcommittee report on KPERs issues (Attachment 3).

Responding to a question from the Committee, Glen Deck, Executive Director, KPERs, noted that KPERs has determined that several technical corrections were necessary to legislation as recommended by the Joint Committee on Pensions, Investments and Benefits, and resulted in the amendments as recommended by the Subcommittee.

Representative Pottorff made a motion to accept the Subcommittee report on KPERs, remove the language in SB 385 and insert the language from HB 2077 and Sub for SB 662 into House Substitute for SB 385. The motion was seconded by Representative Lane. Motion carried.

Representative Pottorff made a motion to recommend House Substitute for SB 385 favorable for passage. The motion was seconded by Representative Lane. Motion carried.

Discussion and Action on SB 534

Discussion and Action on SB 534 - Claims against the state.

Amy Deckard, Legislative Research Department, noted that the Senate Ways and Means Committee amended **SB 534**, Page 9, regarding payment to Eldon Ray from the State General Fund (SGF) and further amended Page 10, to provide reimbursement for tuition for Brittany Jordan.

Representative Feuerborn made a motion to amend SB 534 to strike Section 6, Page 9. The motion was seconded by Representative Gatewood. Motion carried.

Representative Feuerborn made a motion to amend SB 534 by striking language on Page 10, Section 7, line 17 through Page 11, Section 7, line 2. The motion was seconded by Representative Henry.

Representative Feuerborn made a substitute motion to amend SB 534 by amending Section 7(d) to transfer funds from the budget of the Department of Social and Rehabilitation Services (SRS) for payment of the Jordan claim with determination from the agency on source of funding and allow for technical corrections. The motion was seconded by Representative Tafanelli. Motion carried.

Jim Wilson, Revisor of Statutes, noted the necessity for technical corrections with regard to the amendment.

Representative McLeland made a motion to recommend SB 534 favorably for passage as amended. The motion was seconded by Representative Powell. Motion carried.

Hearing on HB 2974

Hearing on HB 2974 - Authorization for issuance of bonds for national bio and agro defense facility.

Julian Efird, Legislative Research Department, explained that **HB 2974** would authorize the issuance of up to \$105 million in revenue bonds for the purpose of supporting a capital improvement project related to the national bio and agro defense facility. The bill would require the Kansas BioScience Authority to approve any such capital improvement project prior to the issuance of any bonds. Bonds would be issued by the Kansas Development Finance Authority.

CONTINUATION SHEET

MINUTES OF THE House Appropriations Committee at 9:00 A.M. on March 20, 2008, in Room 514-S of the Capitol.

Thomas Thornton, President, Kansas Bioscience Authority, presented testimony in support of **HB 2974** (Attachment 4). Mr. Thornton stated that it is important for Kansas to have the commitment of the Legislature in place as progress goes forward on the selection of the site for the National Bio and Agro-Defense Facility. Mr. Thornton noted that a final decision on the site for the facility is scheduled to be made in October 2008.

Responding to questions from the Committee, Mr. Thornton stated that there would be no start-up costs unless the state was awarded the site selection for the facility. Mr. Thornton noted that land was conveyed for the project by the 2007 Legislature. Bond payments would be made by a commitment from the State General Fund or Expanded Lottery Act Revenue Funds (ELARF).

Ron Trewyn, Vice President for Research, Kansas State University, provided testimony in support of **HB 2974** (Attachment 5). Mr. Trewyn felt that Kansas is in an excellent position to receive approval for the Biosecurity Research facility. Mr. Trewyn assured the Committee that there would be additional state funding required for the infrastructure-related improvements for the National Bio and Agro-defense Facility (NBAF).

Representative Carlin made a motion to recommend **HB 2974** favorably for passage. The motion was seconded by Representative Wolf. Motion carried.

Discussion and Action on HB 2890

Discussion and Action on HB 2890 - Division of vehicles modernization surcharge.

Reed Holwegner, Legislative Research Department, explained that **HB 2890**, as amended, would authorize a \$4 fee on each vehicle registration with the funds generated to be used for the replacement of the statewide vehicle inventory system and driver's license system. The bill authorized the fee assessment for a period of 4 years, beginning January 1, 2009, through January 1, 2013. The estimated cost of the modernization project is \$40 million.

Jim Wilson, Revisor of Statutes, stated that there is a need for a technical correction to the bill.

Representative Bethell made a motion to recommend **HB 2890** favorably for passage as amended. The motion was seconded by Representative Feuerborn. Motion carried on a 12-6 vote.

The Committee expressed a concern that the fee would generate more funds that required for the project as projected by the Joint Committee on Information Technology.

Budget Committee Report on HB 2744

Representative Yoder, Chair of the General Government Budget Committee, presented the Budget Committee report on **HB 2744** and moved for the adoption of the Budget Committee report (Attachment 6). The motion was seconded by Representative Lane. Motion carried.

Representative Yoder made a motion to recommend **HB 2744** favorably for passage. The motion was seconded by Representative Lane. Motion carried.

Assignment of Legislation

SB 365 was assigned to the Social Services Budget Committee.

Adjournment

The meeting was adjourned at 10:10 a.m. The next meeting of the Committee will be held at 9:00 a.m. on March 24, 2008.


Sharon Schwartz, Chair

House Appropriations Committee

March 20, 2008

9:00 A.M.

NAME	REPRESENTING
Katie Firebaugh	Kearney & Associates
Glenn Deak	KPEORS
Rebecca Flynn	KQFA
Sue Peterson	K-State
Ron Treviño	K-State
Vicki Kelsey / Cindy Dorton	Budget
Wendy Morgan	KAPA-Krensch
Woody Mas	KAPA-Kemca

HOUSE BILL NO. _____

By Committee on Appropriations

AN ACT concerning drainage and levees; relating to excavation by drainage districts;
amending K.S.A. 24-132 and repealing the existing section.

Be it enacted by Legislature of the State of Kansas:

Section 1. K.S.A. 24-132 is hereby amended to read as follows: 24-132. (a) Except as provided by this section and subject to the provisions of K.S.A. 19-270, and amendments thereto, all of the rights, powers, authority and jurisdiction conferred on counties and boards of county commissioners by the provisions of K.S.A. 19-3301, 19-3302, 19-3303, 19-3304, 19-3305, 19-3306, 19-3308 and 19-3309, and amendments thereto, also are conferred upon and vested in any drainage district traversed or touched by the Kansas river, and contiguous to or including a part of a city of the first class, and the governing body thereof.

(b) The governing body of any such drainage district, in the name of the drainage district, shall have the power to enter into undertakings and contracts and make agreements in like manner and for like purposes as the board of county commissioners are authorized by this act to enter into undertakings and contracts and make agreements in the name of the county; and may acquire lands, rights of way and easements either within or without the limits of the drainage district for like purposes as the board of county commissioners are authorized by K.S.A. 19-3302 and 19-3308, and amendments thereto, by purchase, gift or by eminent domain proceedings in the manner prescribed by K.S.A. 26-501 to 26-516, inclusive, and

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ATTACHMENT 1

amendments thereto, and may issue general obligation bonds of the drainage district to pay the costs thereof and expenses connected therewith in the manner provided by law. The aggregate of any such bonds so issued shall not be in excess of 3 1/2% of the total assessed tangible valuation of the drainage district. The governing body of any drainage district may issue additional general obligation bonds of the drainage district for such purposes not in excess of 1 1/2% of the total assessed tangible valuation of the drainage district, but before such additional bonds may be issued, the governing body of the drainage district shall submit the question of the issuance of such additional bonds and the amount thereof to the qualified electors of the drainage district at a regular drainage district election or at a special election called for that purpose as provided by law. The total aggregate of all such bonds which may be issued under the provisions of this section shall not be in excess of 5% of the total assessed tangible valuation of the drainage district. Such bonds shall not be subject to, nor included in any restrictions or limitations upon the amount of bonded indebtedness of the drainage district contained in any other law.

Funds received from the sale of bonds by any such drainage district may be used to pay any loss, damage or expense for which the drainage district or the governing body thereof may be liable in like manner as counties are authorized to pay such loss, damage or expense under the provisions of K.S.A. 19-3304, and amendments thereto.

(c) For the purposes of maintaining and operating such flood control works as shall be constructed by the United States army corps of engineers or other agencies of the United States government, when the same shall have been completed and turned over to the drainage district, and for the purpose of maintaining and operating any flood control works or dikes heretofore or hereafter constructed for the purpose of protecting such drainage district from floods, the governing body of such drainage district shall be empowered to make an annual tax levy upon all the taxable tangible property within the drainage district, of not to

exceed one mill and such levy shall be in addition to all other levies authorized or limited by law.

(d) ~~Except as provided by this subsection, the~~ The governing body of the drainage district may regulate excavations within the boundaries in the same manner provided by K.S.A. 19-3309, and amendments thereto, and may only require an excavation permit as provided in this subsection. No excavation shall be made or commenced within 1,000 feet landward or riverward of the center line of any portion of a flood control work constructed under the provisions of chapter 19, article 33 of the Kansas Statutes Annotated without first obtaining a permit. Applications for permits shall be submitted to and reviewed by the district engineer. If the engineer determines that the proposed excavation shall be detrimental or will impair or endanger the function of any flood protection works, permission for such excavation shall be denied. If the engineer determines that a restricted or conditional permit for excavation can be granted to the applicant which will not be detrimental or will not impair or endanger the function of such flood protection works, the engineer shall issue such restricted or conditional permit. If the engineer determines that no impairment of or danger to such flood protection works will occur as a result of such excavation, the engineer shall issue a permit to the applicant. The issuance of any permits hereunder shall not authorize the violation of any existing zoning laws or building codes.

Any person feeling aggrieved by the determination of the engineer may appeal such decision in writing to the governing body of the drainage district within 10 days of determination and the governing body after a public hearing may affirm, reverse or modify the determination.

(e) It shall be the duty of the governing body of the drainage district to keep all such flood control works and dikes in serviceable condition and to make such repairs as may be necessary.

Sec. 2. K.S.A. 24-132 is hereby repealed.

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

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March 19, 2008

Rep. Sharon Schwartz
517-S
300 SW 10th St
Topeka, KS 66612

Dear Chairwoman Schwartz:

During Monday's hearing on block grants, committee members posed questions regarding the Social Services Block Grant and the Substance Abuse Prevention and Treatment Block Grant. Please find our responses attached.

If you require clarification or further information, please contact Dustin Hardison, Director of Public Policy.

Sincerely,



Don Jordan
Secretary

OFFICE OF THE SECRETARY

Docking State Office Building, 915 SW Harrison Street, 6th Floor, Topeka
Voice: (785) 296-3271 • Fax: (785) 296-4685 • TTY (Hearing Impair

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ATTACHMENT 2

Q: How many people are served and how much of the Social Service Block Grant is spent on each service to meet the five goals?

SSBG is not a separate program within the agency. It is a funding stream that is used to offset the need for State General Fund. At the end of each federal fiscal year we are required to submit a report identifying where the expenditures were made and how many people were served. Attached is a copy of the FY 2007 block grant report.

Q: How much does it cost to put someone through treatment? Does the state pay all, or do families pay any fees?

The State is required to spend 20% of the block grant dollars received under the Substance Abuse Prevention and Treatment Block Grant (SAPT) for prevention. This 20% goes to prevention infrastructure and not designated services or programs. The percentage of SAPT funds allocated to prevention above the required 20% reduces the funds available for treatment allocations. Approximately 22% of the SAPT grant has been designated to prevention in FY 08.

To qualify for state-funded treatment, individuals must have incomes at or below 200% of the federal poverty level (FPL). Those individuals at 100% or below of the FPL have no co-pay assessed. In FY 07, 81% of consumers accessing block grant funds had incomes at 100% or below of the FPL. Those with incomes above 100% are assessed a fee based on a sliding scale.

In FY 07 there were 11,378 consumers that received services funded by the SAPT grant. The average expenditure was \$1,071 per consumer. In the first two quarters of FY 08 there were 5,908 clients receiving SAPT grant funding under Value Options managed care. The average cost of services received per client was \$1090. In FY 08, the legislature approved an additional \$2.1 million dollars for block grant funded services. SRS used these funds to provide an increase in reimbursement rates to providers.

SOCIAL SERVICES BLOCK GRANT (SSBG) POSTEXPENDITURE REPORT

Part A. Expenditures and Provision Method

OMB NO.: 0970-0234

EXPIRATION DATE: 05/31/2008

STATE: Kansas	FISCAL YEAR: 2007	REPORT PERIOD: 07/06 to 06/07
Contact Person: Toni Albright	Phone Number: 785-291-3219	
Title: Public Service Executive II	E-Mail Address: Toni.Albright@srs.ks.gov	
Agency: Dept of Social & Rehabilitation Svs (SRS)	Submission Date: December 19, 2007	

Service Supported with SSBG Expenditures	SSBG Expenditures		Expenditures of All Other Federal, State and Local funds**	Total Expenditures	Provision Method	
	SSBG Allocation	Funds transferred into SSBG*			Public	Private
1 Adoption Services				0		
2 Case Management				0		
3 Congregate Meals				0		
4 Counseling Services				0		
5 Day Care--Adults				0		
6 Day Care--Children	259,047	0	76,669,352	76,928,399		X
7 Education and Training Services				0		
8 Employment Services				0		
9 Family Planning Services				0		
10 Foster Care Services--Adults				0		
11 Foster Care Services--Children	6,165,680	7,191,254	124,121,286	137,478,220		X
12 Health-Related Services				0		
13 Home-Based Services	4,500,000	0	1,379,671	5,879,671	X	
14 Home-Delivered Meals				0		
15 Housing Services				0		
16 Independent/Transitional Living Services				0		
17 Information & Referral				0		
18 Legal Services				0		
19 Pregnancy & Parenting				0		
20 Prevention & Intervention				0		
21 Protective Services--Adults	1,555,512	0	1,316,945	2,872,457	X	
22 Protective Services--Children	3,351,846	0	3,667,369	7,019,215	X	
23 Recreation Services				0		
24 Residential Treatment				0		
25 Special Services--Disabled				0		
26 Special Services--Youth at Risk				0		
27 Substance Abuse Services				0		
28 Transportation				0		
29 Other Services***				0		
30 SUM OF EXPENDITURES FOR SERVICES	15,832,085	7,191,254	207,154,623	230,177,962		
31 Administrative Costs						
32 SUM OF EXPENDITURES FOR SERVICES AND ADMINISTRATIVE COSTS	15,832,085	7,191,254				

* From which block grant(s) were these funds transferred? TANF

** Please list the sources of these funds: State General Funds, State Fee Funds, IGT Funds, Child Welfare Services Block Grant, Family Preservation, Foster Care Assistance, Independent Living, Adoption Assistance, Medical Assistance Administration, Rehabilitation Services, CCDF, TANF, Senior Care Act Funds, Childrens Initiatives Fund

*** Please list other services:

SOCIAL SERVICES BLOCK GRANT (SSBG) POSTEXPENDITURE REPORT

Part B. Recipients

OMB NO.: 0970-0234

EXPIRATION DATE: 05/31/2008

STATE: Kansas
FISCAL YEAR: 2007

Service Supported with SSBG Expenditures	Children	Adults			Total Adults	Total
		Adults Age 59 Years & Younger	Adults Age 60 Years & Older	Adults of Unknown Age		
1 Adoption Services					0	0
2 Case Management					0	0
3 Congregate Meals					0	0
4 Counseling Services					0	0
5 Day Care--Adults					0	0
6 Day Care--Children	21,025	0	0	0	0	21,025
7 Education and Training Services					0	0
8 Employment Services					0	0
9 Family Planning Services					0	0
10 Foster Care Services--Adults					0	0
11 Foster Care Services--Children	5,501	0	0	0	0	5,501
12 Health-Related Services					0	0
13 Home-Based Services	0	0	6,113	0	6,113	6,113
14 Home-Delivered Meals					0	0
15 Housing Services					0	0
16 Independent/Transitional Living Services					0	0
17 Information & Referral					0	0
18 Legal Services					0	0
19 Pregnancy & Parenting					0	0
20 Prevention & Intervention					0	0
21 Protective Services--Adults	0	3,657	3,615	0	7,272	7,272
22 Protective Services--Children	32,606	0	0	0	0	32,606
23 Recreation Services					0	0
24 Residential Treatment					0	0
25 Special Services--Disabled					0	0
26 Special Services--Youth at Risk					0	0
27 Substance Abuse Services					0	0
28 Transportation					0	0
29 Other Services					0	0
30 SUM OF RECIPIENTS OF SERVICES	59,132	3,657	9,728	0	13,385	72,517

Note on Caseload Units

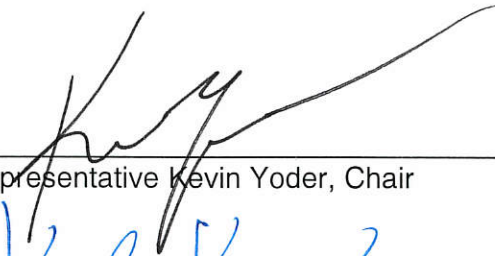
Service	Line	Unduplicated Annual	Monthly Average
Day Care-Children	6		X
Foster Care Services-Children	11		X
Home Based Services	13	X	
Protective Services-Adults	21	X	
Protective Services-Children	22	X	

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HOUSE GENERAL GOVERNMENT BUDGET COMMITTEE

Recommendation on HB 2744

March 17, 2008



Representative Kevin Yoder, Chair



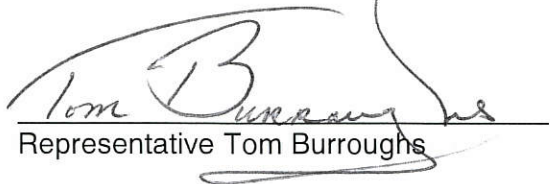
Representative Kasha Kelley, Vice-Chair



Representative Harold Lane,
Ranking Minority Member



Representative Virginia Beamer




Representative Tom Burroughs




Representative Rocky Fund

Representative Annie Kuether



Representative JoAnn Pottorff



Representative Charles Roth

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ATTACHMENT 3

HOUSE GENERAL GOVERNMENT BUDGET COMMITTEE REPORT

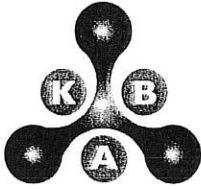
Recommendation: The House Budget Committee recommends HB 2744 as introduced favorable for passage by the House Committee on Appropriations. The bill was assigned to the Budget Committee for consideration and recommendation.

HB 2744 would consolidate a number of different statutes pertaining to requirements for architectural, engineering and land surveying-design services for state agencies. The consolidation would provide a common set of requirements for the various professions in doing business with state agencies. The bill would eliminate statutory fees prescribed for architect, engineer and land surveyor services that are provided to state agencies, and would replace those statutory fees with fee guidelines developed by the Secretary of Administration, in consultation with the Joint Committee on State Building Construction. The Secretary of Administration would be required periodically to modify the fee guidelines, also in consultation with the Joint Committee.

Background

HB 2744 was recommended for introduction by the Joint Committee on State Building Construction after studying related issues during the 2008 Interim. Representative Joe Humerickhouse testified in support of the bill, as did representatives from the Department of Administration, State Board of Regents, American Institute of Architects, and the Consulting Engineers Association.

The Department of Administration indicates that there would be no fiscal impact from the legislation.



KANSAS BIOSCIENCE
AUTHORITY

Remarks on HB 2974

Thomas Thornton
President, Kansas Bioscience Authority

House Appropriations Committee
March 20, 2008

Chairwoman Schwartz, Vice-chairman Tafanelli, Ranking Member Feuerborn, and members of the committee, thank you for the opportunity to testify in favor of HB 2974, a bill to authorize up to \$105 million in bonding authority to fund infrastructure-related improvements associated with the National Bio and Agro-Defense Facility, or NBAF.

A site on the campus of Kansas State University is one of six sites under consideration for the National Bio and Agro-Defense Facility, which is a new \$451 million federal research laboratory proposed by the Department of Homeland Security (DHS) aimed at protecting our agriculture industry from terrorist threats. It is our state's highest bioscience priority.

With our strong agriculture heritage and industry, Kansas understands our nation's agricultural infrastructure and food supply is susceptible to terrorist attack using biological pathogens. In addition to the devastating impacts of such an attack on the economy, some animal diseases could potentially be transmitted to humans. Kansans embrace the NBAF as part of an urgently needed effort to modernize homeland security facilities and research to ensure public health and the safety and security of our state's and nation's food supply.

The NBAF must be built and, as Senator Pat Roberts has said, *on the merits*, it should be built in Kansas. The NBAF is a seminal opportunity for Kansas to win a major federal R&D laboratory in our sweet spot of animal health. With our world-class research and dense concentration of animal health companies in the so-called Animal Health Corridor, Kansas is the acknowledged leader in animal health research and commercialization.

Today, we are exactly where we want to be at this point in the NBAF selection process. Thanks to everyone's efforts, things have gone as well as we could have hoped leading to our selection as a finalist, and now we are at the point of making our best and final cost-share offer to DHS to complete the process. This is a key moment.

It's also important to note we are at this point due to your leadership and the support of the people of Kansas for this type of research.

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The state of Kansas has made several key investments that have been extraordinarily helpful in getting us to this point: the formation of the Kansas Bioscience Authority; the construction of the Biosecurity Research Institute; conveying a site to the federal government for the NBAF; and recently expanding air service in Manhattan. This is making good on the resolution you passed in February of 2007 pledging the full support of the Kansas Legislature to do whatever is necessary for our state to be selected for this significant federal investment.

In a highly competitive process, DHS is evaluating the six final sites according to criteria that include research, access to a skilled workforce, public acceptance, and land and infrastructure. Additionally, DHS is preparing an environmental impact statement (EIS) to evaluate siting alternatives for the construction and operation of the NBAF and should have a draft EIS in June and a final version in September.

Department of Homeland Security “Strongly Encourages Cost Sharing”

Among other factors, DHS will base its final site selection for the NBAF on the strength and quality of our cost share proposal. DHS *“strongly encourages cost sharing from state and local jurisdictions that could be applied toward construction and operations of the NBAF.”*

DHS Final Site Offer Letter

Each of the final sites has been asked by DHS to submit its final site offer and any contingencies affecting that offer by March 30th. DHS estimates it would cost *up to* \$105 million in infrastructure improvements to build the NBAF in Kansas. These costs include unique infrastructure that would support the NBAF such as land, roads, grading, parking, security fencing, and a dedicated central utility plant.

We have been in regular communication with federal officials throughout the NBAF selection process, and they have been consistently open and helpful as NBAF planning moves forward. In this final phase of the selection process, we are getting more and more detailed, and we certainly support planning for a dedicated utility plant that will add yet another level of safety and security.

Dedicated central utility plants — which provide electricity, steam, chilled water, and back-up power — are standard for bio-containment laboratories. This is not a power plant (where power is produced); this is a utilities plant that taps into the nearest existing grid to provide utilities to the facility. This utility plant is similar to that which you might find the basement of any school or factory in Kansas, but with the steam-generating boilers and other utility infrastructure in a separate building.

HB 2974

In order to stay competitive for the NBAF, Kansas must provide for these infrastructure items. The measure before you, authorizing the Kansas Development Finance Authority to issue up to \$105 million in bonds for NBAF-related infrastructure improvements, is the most fiscally conservative and prudent mechanism to do so.

Please note the following:

1. These investments are capital in nature and have inherently long-term pay-backs.
2. The bonds only go into effect if the Kansas site is chosen to site the NBAF. This is a key point: not one dime will be spent under this authorization unless Kansas wins the NBAF.
3. If the state is awarded the project, the final amount of the state's cost share will be determined in negotiations with DHS but will not exceed the statutory authorization. If there are cost overruns, DHS will pay for them. If the state and the KBA can negotiate a lower cost-share commitment than the maximum authorized, we will.

Lastly, by acting now, Kansas removes what is called a contingency, meaning this is not a hollow commitment. This is our guaranteed cost share, and we stand behind it.

These are key aspects that will set us apart from the competition and reflect who we are as a state and as a partner to DHS.

The Return on Investment: Significant Economic Outcomes

As you consider this investment, let me define the expected economic outcomes:

1. Construction capital expenditures of \$451 million
2. 1,000-1,500 jobs during construction and 250-350 jobs after construction
3. App. \$1.5 billion in direct and indirect economic output over 20 years
4. Spin-outs and corporate relocations to be near the NBAF, thereby growing the Animal Health Corridor in Kansas
5. *Perhaps most important, the NBAF will conduct research to prevent an estimated \$1 billion loss that would result from an FMD outbreak in the state.*

In short, if we win the NBAF, we are providing for economic security and assuring Kansas' leadership in the biosciences.

Closing Remarks

I ask the committee to support this measure. The NBAF must be built, and Kansas is the best state to host it, on the merits. Our approach is conservative fiscal policy. This cost share only goes into effect if we win, and even then based upon scrutinized cost projections.

The time for the NBAF is now, and with your action, we have the high prospect to win a federal laboratory that will position Kansas for bioscience leadership well into the future.



Our Chance to Win a Major Federal Lab — in an Area of Strength

The mission: The National Bio and Agro-Defense Facility (NBAF) is a critical national priority because it will preserve public health and the agriculture economy by protecting our national food supply through modern animal-health research.

Kansas is one of six finalists in the nation

- Unique understanding of the mission
- World's leader in animal-health research and development
- Unbeatable site provides an accelerated pathway to success
- Unified public- and private-sector support
- Safe and secure

What it takes to win the facility

- Research capabilities
- Workforce
- Community acceptance
- Land and infrastructure: **final cost-share package**

Where we stand today

- Very strong on the merits
- Strong cost-share commitment from the Legislature, Kansas Bioscience Authority, city of Manhattan, Department of Commerce, and Board of Regents
- **Increased cost-share needed to stay competitive**

Department of Homeland Security “strongly encourages cost sharing”

Among other factors, the Department of Homeland Security (DHS) will base its final site selection for the NBAF on the strength of our cost-share proposal. DHS has asked each finalist site to submit its final site offer and any contingencies affecting that offer by March 30th. DHS estimates it would cost *up to* \$105 million in infrastructure improvements to build the NBAF in Kansas, including support for land, roads, grading, parking, security fencing, and a dedicated central utility plant.

Dedicated central utility plants — which provide electricity, steam, chilled water, and back-up power — are standard for bio-containment laboratories. This is not a power plant (where power is produced); this is a utilities plant that taps into the nearest existing grid. This utility plant is similar to that which you might find in the basement of a school or factory in Kansas, but with the steam-generating boilers and other utility infrastructure in a separate building.

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Bond for infrastructure will help keep Kansas competitive

- 20-year bond of \$105 million to show Kansas' responsiveness to the requirement of a central utility plant and other improvements
 - Bond repayment: app. \$8.2 million per year
 - App. total cost of \$164 million including principal, interest, and fees
 - Issued *only* upon record of decision siting the NBAF in Kansas

Legislative authorization

This legislation authorizes the Kansas Development Finance Authority to issue up to \$105 million in bonds for NBAF-related infrastructure improvements. If the state is awarded the project, the final amount of the state's cost share will be determined in negotiations with DHS but will not exceed the statutory authorization. If the state and the KBA can negotiate a lower cost-share commitment than the maximum authorized, they will do so. No payments may be required on the bonds prior to July 1, 2009; bond issuance may be in first half of 2009 or later.

Cost-share provisions contingent upon a record of decision

Kansas will not implement any portion of the above-mentioned investments before the secretary of DHS or other officer of the federal government has signed a record of decision to locate the NBAF in Kansas.

The opportunity: Major economic impact for Kansas

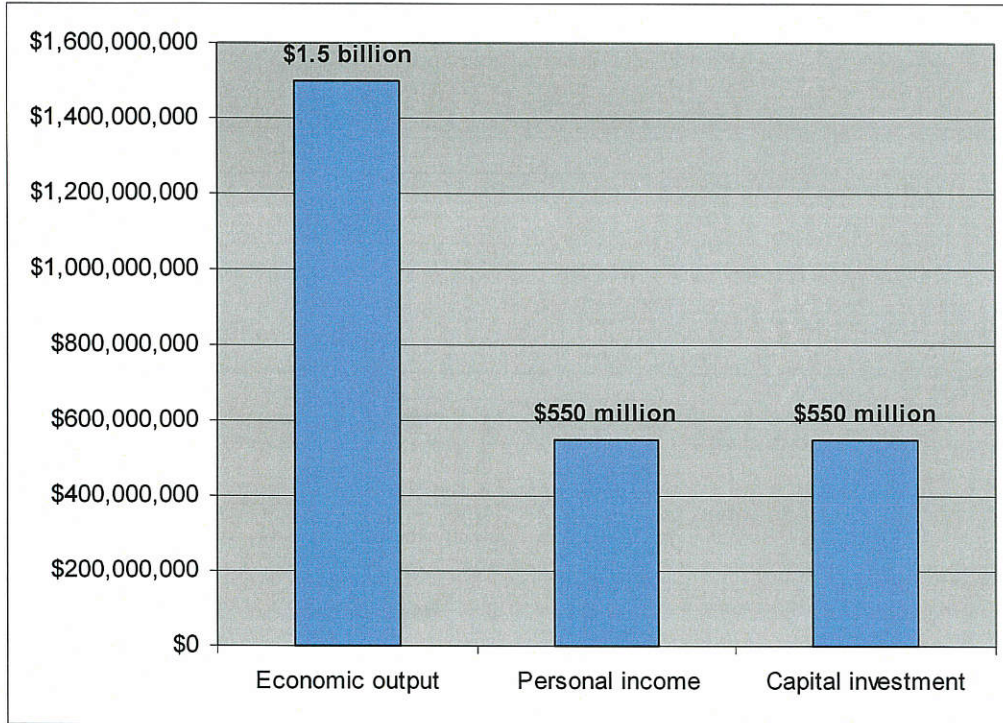
- Construction cost of \$451 million
- 1,000-1,500 jobs during construction¹ and 250-350 jobs after construction²
- App. \$1.5 billion in direct and indirect economic output over 20 years¹
- Start-ups and corporate relocations to be near the NBAF, thereby growing the Animal Health Corridor in Kansas
- *Perhaps more important, the NBAF will conduct research to prevent an estimated \$1 billion loss that would result from an FMD outbreak in the state.*³

¹ Source: Carl Vinson Institute of Government, University of Georgia

² Source: DHS community presentation, Feb. 2008

³ Source: Dustin Pendell et al., The Economic Impacts of a Foot-and-Mouth Disease Outbreak: A Regional Analysis, *Journal of Agricultural and Applied Economics*

Estimated Economic Impact (over 20 years)



Jobs

1,000-1,500 jobs during construction
 250-350 permanent jobs at the NBAF
 Additional indirect jobs in the state

Prevent Economic Loss in Ag Sector

The NBAF will conduct research to prevent an estimated \$1 billion loss that would result from an FMD outbreak in the state.

REMARKS

House Appropriations Committee
HB 2974
20 March 2008

Ron Trewyn
Vice President for Research
Kansas State University

Chairwoman Schwartz, Vice-chairman Tafanelli, Ranking Member Feuerborn, members of the committee, thank you for allowing me the opportunity to provide remarks in favor of HB 2975, a bill to authorize up to \$105 million in bonding authority to fund infrastructure-related improvements pending a record of decision to site the National Bio and Agro-defense Facility (NBAF) in Kansas.

Tom Thornton has already provided you with an overview of the cost-share request from the Department of Homeland Security, so I will focus on some other related aspects. First, let me provide some background information.

Kansas Knows the Importance of NBAF:

- K-State proposed the need for a NBAF-style biocontainment research facility in Kansas in March of 1999 in a comprehensive "*Homeland Defense Food Safety, Security, and Emergency Preparedness Program.*"
- In October of 1999, K-State President Jon Wefald testified before the U.S. Senate's Emerging Threats Subcommittee regarding the biological weapons threat to America's food animals, food crops, and food supply.
- Understanding the threat to the agricultural economy, the State of Kansas constructed Biosecurity Research Institute (BRI) at K-State, a facility providing research capabilities complementary to the NBAF. Moreover, the BRI offers unique opportunities to launch NBAF-relevant programs immediately.

NBAF Site Selection:

- Twenty-nine (29) consortia expressed interest to the Department of Homeland Security (DHS) in providing sites for NBAF in 2006.
- Seventeen (17) sites that made the initial cut were site visited in 2007 to determine their acceptability for NBAF.
- Five (5) sites were selected as finalists for NBAF in 2007 and the Plum Island Animal Disease Center was included as a no action alternative.
- A programmatic Environmental Impact Statement (EIS) is ongoing currently, and the draft EIS is projected by DHS to publish in 2-3 months.
- DHS will hold public meetings at each of the sites during a 60 day comment period after the draft EIS publishes.
- The final EIS is projected by DHS to publish in the fall of this year, with a record of decision 30 days later in the October or November timeframe.

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The NBAF site proposed at K-State consists of 48.409 acres adjacent to the BRI and the College of Veterinary Medicine. With proximity to research capabilities being a major selection parameter for the NBAF, this site should be ideal. Plus, the KBA is helping K-State make it even more ideal with their investments.

NBAF-Relevant Investments:

- Collaborative Biosecurity Research Initiative (CBRI): The KBA has committed \$2.5 million to fund research in the BRI at K-State, which will jump-start collaborative research in NBAF-relevant areas.
- Eminent Scholar Juergen Richt: The KBA has committed \$2.06 million to support K-State's recruitment of an internationally recognized infectious disease scientist to Kansas who does NBAF-relevant research.
- Integrated Training Suite: The KBA has committed \$1.548 million to enhance the education and training technology infrastructure in the BRI to make it state-of-the-art. The BRI is the first site in America to be selected to provide training in biocontainment for the National Institutes of Health. This provides national recognition of the capabilities and expertise residing in Kansas.
- Arthropod-Borne Animal Disease Research Laboratory: The KBA has approved \$1.5 million to attract a 30-person research group to Kansas that's also doing NBAF-related research. It's still uncertain whether this will be accomplished, but it demonstrates the KBA's proactive philosophy.

With the research programs and expertise available, Kansas is well positioned to accelerate the NBAF mission. The Kansas City-based Animal Health Corridor provides an additional unique asset for the NBAF, and it validates that the workforce needed is located in this region. Additionally, no state in the nation is more supportive of the NBAF mission than Kansas.


To conclude, I would like to emphasize one aspect of the infrastructure costs that DHS has proposed ... specifically, as it relates to the utility plant. Tom Thornton had mentioned that "dedicated central utility plants — which provide electricity, steam, chilled water, and back up power — are standard for biocontainment laboratories. ... This utility plant is similar to that which you might find the basement of any school or factory in Kansas, but with the steam-generating boilers and other utility infrastructure in a separate building." I would add that the boilers and such are what you find in the basement of the BRI. The BRI has electrical back-up from a separate substation and it has a diesel generator outside in case the power grid goes down. Thus, there are many similarities.

Finally, I too would ask that the Committee support this measure. As Tom noted, the NBAF must be built, and Kansas is the best state to host it. Without question, Kansas can win. The merits are on our side.


HOUSE GENERAL GOVERNMENT BUDGET COMMITTEE

Recommendation on HB 2744

March 17, 2008



Representative Kevin Yoder, Chair



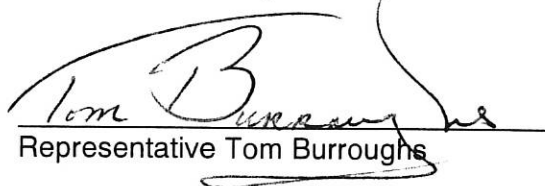
Representative Kasha Kelley, Vice-Chair



Representative Harold Lane,
Ranking Minority Member



Representative Virginia Beamer




Representative Tom Burroughs



Representative Rocky Fund

Representative Annie Kuether



Representative JoAnn Pottorff



Representative Charles Roth

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HOUSE GENERAL GOVERNMENT BUDGET COMMITTEE REPORT

Recommendation: The House Budget Committee recommends HB 2744 as introduced favorable for passage by the House Committee on Appropriations. The bill was assigned to the Budget Committee for consideration and recommendation.

HB 2744 would consolidate a number of different statutes pertaining to requirements for architectural, engineering and land surveying-design services for state agencies. The consolidation would provide a common set of requirements for the various professions in doing business with state agencies. The bill would eliminate statutory fees prescribed for architect, engineer and land surveyor services that are provided to state agencies, and would replace those statutory fees with fee guidelines developed by the Secretary of Administration, in consultation with the Joint Committee on State Building Construction. The Secretary of Administration would be required periodically to modify the fee guidelines, also in consultation with the Joint Committee.

Background

HB 2744 was recommended for introduction by the Joint Committee on State Building Construction after studying related issues during the 2008 Interim. Representative Joe Humerickhouse testified in support of the bill, as did representatives from the Department of Administration, State Board of Regents, American Institute of Architects, and the Consulting Engineers Association.

The Department of Administration indicates that there would be no fiscal impact from the legislation.