

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE

The meeting was called to order by Chairman Dwayne Umbarger at 10:40 A.M. on March 4, 2008, in Room 123-S of the Capitol.

All members were present except:

Senator Donald Betts, Jr. - excused

Committee staff present:

Jill Wolters, Senior Assistant, Revisor of Statutes
Kristen Clarke Kellems, Assistant Revisor of Statutes
Scott Wells, Revisor of Statutes Office
Amy Deckard, Kansas Legislative Research Department
Audrey Dunkel, Kansas Legislative Research Department
Julian Efirm, Kansas Legislative Research Department
Cody Gorges, Kansas Legislative Research Department
J. G. Scott, Kansas Legislative Research Department
Jarod Waltner, Kansas Legislative Research Department
Melinda Gaul, Chief of Staff, Senate Ways & Means
Mary Shaw, Committee Assistant

Conferees appearing before the committee:

Stephen R. Weatherford, President, Kansas Development Finance Authority
Staci Pratt, Homeless Liaison, Kansas City, Kansas, Public Schools
Jennifer Schwartz, Director, Kansas Association of Centers for Independent Living
Marilyn Nichols, Shawnee County Register of Deeds and Kansas Register of Deeds Association
Luke Bell, Director of Governmental Relations, Kansas Association of Realtors
Martha Neu Smith, Executive Director, Kansas Manufactured Housing Association
Chris Wilson, Executive Director, Kansas Building Industry Association
Shannon Jones, Director, Statewide Independent Living Council of Kansas
Edward Cross, Executive Vice President, Kansas Independent Oil and Gas Association

Others attending:

See attached list.

Bill Introduction

Senator Morris moved, with a second by Senator Kelly, to introduce a conceptual bill establishing the joint committee on the 2010 comprehensive transportation plan. Motion carried on a voice vote.

The Chairman announced that the Omnibus work days will be Wednesday, April 23 and Thursday, April 24, 2008. He also announced that Senator Vicki Schmidt will be replacing Senator McGinn on the Department of Social and Rehabilitation Services Subcommittee.

The following sets of minutes were distributed to the committee on February 21, 2008, for review and are scheduled for approval at this meeting:

December 17, 2007 (preliminary joint meeting)	January 23, 2008
January 14, 2008	January 24, 2008
January 15, 2008	January 25, 2008
January 16, 2008	January 28, 2008
January 17, 2008 (joint meeting)	January 29, 2008
January 17, 2008	
January 18, 2008	
January 22, 2008 (joint meeting)	
January 22, 2008	

CONTINUATION SHEET

MINUTES OF THE Senate Ways and Means Committee at 10:40 A.M. on March 4, 2008, in Room 123-S of the Capitol.

Senator Steineger moved, with a second by Senator Taddiken, to approve the minutes of the meetings as that are listed above. Motion carried on a voice vote.

Chairman Umbarger returned the following bill from the KPERS Issues Subcommittee back to the Full Senate Ways and Means Committee:

SB 661--KPERS three-year cost-of-living increase for certain retirants

Chairman Umbarger referred the following bills to the KPERS Issues Subcommittee:

SB 662--KPERS Act of 2009

SB 663--KPERS plan compliance with federal law

Copies of the Kansas Legislative Research Department Budget Analysis Report for FY 2008 and FY 2009 were available to the committee.

Subcommittee reports on:

Kansas Department of Administration (including Public Broadcasting) (Attachment 1)

Subcommittee Chairwoman Ruth Teichman reported that the subcommittee on the Kansas Department of Administration (including Public Broadcasting) concurs with the Governor's recommendation in FY 2008 with a technical correction to the supplemental appropriations bill and concurs with the Governor's FY 2009 recommendation with exceptions.

Senator Teichman moved, with a second by Senator Kelly, to adopt the subcommittee budget report on the Kansas Department of Administration (including Public Broadcasting) in FY 2008. Motion carried on a voice vote.

Senator V. Schmidt moved, with a second by Senator Teichman, to amend the subcommittee budget report on the Kansas Department of Administration (including Public Broadcasting) and continue the 1 FTE position in FY 2008, Item No. 1, and defer 1 FTE position in FY 2009, Item No. 2, until Omnibus consideration. Motion carried on a voice vote.

Senator Teichman moved, with a second by Senator Schodorf, to amend the subcommittee budget report on the Kansas Department of Administration (including Public Broadcasting) to add back in the \$500,000 from the State General Fund for Public Broadcasting in FY 2009, Item No. 5. Motion failed on a voice vote.

Senator Teichman moved, with a second by Senator Emler, to adopt the subcommittee budget report on the Kansas Department of Administration (including Public Broadcasting) in FY 2008 and FY 2009 as amended. Motion carried on a voice vote.

The Chairman opened the continued hearing on:

SB 605--Housing Trust Fund; collection of fees

Staff briefed the committee on the bill and provided two charts:

FEMA-1711, Kansas Disaster Declaration as of 8/17/2007 (Attachment 2)

FEMA-1699-DR, Kansas Disaster Declaration as of 7/31/2007 (Attachment 3)

The Chairman welcomed the following conferees on the bill:

Stephen R. Weatherford, President, Kansas Development Finance Authority, who testified as a proponent on **SB 605** (Attachment 4). Mr. Weatherford highlighted some housing accomplishments over the past few years by the State Housing Trust Fund (Trust Fund). He noted that in spite of all the accomplishments (detailed in

CONTINUATION SHEET

MINUTES OF THE Senate Ways and Means Committee at 10:40 A.M. on March 4, 2008, in Room 123-S of the Capitol.

written testimony) achieved through the Trust Fund, the reality is that Kansas' housing needs are great and its funds are few. Mr. Weatherford mentioned that the bill represents a modest investment for the housing stock in Kansas and a simple \$1.00 per page document recording fee is expected to generate an estimated \$2 million annually for the Trust Fund. He noted that there is a policy decision in that there is a need for a program for the needy, and also look at not only disaster funding, but coupling with economic development.

Staci Pratt, Homeless Liaison, Kansas City, Kansas, Public Schools (USD 500) who testified in support of **SB 605** ([Attachment 5](#)). Ms. Pratt indicated that she supported passage of the bill as it provides a dedicated revenue source into the Kansas State Housing Trust Fund. She recommended amending the bill to dedicate 90% of the funds to assist those individuals living at the 30% or less of the area median income. Ms. Pratt noted that there were over 911 homeless children and youth attending public schools in Wyandotte County last year, with the average age of a homeless person in Wyandotte County being 7 years old. In closing, Ms. Pratt also requested consideration of amending the bill to include setting aside 50% of the funds for homeless families with children and support tenant rental assistance and emergency and transitional beds.

Jennifer Schwartz, Director, Kansas Association of Centers for Independent Living, who spoke in support of **SB 605** ([Attachment 6](#)). Ms. Schwartz supports the need to increase the funding to the Kansas State Housing Trust Fund, but asked consideration of amendments to the bill as detailed in her written testimony. She noted that **SB 605** provides a dedicated revenue source into the Trust Fund.

Marilyn Nichols, Shawnee County Register of Deeds, and representing the Kansas Register of Deeds Association, testified as an opponent on **SB 605** ([Attachment 7](#)). Ms. Nichols explained that the permanent funding stream is to be generated through an increase in the document recording fees in the Register of Deeds Office. She explained that the current fee is \$8.00 for the first page and \$4.00 for each additional page. The breakdown is detailed in her written testimony. Ms. Nichols questioned if the funding stream is really appropriate to route recording fees to a state fund and the county collector in this case is an elected county official. In closing, Ms. Nichols explained that the Kansas Register of Deeds Association opposes the bill in as far as the funding stream being through their recording fees and feels the State of Kansas should fund disaster relief, which may or may not include additional funding for housing. They are not opposing disaster relief nor helping the homeless.

Luke Bell, Director of Governmental Relations, Kansas Association of Realtors, spoke in opposition of **SB 605** ([Attachment 8](#)). Mr. Bell expressed concern that under this legislation, all Kansas homebuyers would be forced to pay additional closing costs as part of the real estate transaction to supply increased funding for the housing trust fund. He noted that Kansas homebuyers already pay an average of nearly \$400 in document recording fees and taxes on the purchase of each home in the state. Mr. Bell provided in his written testimony information from surrounding states in regard to document recording fees and taxes paid on a \$200,000 purchase of a home.

Martha Neu Smith, Executive Director, Kansas Manufactured Housing Association, who testified in opposition to **SB 605** ([Attachment 9](#)). Ms. Smith expressed their concerns on the bill. Their questions include what the definition of "workforce housing" is and what are the "other housing activities" determined by the president of the Kansas Housing Resources Corporation that will be funded by this fee increase. In closing, Ms. Smith asked that the KHRC go through the appropriations process to secure funding for the Housing Trust Fund.

Chris Wilson, Executive Director, Kansas Building Industry Association, spoke as an opponent on **SB 605** ([Attachment 10](#)). Ms. Wilson explained that they oppose the bill for the following reasons:

1. SB 605 would establish a new tax.
2. The revenue generated by the legislation would not go through the appropriations process.
3. There are only very broad parameters as to how the funds would be spent.
4. There has been no specific information provided on the needs for the funds; needs that aren't currently being met in other programs; and specifically how those funds might be allocated.

CONTINUATION SHEET

MINUTES OF THE Senate Ways and Means Committee at 10:40 A.M. on March 4, 2008, in Room 123-S of the Capitol.

Shannon Jones, Director, Statewide Independent Living Council of Kansas (SILCK), testified in opposition to **SB 605** ([Attachment 11](#)). Ms. Jones mentioned that in general, SILCK supports the bill in that it provides a dedicated funding revenue source into the Kansas Housing Trust Fund; a dedicated revenue stream that should be targeted to those most in need. However, Ms. Jones expressed concern that SILCK is deeply concerned about the proposed new targeted beneficiaries in the bill focused on workforce housing up to 120% of the state median income. SILCK recommended several amendments to the bill that are detailed in the written testimony.

Edward Cross, Executive Vice President, Kansas Independent Oil and Gas Association (KIOGA), testified in opposition to **SB 605** ([Attachment 12](#)). Mr. Cross explained that they do not object to disaster relief funding, but they are concerned about the funding process stated in the bill. He noted that often the oil and gas industry records a large number of documents and in many western Kansas counties, the majority of documents being recorded are oil and gas documents. **SB 605** increases fees on the oil and gas industry to fund something completely unrelated to the business of the people who will be required to pay the fees. Mr. Cross urged the committee to find other more fair ways to fund disaster housing relief.

Written testimony was submitted by:

Karl Peterjohn, Executive Director, Kansas Taxpayer Network ([Attachment 13](#))

Alan Cobb, State Director, Americans for Prosperity ([Attachment 14](#))

Kelly Nightengale, Housing specialist, Independence, Inc., Lawrence ([Attachment 15](#))

The Chairman closed the public hearing on **SB 605**.

The meeting adjourned at 12:10 p.m. The next meeting was scheduled for March 5, 2008.

**SENATE WAYS AND MEANS
GUEST LIST**

Date March 4, 2008

NAME	REPRESENTING
Kennie Leffler	DOR
Julia Thomas	JTB
JP Arpin	Discretionary Budget
Bill Bry	Capital Strategies
BILL REARDON	K.C. Ks Public Schools
Ed Cross	KIOGA
Marilyn Nichols	Ks. Reg. of Deeds Assoc.
Suzanne Umix	Wabasha Co. Reg. of Deeds
Barbara Golubski	Wyco Reg of Deeds
Betty Jo Abbe	Pottawatomie Reg of Deeds
Janice Lee Miller	KMHA
Luke Bell	Ks Assoc. of REALTORS
Chris Wilson	Ks Building Industry Assn
Lindsey Douglas	Hein Law Firm
Katie Zubary	Kearney & Associates
April Holman	Kansas Action for Children
Matthew Goddard	Heartland Community Bankers Assoc.
Pat Damron	KU
Ryan Vincent	
Effie Swanson	Sen. D Schmidt
Melissa Jabra	Sen. Goodwin
Bill Meek	REGISTOR OF DEEDS
John Sabatys	Huffley Government Relations

**SENATE WAYS AND MEANS
GUEST LIST**

Date 3-4-08

NAME	REPRESENTING
Eugene Williams	KTWU - Public TV
Janet Campbell	KPR - Public Radio
MARK MCCAIN	KPBC Wichita Public Radio
KAREN BUTTON	KCPT - KC Public Television
Dave McClintock	KPBC - KPTS-wichita
LARRY AORSON	KABC - SMOKEY HILLS PD
Ken Baker	Public Broadcasting - Radio Kansas
Melissa Ness	Connections Unlimited, Inc.
Rachael Evans	KDGM
Missie Gerritzen	KE County Reg of Deeds / KCDA
Gary ALLSUP	KHRC
JACK FOWLER	KCVA
Rh Mitt	LITTLE GIRL RELATIONS
Steve Westheadford	KDFA / KHRC
Marilyn Jacobson	DOA
Pat Higgin	DOA
Patrice	DOA
Wayne Dalling	KCVA
Doug Smith	LISC of Kansas City
Ashley Jones	Greater KC LISC

SENATE SUBCOMMITTEE REPORT

Department of Administration

FY 2008 and FY 2009

March 4, 2008



Senator Ruth Teichman, Chair



Senator Chris Steineger



Senator Mark Taddiken

Senate Ways and Means
3-4-08
Attachment 1

House Budget Committee Report

Agency: Department of Administration **Bill No.** HB 2947

Bill Sec. 2

Analyst: Efird

Analysis Pg. No. Vol.

Budget Page No. 13

<u>Reportable Expenditure Summary</u>	<u>Agency Estimate FY 08</u>	<u>Governor's Recommendation FY 08</u>	<u>House Budget Committee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 56,352,460	\$ 56,382,375	\$ 0
Other Funds	<u>9,217,000</u>	<u>9,214,000</u>	<u>0</u>
Subtotal - Operating	<u>\$ 65,569,460</u>	<u>\$ 65,596,375</u>	<u>\$ 0</u>
Capital Improvements:			
State General Fund	\$ 10,469,355	\$ 10,839,525	\$ 0
Other Funds	<u>2,199,584</u>	<u>2,199,584</u>	<u>0</u>
Subtotal - Capital Improvements	<u>\$ 12,668,939</u>	<u>\$ 13,039,109</u>	<u>\$ 0</u>
 TOTAL	 <u><u>\$ 78,238,399</u></u>	 <u><u>\$ 78,635,484</u></u>	 <u><u>\$ 0</u></u>
 FTE Positions	 169.1	 170.1	 0.0
Non FTE Uncl. Perm. Pos.	<u>5.1</u>	<u>5.1</u>	<u>0.0</u>
TOTAL	<u><u>174.2</u></u>	<u><u>175.2</u></u>	<u><u>0.0</u></u>
<u>Nonreportable Expenditure Summary</u>	<u>Agency Estimate FY 08</u>	<u>Governor's Recommendation FY 08</u>	<u>House Budget Committee Adjustments</u>
Operating Expenditures:			
Operating Expenditures	\$ 82,961,837	\$ 82,961,837	\$ 0
Capital Improvements	<u>2,242,679</u>	<u>2,242,679</u>	<u>0</u>
TOTAL – All Other Funds	<u><u>\$ 85,204,516</u></u>	<u><u>\$ 85,204,516</u></u>	<u><u>\$ 0</u></u>
 FTE Positions	 592.5	 592.5	 0.0
Non FTE Uncl. Perm. Pos.	<u>32.0</u>	<u>32.0</u>	<u>0.0</u>
TOTAL	<u><u>624.5</u></u>	<u><u>624.5</u></u>	<u><u>0.0</u></u>

Agency Estimate

The agency's revised request, most notably the carry over of \$2.8 million, all from the State General Fund, due to underspending in FY 2007. Most of that funding is associated with \$2,448,422, all from the State General Fund, for the Statewide Financial Management System (FMS) project. Of the amount carried over, the agency requests expenditures of \$1.8 million in FY 2008, with the remaining \$648,422 shifted to FY 2009. A reduction in federal cash management expenditures totaling \$1.4 million from special revenue fund also is requested, and an increase of \$0.8 million in wireless enhanced 911 grants also is requested.

For capital improvements, the agency requests an increase of \$2,159,234, from special revenue funds, that carried over from FY 2007 for emergency repairs to the Landon State Office Building, and \$37,253, all from the State General Fund, that carried over from FY 2007 for the repair and rehabilitation of state facilities.

The agency requests a shift of 6.4 FTE positions, authorized by the 2007 Legislature, from the nonreportable to reportable budget in the revised FY 2008 request.

The agency requests \$85.2 million, all from special revenue funds, for nonreportable expenditures, including \$83.0 million for operating expenditures and \$2.2 million for capital improvements. Also requested are 592.2 FTE positions in the nonreportable budget.

Governor's Recommendation

The Governor concurs with the revised operating budget and adds \$29,915, all from the State General Fund, for staffing of a proposed pay plan project. The Governor also recommends an additional 1.0 FTE position to assist with the proposed pay plan project. The Governor concurs with expenditure of the carry over funds for two capital improvement projects: \$2,159,234, all from special revenue funds, for Landon, and \$37,253, all from the State General Fund, for repairs to state buildings. In addition, the Governor recommends a supplemental appropriation of \$370,170, all from the State General Fund, for emergency repairs to a Capitol Complex utility tunnel.

The Governor recommends \$85.2 million, all from special revenue funds, for nonreportable expenditures, including \$83.0 million for operating expenditures and \$2.2 million for capital improvements. Also recommended are 592.1 FTE positions in the nonreportable budget.

House Budget Committee Recommendation

The Budget Committee concurs with the Governor's FY 2008 recommendation, including two supplemental appropriations from the State General Fund:

- \$29,915, all from the State General Fund, and 1.0 FTE position for staffing of the five-year implementation of the pay plan project authorized in 2008 HB 2916, and
- \$370,170, all from the State General Fund, for emergency repairs to a Capitol Complex utility tunnel.

House Committee Recommendation

The Committee concurs with the House Budget Committee recommendations.

Senate Subcommittee Report

Agency: Department of Administration **Bill No.** SB 655

Bill Sec. 2

Analyst: Efird

Analysis Pg. No. Vol.

Budget Page No. 13

Reportable Expenditure Summary	Agency Estimate FY 08	Governor's Recommendation FY 08	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 56,352,460	\$ 56,382,375	\$ 0
Other Funds	9,217,000	9,214,000	0
Subtotal - Operating	\$ 65,569,460	\$ 65,596,375	\$ 0
Capital Improvements:			
State General Fund	\$ 10,469,355	\$ 10,839,525	\$ 0
Other Funds	2,199,584	2,199,584	0
Subtotal - Capital Improvements	\$ 12,668,939	\$ 13,039,109	\$ 0
 TOTAL	 \$ 78,238,399	 \$ 78,635,484	 \$ 0
 FTE Positions	 169.1	 170.1	 0.0
Non FTE Uncl. Perm. Pos.	5.1	5.1	0.0
TOTAL	174.2	175.2	0.0
Nonreportable Expenditure Summary	Agency Estimate FY 08	Governor's Recommendation FY 08	Senate Subcommittee Adjustments
Operating Expenditures:			
Operating Expenditures	\$ 82,961,837	\$ 82,961,837	\$ 0
Capital Improvements	2,242,679	2,242,679	0
TOTAL – All Other Funds	\$ 85,204,516	\$ 85,204,516	\$ 0
 FTE Positions	 592.5	 592.5	 0.0
Non FTE Uncl. Perm. Pos.	32.0	32.0	0.0
TOTAL	624.5	624.5	0.0

Agency Estimate

The agency's revised request, most notably the carry over of \$2.8 million, all from the State General Fund, due to underspending in FY 2007. Most of that funding is associated with \$2,448,422, all from the State General Fund for the Statewide Financial Management System (FMS)

project. Of the amount carried over, the agency requests expenditures of \$1.8 million in FY 2008, with the remaining \$648,422 shifted to FY 2009. A reduction in federal cash management expenditures totaling \$1.4 million from special revenue fund also is requested, and an increase of \$0.8 million in wireless enhanced 911 grants also is requested.

For capital improvements, the agency requests an increase of \$2,159,234 from special revenue funds that carried over from FY 2007 for emergency repairs to the Landon State Office Building and \$37,253, all from the State General Fund, that carried over from FY 2007 for the repair and rehabilitation of state facilities.

The agency requests a shift of 6.4 FTE positions authorized by the 2007 Legislature from the nonreportable to reportable budget in the revised FY 2008 request.

The agency requests \$85.2 million, all from special revenue funds, for nonreportable expenditures, including \$83.0 million for operating expenditures and \$2.2 million for capital improvements. Also requested are 592.2 FTE positions in the nonreportable budget.

Governor's Recommendation

The Governor concurs with the revised operating budget and adds \$29,915, all from the State General Fund, for staffing of a proposed pay plan project. The Governor also recommends an additional 1.0 FTE position to assist with the proposed pay plan project. The Governor concurs with expenditure of the carry over funds for two capital improvement projects: \$2,159,234, all from special revenue funds, for Landon State Office Building and \$37,253, all from the State General Fund, for repairs to state buildings. In addition, the Governor recommends a supplemental appropriation of \$370,170, all from the State General Fund, for emergency repairs to a Capitol Complex utility tunnel.

The Governor recommends \$85.2 million, all from special revenue funds, for nonreportable expenditures, including \$83.0 million for operating expenditures and \$2.2 million for capital improvements. Also recommended are 592.1 FTE positions in the nonreportable budget.

Senate Subcommittee Recommendation

The Subcommittee concurs with the Governor's FY 2008 recommendation, with the following technical correction to the supplemental appropriations bill:

1. Add 1.0 FTE position for staffing recommended by the Governor in the Division of Personnel Services to assist with the five-year implementation of the pay plan project authorized in 2008.

House Budget Committee Report

Agency: Department of Administration **Bill No.** 2946

Bill Sec. 19

Analyst: Efirid

Analysis Pg. No. Vol.

Budget Page No. 13

<u>Reportable Expenditure Summary</u>	<u>Agency Request FY 09</u>	<u>Governor's Recommendation FY 09</u>	<u>House Budget Committee Adjustments*</u>
Operating Expenditures:			
State General Fund	\$ 72,243,627	\$ 55,277,257	\$ 9,576,437
Other Funds	13,440,285	28,345,368	(14,912,379)
Subtotal - Operating	<u>\$ 85,683,912</u>	<u>\$ 83,622,625</u>	<u>\$ (5,335,942)</u>
Capital Improvements:			
State General Fund	\$ 18,328,768	\$ 1,058,690	\$ 11,470,000
Other Funds	164,422	15,634,422	(15,470,000)
Subtotal - Capital Improvements	<u>\$ 18,493,190</u>	<u>\$ 16,693,112</u>	<u>\$ (4,000,000)</u>
 TOTAL	<u><u>\$ 104,177,102</u></u>	<u><u>\$ 100,315,737</u></u>	<u><u>\$ (9,335,942)</u></u>
 FTE Positions	169.4	171.4	(3.0)
Non FTE Uncl. Perm. Pos.	4.9	4.9	0.0
TOTAL	<u><u>174.3</u></u>	<u><u>176.3</u></u>	<u><u>(3.0)</u></u>

* Of the Budget Committee's recommended reductions, \$441,140, including \$404,626 from the State General Fund, is related to pay plan adjustments.

<u>Nonreportable Expenditure Summary</u>	<u>Agency Estimate FY 08</u>	<u>Governor's Recommendation FY 08</u>	<u>House Budget Committee Adjustments*</u>
Operating Expenditures:			
Operating Expenditures	\$ 90,115,412	\$ 91,311,115	\$ (1,540,750)
Capital Improvements	2,591,551	2,591,551	0
TOTAL – All Other Funds	<u><u>\$ 92,706,963</u></u>	<u><u>\$ 93,902,666</u></u>	<u><u>\$ (1,540,750)</u></u>
 FTE Positions	592.2	592.2	0.0
Non FTE Uncl. Perm. Pos.	32.1	32.1	0.0
TOTAL	<u><u>624.3</u></u>	<u><u>624.3</u></u>	<u><u>0.0</u></u>

* Of the Budget Committee's recommended reductions, all is related to pay plan adjustments.

Agency Request

The agency requests \$85.7 million, including \$13.4 million from the State General Fund, for operating expenditures. Also requested is enhancement financing of \$15.1 million, including \$9.5 million from the State General Fund. Among the enhancements are the Statewide Financial Management System (FMS) project, public broadcasting, and additional Statehouse Renovation bond payments. The agency requests \$9.7 million for the FMS project, including \$4.2 million from the State General Fund. Enhancement funding for public broadcasting is requested to increase \$3.0 million, all from the State General Fund. The request for Statehouse bond funding is \$2.1 million, all from the State General Fund. Other enhancements are attributed to additional staff in the Long-Term Care Ombudsman's Office and replacement vehicles. The agency requests 2.0 FTE positions for new staff in the Long-Term Care Ombudsman's Office.

For capital improvements, the agency requests \$18.5 million for bond payments principal and other projects. Among the requests are \$3.0 million, all from the State General Fund, for replacing a Capitol Complex utility tunnel and almost \$3.7 million, all from the State General Fund, for other projects in the Capitol Complex, primarily for life safety and fire code remediation.

The agency requests \$90.1 million for nonreportable operating expenditures and \$2.6 million for capital improvements, all from special revenue funds. Also requested are 592.2 FTE positions in the nonreportable budget.

Governor's Recommendation

The Governor recommends an increase of \$18.0 million in the operating budget, including a reduction of \$1.1 million from the State General Fund below the revised FY 2008 recommendation. The Governor substitutes financing that was requested from the State General Fund with funding from the Expanded Lottery Act Revenues Fund (ELARF) for certain items related to debt reduction and infrastructure improvements. The Governor's recommendations include \$13.0 million for enhancements, including \$5.2 million from the State General Fund. The Governor concurs with adding 2.0 FTE positions in the Ombudsman's Office and recommends an additional 2.0 FTE positions for the proposed pay plan project (one of the positions also was recommended in FY 2008). The Governor's recommendation includes salary plan adjustments. Enhancements recommended by the Governor include:

- Financial Management System: \$9,700,000, including \$4,200,000, from the State General Fund;
- Public Broadcasting Grants: \$500,000, all from the State General Fund;
- Long-Term Care Ombudsman: \$138,640, including \$94,978, from the State General Fund, and 2.0 FTE positions;
- Pay Plan Project: \$100,118, all from the State General Fund, and 2.0 FTE positions; and
- Replacement Vehicles: \$54,600, including \$11,600, from the State General Fund.

The Governor recommends a reduction in financing from the State General Fund and the substitution of revenue from the Expanded Lottery Act Revenues Fund (ELARF) for bond payments and capital improvements. The Governor's recommendations would fund three ongoing bond repayments and two new capital improvement projects from the gaming revenues in FY 2009:

Operating Budget (Bond Interest Payments, all from ELARF)

- KDOT bond funding: \$9,138,175
- Statehouse renovation bond funding: \$5,662,858
- Judicial Center bond funding: \$31,170

Capital Improvement Budget (Bond Principal Payments and Projects, all from ELARF)

- KDOT bond funding: \$7,010,000
- Statehouse renovation bond funding: \$4,390,000
- Judicial Center bond funding: \$70,000
- Capitol Complex maintenance project: \$3,000,000
- Docking State Office Building renovation planning project: \$1,000,000

New Bonding Authority

Bonding authority for two projects also is recommendation by the Governor. No bond payments are recommended to start in FY 2009

- Docking Building renovation bonds: \$96,000,000
- Statehouse renovation bonds: \$38,800,000

The Governor recommends \$90.3 million for nonreportable operating expenditures and \$2.6 million for capital improvements, all from special revenue funds. The Governor's recommendation includes salary plan adjustments of \$1.3 million, all from special revenue funds. Also recommended are 592.2 FTE positions in the nonreportable budget.

House Budget Committee Recommendation

The Budget Committee concurs with the Governor's recommendation with the following exceptions:

1. **Pay Plan Adjustments.** Delete \$441,140, including \$404,626 from the State General Fund, to remove the following reportable pay plan adjustments recommended by the Governor. The other part of the funding (\$1,540,750) to delete is in the nonreportable budget. Pay plan adjustments will be considered in a separate bill (2008 HB 2916).
 - a. **State Employee Pay Increases.** Delete \$158,848, including \$144,319 from the State General Fund, to remove the amount recommended by the Governor for the 2.5 percent base salary adjustment. Another part of the funding (\$689,423) to delete is in the nonreportable budget.

Operating Budget (Bond Interest Payments)

- KDOT bond funding: \$9,138,175
- Statehouse renovation bond funding: \$5,662,858
- Judicial Center bond funding: \$31,170

Capital Improvement Budget (Bond Principal Payments)

- KDOT bond funding: \$7,010,000
- Statehouse renovation bond funding: \$4,390,000
- Judicial Center bond funding: \$70,000

8. **Capital Improvement Projects.** Delete financing from the ELARF for the following two projects, and review during Omnibus the following:

- Capitol Complex maintenance project: \$3,000,000
- Docking State Office Building renovation planning project: \$1,000,000

9. **New Bonding Authority.** Delete authorization for the proposed Docking Building renovation bonds, totaling \$96,000,000, and review at Omnibus. The Subcommittee concurs with the Governor's recommendation for Statehouse renovation bonds totaling \$38,800,000.

House Committee Recommendation

The Committee concurs and adds the following item:

1. Prior to evaluating the renovation of the Docking State Office Building in Topeka, study existing state-owned facilities and moving state employees out of Topeka, with further review of the study's scope during Omnibus, with input from the Department of Administration.
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Senate Subcommittee Report

Agency: Department of Administration **Bill No.** SB 658

Bill Sec. 19

Analyst: Efirid

Analysis Pg. No. Vol.

Budget Page No. 13

<u>Reportable Expenditure Summary</u>	<u>Agency Request FY 09</u>	<u>Governor's Recommendation FY 09</u>	<u>Senate Subcommittee Adjustments*</u>
Operating Expenditures:			
State General Fund	\$ 72,243,627	\$ 55,277,257	\$ 13,720,881
Other Funds	13,440,285	28,345,368	(14,912,379)
Subtotal - Operating	<u>\$ 85,683,912</u>	<u>\$ 83,622,625</u>	<u>\$ (1,191,498)</u>
Capital Improvements:			
State General Fund	\$ 18,328,768	\$ 1,058,690	\$ 0
Other Funds	164,422	15,634,422	0
Subtotal - Capital Improvements	<u>\$ 18,493,190</u>	<u>\$ 16,693,112</u>	<u>\$ 0</u>
 TOTAL	<u>\$ 104,177,102</u>	<u>\$ 100,315,737</u>	<u>\$ (1,191,498)</u>
 FTE Positions	169.4	171.4	(4.0)
Non FTE Uncl. Perm. Pos.	4.9	4.9	0.0
TOTAL	<u>174.3</u>	<u>176.3</u>	<u>(4.0)</u>

* Of the Subcommittee's recommended reductions, \$441,140, including \$404,626 from the State General Fund, is related to pay plan adjustments.

<u>Nonreportable Expenditure Summary</u>	<u>Agency Estimate FY 08</u>	<u>Governor's Recommendation FY 08</u>	<u>Senate Subcommittee Adjustments*</u>
Operating Expenditures:			
Operating Expenditures	\$ 90,115,412	\$ 91,311,115	\$ (1,540,750)
Capital Improvements	2,591,551	2,591,551	0
TOTAL – All Other Funds	<u>\$ 92,706,963</u>	<u>\$ 93,902,666</u>	<u>\$ (1,540,750)</u>
 FTE Positions	592.2	592.2	0.0
Non FTE Uncl. Perm. Pos.	32.1	32.1	0.0
TOTAL	<u>624.3</u>	<u>624.3</u>	<u>0.0</u>

* Of the Subcommittee's recommended reductions, all is related to pay plan adjustments.

Agency Request

The agency requests \$85.7 million, including \$13.4 million from the State General Fund, for operating expenditures. Also requested is enhancement financing of \$15.1 million, including \$9.5 million from the State General Fund. Among the enhancements are the Statewide Financial Management System (FMS) project, public broadcasting, and additional Statehouse Renovation bond payments. The agency requests \$9.7 million for the FMS project, including \$4.2 million from the State General Fund. Enhancement funding for public broadcasting is requested to increase \$3.0 million, all from the State General Fund. The request for Statehouse bond funding is \$2.1 million, all from the State General Fund. Other enhancements are attributed to additional staff in the Long-Term Care Ombudsman's Office and replacement vehicles. The agency requests 2.0 FTE positions for new staff in the Long-Term Care Ombudsman's Office.

The agency requests \$90.1 million for nonreportable operating expenditures and \$2.6 million for capital improvements, all from special revenue funds. Also requested are 592.2 FTE positions in the nonreportable budget.

Governor's Recommendation

The Governor recommends an increase of \$18.0 million in the operating budget, including a reduction of \$1.1 million from the State General Fund below the revised FY 2008 recommendation. The Governor substitutes financing that was requested from the State General Fund with funding from the Expanded Lottery Act Revenues Fund (ELARF) for certain items related to debt reduction and infrastructure improvements. The Governor's recommendations include \$13.0 million for enhancements, including \$5.2 million from the State General Fund. The Governor concurs with adding 2.0 FTE positions in the Ombudsman's Office and recommends an additional 2.0 FTE positions for the proposed pay plan project (one of the positions also was recommended in FY 2008). The Governor's recommendation includes salary plan adjustments. Enhancements recommended by the Governor include:

- Financial Management System: \$9,700,000, including \$4,200,000 from the State General Fund;
- Public Broadcasting Grants: \$500,000, all from the State General Fund;
- Long-Term Care Ombudsman: \$138,640, including \$94,978 from the State General Fund, and 2.0 FTE positions;
- Pay Plan Project: \$100,118, all from the State General Fund, and 2.0 FTE positions; and
- Replacement Vehicles: \$54,600, including \$11,600 from the State General Fund.

The Governor recommends a reduction in financing from the State General Fund and the substitution of expenditures from the Expanded Lottery Act Revenues Fund (ELARF) for bond payments and capital improvements. The Governor's recommendations would fund three ongoing bond interest repayments and two new capital improvement projects from the gaming revenues in FY 2009:

- KDOT bond funding: \$9,138,175;
- Statehouse renovation bond funding: \$5,662,858; and

- Judicial Center bond funding: \$31,170.

The Governor recommends \$90.3 million for nonreportable operating expenditures and \$2.6 million for capital improvements, all from special revenue funds. The Governor's recommendation includes salary plan adjustments of \$1.3 million, all from special revenue funds. Also recommended are 592.2 FTE positions in the nonreportable budget.

Senate Subcommittee Recommendation

The Subcommittee concurs with the Governor's recommendation with the following exceptions:

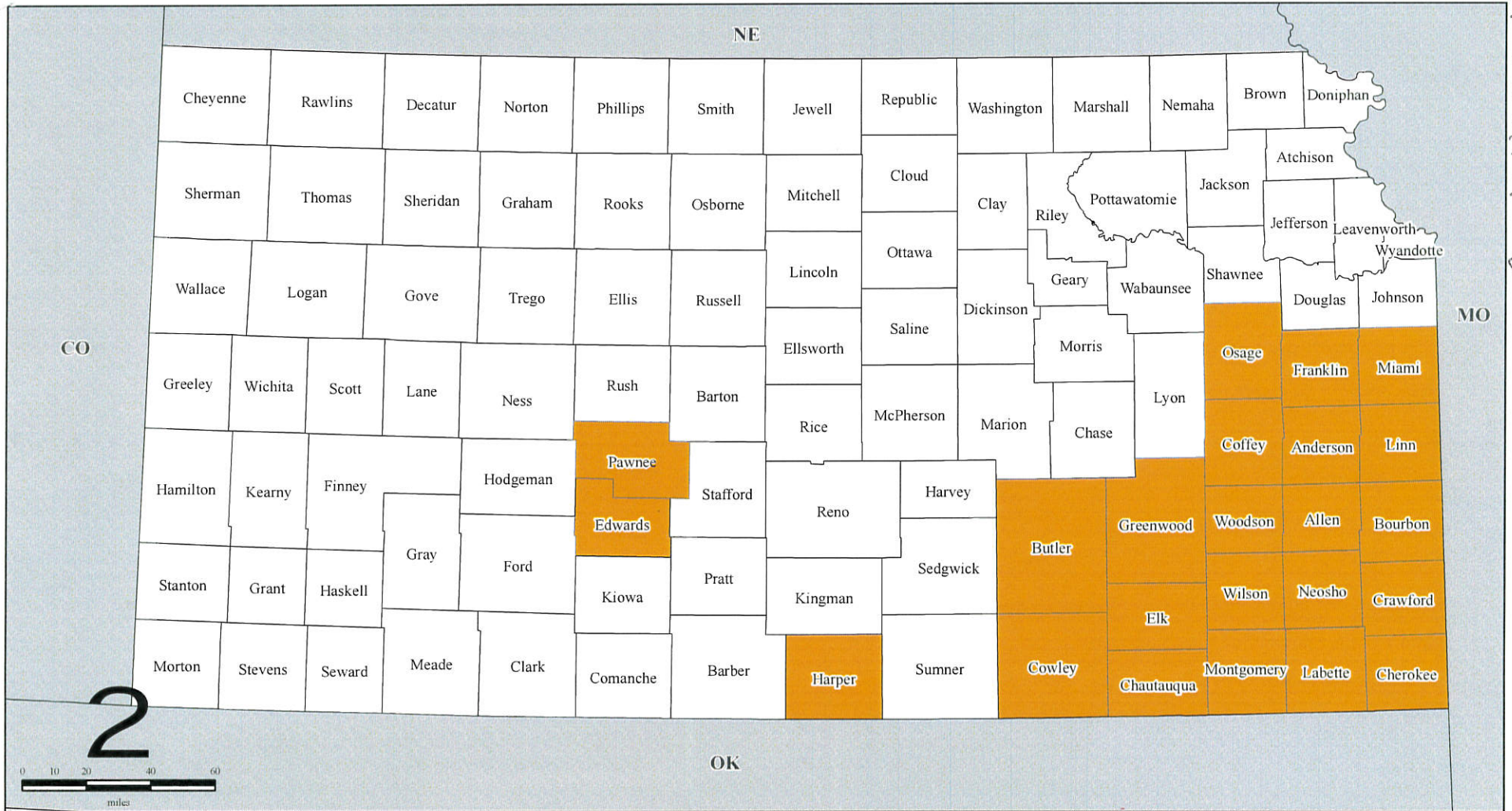
1. **Pay Plan Adjustments.** Delete \$441,140, including \$404,626 from the State General Fund, to remove the following reportable pay plan adjustments recommended by the Governor. The other part of the funding (\$1,540,750) to delete is in the nonreportable budget.
 - a. **State Employee Pay Increases.** Delete \$ 158,848, including \$144,319 from the State General Fund, to remove the amount recommended by the Governor for the 2.5 percent base salary adjustment. Another part of the funding (\$689,423) to delete is in the nonreportable budget.
 - b. **Classified Employee Pay Plan.** Delete \$200,383, including \$185,694 from the State General Fund, to remove the amount recommended by the Governor for FY 2009 pay increases for basic vocational classes and for those employees identified as having the most disparity relative to market rate. Another part of the funding (\$544,186) to delete is in the nonreportable budget.
 - c. **Longevity Pay.** Delete \$81,909, including \$74,613 from the State General Fund to remove the amount recommended by the Governor for longevity bonus payments. Another part of the funding (\$307,141) to delete is in the nonreportable budget.
2. **Pay Plan Project Staff.** Delete 2.0 FTE positions and \$100,118, all from the State General Fund, to assist with the Pay Plan Project. The Subcommittee recommends review of the both positions plus funding during Omnibus.
3. **Replacement Vehicles.** Delete \$11,600, all from the State General Fund, for one replacement vehicle for the Ombudsman's Office, and review during Omnibus. The Subcommittee concurs with the Governor's recommendation for the nonreportable budget that includes \$43,000, all from special revenue funds, for replacement vehicles in the Division of Facilities Management.
4. **Long-Term Care Ombudsman.** Delete \$138,640, including \$94,978 from the State General Fund, and 2.0 FTE positions for additional new staff in FY 2009. The Subcommittee recommends review of the two positions plus funding during Omnibus.
5. **Public Broadcasting Funding.** Delete \$500,000, all from the State General Fund, for enhanced formula grant funding in FY 2009. The Subcommittee

recommends review during Omnibus of the \$500,000 formula grant enhancement funding and of an additional request for \$2.3 million in equipment grants funding for individual stations. The Subcommittee requests information be prepared showing 10-year bond costs as an alternative means of funding the equipment. The Subcommittee further notes that money for equipment may be matched dollar for dollar by federal funds and in several cases federal funds already have been committed for equipment.

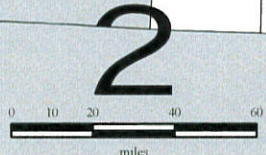
6. **Bond Payments.** Delete financing of \$14,832,203, all from the Expanded Lottery Act Revenues Fund (ELARF), and add the same amount, all from the State General Fund, for the following bond interest payments, with a review during Omnibus of the status of ELARF revenue:

- KDOT bond funding: \$9,138,175;
- Statehouse renovation bond funding: \$5,662,858; and
- Judicial Center bond funding: \$31,170.

FEMA-1711-DR, Kansas Disaster Declaration as of 08/17/2007



Senate Ways and Means
3-4-08
Attachment 2



Location Map



Legend

Designated Counties	
	No Designation
	Individual Assistance and Public Assistance

All counties are eligible for Hazard Mitigation



ITS Mapping & Analysis Center
Washington, DC
08/17/07 -- 01:00 PM EDT

Source: Disaster Federal Registry Notice
Amendment No. 6 - 08/17/2007

**TESTIMONY TO SENATE WAYS AND MEANS COMMITTEE
REGARDING SENATE BILL NO. 605**

**Stephen R. Weatherford
President, Kansas Development Finance Authority
President, Kansas Housing Resources Corporation**

Chairman Umbarger and Members of the Committee, you have already heard testimony this session on the devastating floods and tornadoes of 2007 and how they escalated the housing problem in Kansas into a crisis. Recognizing your limited time, I instead want to highlight some housing accomplishments over the past few years funded by the State Housing Trust Fund (Trust Fund) and express my support for Senate Bill No. 605 (Bill) which provides designated funding that will enhance and increase the State's housing programs.

Kansas Housing Resources Corporation (KHRC) utilizes the Trust Fund for numerous statewide housing programs that fit many needs. Starting with rental housing, we rely primarily upon Federal Tax Credits to fund rental housing developments in Kansas. The Federal Tax Credit Program provides an incentive for private developers to partner with us to develop housing. Even when making use of Tax Credits, developers may encounter a funding gap, hindering the development of properties with affordable rents. As part of the State's disaster recovery funding, KHRC allocated \$3 million of the State Finance Council's Appropriation to assist with the construction or rehabilitation of 302 rental housing units in the State leveraging a total development cost of \$39.8 million. A dedicated funding stream will provide the Trust Fund with resources to replicate this success statewide.

Turning to homeownership, rising material costs, contractor scarcity, and low property valuations and appraisals combine to create a situation where construction costs can exceed property appraisals by 20 percent or more. This results in a financing gap, as private lenders are unable to loan beyond appraised values. As a second part of the housing disaster recovery initiative, the State Finance Council appropriated an additional \$2 million for homeownership. KHRC has committed an additional \$1.25 million from the Trust Fund to provide soft-second mortgages for disaster survivors. So far, 68 Kansas families have taken advantage of this loan

program, utilizing nearly one-half of the total available funding. We believe this program can be replicated statewide to help other communities.

Kansas' special needs populations depend on KHRC for several successful programs funded by the Trust Fund. The Kansas Accessibility Modifications Program (KAMP) provides grants for income-eligible persons with disabilities to make accessibility modifications to their homes. The funds have enabled people to remain in their homes by installing wheelchair ramps, widening doorways, and installing roll-in showers. For 2008, KAMP received \$1 million in appropriations from the Trust Fund. Over the past four years, KAMP provided over 500 modifications for low income Kansans.

The Emergency Repair Program (ERP) is another important tool for persons with limited incomes to remain in their homes. The program provides funds to income-eligible households to make emergency safety-related repairs to homes to keep them habitable. These include fixing inoperable furnaces, leaky roofs, and unsafe electrical or plumbing systems. For 2008, KAMP received \$1 million in appropriations from the Trust Fund. Without these repairs over the past four years more than 400 low income Kansans may have had to leave their homes.

Beyond these important programs funded by the Trust Fund, KHRC uses the fund to provide grants or loans to address numerous needs across the State. Other examples include 2007 funding for tenant-landlord counseling and mediation services with Housing Credit Counseling, Inc. Supplemental funding of KHRC's Tenant Based Rental Assistance (TBRA) program would be an additional priority should a new revenue stream become available. TBRA funds are used to make housing affordable for income-eligible families, elderly persons, and persons with disabilities. Eligible activities include rental subsidy, security deposit, and/or utility deposit programs and are available for up to two years.

Disaster communities in Southeast Kansas and Greensburg also accessed Trust Fund monies last year, receiving both gap funding for rental developments, down payment assistance and/or emergency repairs for homeowners. The Trust Fund provides unrestricted funds that can be

quickly accessed to address both immediate disaster-related housing as well statewide or systemic housing problems.

In spite of all of these accomplishments achieved through the Trust Fund, the reality is that Kansas' housing needs are great and its funds are few. Unlike most state housing trust funds that enjoy numerous sources of designated annual funding, Kansas' Trust Fund has primarily been funded through KHRC's revenues earned from operating its federal housing programs. KHRC remains unable to access the substantial revenues enjoyed by every other state earned through their issuance of mortgage revenue bonds. While the State has allocated limited restricted funds for energy efficiency loans and disaster needs, the trust fund accomplishments have been proportionally limited to its revenues.

This past summer Legislative Post Audit reviewed KHRC's administration of the Federal Tax Credit Program. The following excerpts from the Post Audit report contrast Kansas' commitment to housing compared to that of other states.

Beginning on page 23, Post Audit's answer in brief follows.

Compared to Kansas, several other states we contacted have additional programs or funding sources to supplement their low-income housing programs. Both Missouri and Tennessee have state level tax-credit programs to help spur the construction of low-income housing. Four comparison states we contacted have housing trust funds like Kansas does, but their funds have significantly more money available to spend each year. Kansas Housing Resources Corporation officials told us they likely could generate additional revenues from issuing mortgage revenue bonds (a type of private-activity bond) if they were allowed to handle these bonds and the resulting mortgages the way that most other states do. Finally, all five comparison states have revolving loans funds to help finance low-income housing. Although the Corporation makes a limited number of low-interest loans to developers, those loans are financed by operating funds rather than a revolving loan fund dedicated for that purpose.

Post Audits conclusion from page 25 reads as follows

The available money to spur the construction of low-income housing in Kansas appears to be more limited than in other states we contacted. If the Legislature decides to supplement Kansas' Section 42 Housing Tax Credit Program, there are a variety of methods available. The most common methods we identified in other states included the creation of State-level tax credits, the creation of a revolving fund for low-interest loans, the earmarking of certain fees (such as mortgage registration fees) for housing, and General Fund appropriations.

Senate Bill 605 represents a modest investment for the housing stock in Kansas. A simple \$1.00 per page document recording fee is expected to generate an estimated \$2 million annually for the Trust Fund. While this designated funding will not immediately solve all of the State's housing problems, it will allow more of our fellow Kansans to safely remain in their homes; our wheelchair bound neighbors to enjoy accessible living; our friends who lost everything to nature's fury a chance to rebuild; and give local governments a chance to achieve affordable and decent housing in both rural and urban communities.

Testimony, Before the Senate Ways and Means Committee
SB 605

March 4, 2008

Kansas City, Kansas Public Schools (USD 500), Office of the Homeless Liaison
Staci Pratt, JD, LMSW

Mr. Chairman and Members of the Ways and Means Committee,

Thank you for the opportunity to speak to you today. My name is Staci Pratt and I am the Homeless Liaison, for the Kansas City, Kansas Public Schools (USD 500). Our office acts as an advocate for homeless children and youth attending school in Wyandotte County. Last year, there were over 911 homeless children and youth attending public schools in Wyandotte County. It is worth noting that the average age of a homeless person in Wyandotte County is 7 years old.

I am here today to support passage of SB 605, as it provides a dedicated revenue source into the Kansas state housing trust fund, administered by the Kansas Housing Resources Corporation. This dedicated revenue stream in Kansas is vital, and I am grateful that there is so much support for it.

I am asking that we consider provisions of this bill that do not specifically cover the critical housing needs in Kansas. There are two points I will be making today:

- One has to do with the beneficiaries of the fund.
- Second one has to do with the programs it provides.

We recommend that the bill be amended to dedicate 90% of the funds to assist those individuals living at the 30% or less of the area median income. This is in alignment with the needs of our most housing challenged residents. According to the Kansas City, Kansas Housing Authority's FY 2008 Plan, the majority of families on the section 8 waiting list are extremely low income (i.e. earn less than 30% of the area median income or AMI). They amount to 88% of the total families on the waiting list, and must wait over 4 years for a housing voucher.

	# of Families	% of Total Families
Waiting List Total	1419	
Extremely Low Income ≤ 30 % AMI	1249	88%
Very Low Income > 30 % but ≤ 50 % AMI	170	11%
Families with Children	714	50%
Elderly Families	41	28%
Families with Disabilities	364	26%

Thus, extremely low income individuals and families with children are disproportionately impacted by the unavailability of section 8 housing. Those who are waiting for public housing units share similar characteristics: 90% are extremely low income (≤ 30 % AMI), and 47% are families with children. One can readily imagine that these individuals end up in precarious living arrangements. Since they are unlikely to be to afford housing on the private market, and public housing is not available, it is foreseeable that they will enter the ranks of the homeless—whether doubled-up, in shelter, or on the street.

♦ **RECOMMENDATION: Bill is targeted to those who earn 30% or less of the area median income.**

Senate Ways and Means
3-4-08
Attachment 5

The second point I would like to address concerns how the Trust Fund money will be spent. S.B. 605 provides "as deemed appropriate by the president of the Kansas Housing Resources Corporation." Further clarification is needed. Unless there is an oversight/advisory committee to make these allocations transparent, legislation needs to be enacted as to how the funds are used. There are several reasons for the bill to specify that 50% of the funds should be targeted to homeless families with children. This can take the form of tenant based rental assistance on a time-limited basis, or could be used to develop emergency and transitional beds in sheltered arrangements. (The following information appears in *State of Our Homeless: As Commissioned by the Unified Government Mayor and Commissioners, by the Wyandotte Homeless Services Coalition, February 2008*).

1. The need for resources is profound.

- On any given night in Wyandotte County, 2,271 people are homeless
- 911 homeless children were identified in Wyandotte County Public Schools last year alone
- 41 % of shelter seekers are turned away by the Homeless Hotline
- 43 % of shelter seekers are children (Homeless Hotline)
- Only 57 emergency shelter beds currently exist in Wyandotte County (neighboring Jackson County, MO has 834 emergency shelter beds)
- Only 137 transitional shelter beds currently exist in Wyandotte County (neighboring Jackson County, MO has 1,370 transitional beds)
- Over 40% of the homeless population consists of families with children (National)

2. Without housing, children's educational outcomes suffer. Homeless children are:

- nine times more likely to repeat a grade
- four times as likely to drop out of school
- three times more likely to be placed in a special education program
- two times more likely to score lower on standardized tests

3. Housing specialists throughout the state of Kansas indicate that there is no bridge money to help people get from point A (homelessness/institutions/relatives couch) to point B (federal housing vouchers) to afford their own apartment.

4. 2005 data from the National Low Income Housing Coalition (see www.nlihc.org), indicates that there is a deficiency of available rental units for those earning 30% or less of area median incomes in Kansas. Many communities have large vacancy rates, with individuals who cannot afford to live in them based upon their earnings. **Providing tenant rental assistance on a time-limited basis**, will assist these individuals to get back on their feet, while they find jobs and/or receive federal housing vouchers.

♦ **RECOMMENDATION: Set aside 50% of the funds for homeless families with children. Support tenant rental assistance and emergency and transitional beds.**

Thank you for your support of SB 605, and for further consideration that we need to target these funds to the neediest of Kansas residents, as described above by defining more clearly how and whom the funding is going to serve. Thank you for your time today.
Sincerely,

Staci Pratt, JD, LMSW
Office of the Homeless Liaison
Kansas City, Kansas Public Schools (USD 500)



Jennifer Schwartz
Executive Director

Member Agencies:

Center for Independent Living for Southwest Kansas
Garden City, KS
620/276-1900 Voice

Coalition for Independence
Kansas City, KS
913/321-5140 Voice/TT

Independent Living Resource Center
Wichita, KS
316/942-6300 Voice/TT

Independence, Inc.
Lawrence, KS
785/841-0333 Voice
785/841-1046 TT

Independent Connection/OCK
Salina, KS
785/827-9383 Voice/TT

LINK, Inc.
Hays, KS
785/625-6942 Voice/TT

Prairie Independent Living Resource Center
Hutchinson, KS
620/663-3989 Voice

Resource Center for Independent Living, Inc.
Osage City, KS
785/528-3105 Voice

Southeast Kansas Independent Living, Inc.
Parsons, KS
620/421-5502 Voice
620/421-6551 TT

The Whole Person, Inc.
Kansas City, MO
816/561-0304 Voice
816/627-2201 TT

Three Rivers ILC
Wamego, KS
785/456-9915 Voice

Senate Ways and Means Committee
Senator Umbarger, Chair
Testimony on SB 605-Kansas State Housing Trust Fund
March 4, 2008

Thank you for the opportunity to provide testimony regarding SB 605-a bill concerning fees for the Kansas State Housing Trust Fund. To begin, I am Jennifer Schwartz the director of the Kansas Association of Centers for Independent Living (KACIL). KACIL represents Centers for Independent Living (CILs) across Kansas. KACIL provides a framework so that member Centers excel in advocacy and services ensuring that all Kansans with disabilities have opportunities for independent living and enjoy their civil and human rights.

Centers for Independent Living provide services to people with any disability, of all ages. CILs provide information and assistance to businesses and other entities in the community to increase opportunities for people with disabilities to living, work and play in all aspects of community life.

SB 605 provides a dedicated revenue source into the Kansas State Housing Trust Fund. Affordable, accessible, housing tends to be a number one concern among individuals with disabilities across the nation. Individuals with disabilities often come to their local Center for Independent Living to get assistance in locating accessible, affordable housing, or resources to help make their current house accessible.

KACIL supports the need to increase the funding to the Kansas State Housing Trust Fund, but would ask for the following amendments in the proposed legislation:

- Dedicate all of the funds to assist those individuals living at the 80% or less of the state median income, in addition fifty percent of these funds should be targeted to those living at 30% or less of the state median income.
- Set-aside 50% of all trust funds to be allocated to transitional rental assistance vouchers for people who are homeless.
- Provide an independent board to oversee state housing trust fund activity. Board membership should include various stakeholders including those who have accessed these programs.

KACIL would support SB 605 with these amendments.

First, we would agree with the previous conferees that suggested amending this bill to dedicate all of the funds to assist those individuals living at 80% or less of the state median income, and that fifty percent of these funds should be targeted to those living at 30% or less of the state median income. Currently the Kansas State Housing Trust Fund is used to support the Kansas Accessibility Modifications Program (KAMP), which provides funding for home modifications for individuals with disabilities and seniors at 80% or less of the state median income. Individuals with disabilities need assistance from vital programs such as KAMP to be able to remain in their own homes and communities instead of needing to move to more costly institutional settings. The KAMP funds have always been limited and often there is a waiting list for funding through this program. As Kansans continue to age, it is extremely important that we find ways to add to the stock of affordable, accessible housing in our state.

Second, set-aside 50% of the fund to be allocated to transitional rental assistance vouchers for people who are homeless. Currently Kansas is involved in a Federal CMS Grant, Money Follows the Person, where our state has agreed to transition over 900 individuals throughout a four year period. One of the largest capacity building areas is around housing, and Kansas will need additional housing resources to support the demand so that these individuals can choose to return to their communities, in return saving Medicaid dollars.

Third, provide an independent board to oversee state housing trust fund activity. This is an excellent way to ensure accountability. Board membership should include individuals who have accessed the programs. This would be a diverse group who broadly represent housing stakeholders and would assist the president of the Kansas Housing Resources Corporation overseeing the fund. It is very important that individuals benefiting from the programs continue to be a part of the development and implementation.

Thank you for your thoughtful consideration of SB 605 and the amendments we have suggested. We believe that with including these amendments, SB 605 is legislation that would make a significant impact in the lives of individuals with disabilities. Increasing the Kansas State Housing Trust Fund is a great opportunity for Kansas to address the significant housing issues in our state, but at the same time we want to ensure that the fund addresses those critical housing needs and that the voice of the end user is represented in the process.





Shawnee County
Register of Deeds

200 East 7th Street
Topeka, Kansas 66603-3932
COURTHOUSE ROOM 108 785-233-8200 Ext. 4020
MARILYN L. NICHOLS
REGISTER

February 27, 2008

Senate Committee on Ways and Means
Senator Umbarger, Chairman
Distinguished Committee Members

I am offering this testimony as an opponent of SB 605, for myself as the Shawnee County Register of Deeds as well as for the Kansas Register of Deeds Association.

It is my understanding that the intent of SB 605 is to provide a permanent funding stream to the State Housing Trust Fund, and to make provisions for the expenditures on or before July 1, 2010, to be for the sole purpose of funding workforce housing, senior housing, and other activities as determined by the President of the Kansas Housing Resources Corporation within the boundaries of a major disaster area as determined by FEMA. On or after July 1, 2010 all moneys remitted to the state housing trust fund may be used toward the aforesaid housing related activities, as determined by the president, anywhere in the state of Kansas.

The permanent funding stream is to be generated through an increase in the document recording fees in the Register of Deeds Office. Each county across Kansas would then collect an additional \$1.00 per page when recording documents such as deeds, easements, mortgages, declaration of restrictions, certain court orders pertaining to the title of real estate, affidavits, death certificates, releases and assignments of mortgage, oil and gas leases, and various other types of real estate related documents. The current fee is \$8.00 for the first page and \$4.00 for each additional page. The raise would translate to \$9.00 for the first page and \$5.00 for each additional page to the presenter of the document for recording fees; or \$14.00 for a one-page instrument. The breakdown would be as follows: \$6.00 to the county general fund, \$2.00 to the register of deeds technology fund and \$1.00 to the state housing trust fund. In 2007, that would have generated approximately \$128,753.00 from Shawnee County to the housing trust fund. Shawnee County is rather medium to large in the scheme of recordings across Kansas' counties.

While \$128,753 annually from one county sounds great for a funding stream, is it really appropriate to route these recording fees to a state fund? The county "collector" is in this case an elected county official. Does it seem that we raised fees (or a user tax) on our constituents? We think it does, when indeed it will be a

Senate Ways and Means
3-4-08
Attachment 7

state mandate. We think that while the cause is certainly appropriate and apparently the need is great as well, the appropriate funding should come from the coffers of the State of Kansas and not from the backs of county residents that are forced to record documents for public record, or to fulfill a statutory obligation should litigation arise from a dispute in ownership or a foreclosure of a mortgage or lien that already has an additional mortgage tax collected as well. The Registers of Deeds in Kansas have been very conservative and mindful of the costs that are transferred to our farmers and ranchers, landowners and mortgagors. The recording fee raises have been minimal and well spaced to keep that a true statement. Please do not help open this door for other causes, worthy as they may seem, to stream in and attempt to raise our fees even further.

The Kansas Register of Deeds Association opposes SB 605 in as far as the funding stream being through our recording fees. We feel the State of Kansas should step up to the plate and fund disaster relief, which may or may not include additional funding for housing.

Thank you for your attention and I will be happy to stand for any questions.

Respectfully Submitted By,

A handwritten signature in cursive script that reads "Marilyn L. Nichols".

Marilyn L. Nichols



To: Senate Ways and Means Committee
From: Luke Bell, KAR Director of Governmental Relations
Date: February 27, 2008
Subject: **SB 605** – Increasing the Document Recording Fee to Increase Funding for the Affordable Housing Trust Fund

Chairman Umbarger and members of the Senate Ways and Means Committee, thank you for the opportunity to appear today on behalf of the Kansas Association of REALTORS® to offer testimony in opposition to **SB 605**. The Kansas Association of REALTORS® has faithfully represented the interests of the 10,000 real estate professionals and over 670,000 homeowners in the State of Kansas for over 85 years.

Brief Introduction to the Housing Market in the State of Kansas

While there certainly are challenges to be faced, the housing market in the State of Kansas is very affordable when compared to housing markets in other states. When compared to the majority of other states and the national average, more Kansas families own their own home and pay less in monthly costs for that home than their counterparts in most other states.

In 2005, the percentage of Kansas families who owned their own home was at an all-time high of 69.5%, which was considerably higher than the national average of 66.9%. When compared to homeownership rates in all other states, Kansas ranked 24th in the amount of families owning their own home. Thus, historically and when compared to other states, a large number of Kansas families have been provided with opportunities for home ownership.

Furthermore, the median sales price of owner-occupied homes in this state was \$107,800 in 2005, which is considerably lower than the national median sales price of \$167,500. When compared to the median sales price of owner-occupied homes in all other states, Kansas ranked 44th in 2005.

Moreover, the median monthly cost of home ownership in this state was \$1,068 per month in 2005, which is also considerably lower than the national median monthly cost of \$1,295. When compared to the median monthly cost of home ownership in all other states, Kansas ranked 33rd in 2005.

Furthermore, out of the 144 largest metropolitan areas in the United States, Wichita and Topeka both rank in the top 15 most affordable housing markets based on the ratio of median housing prices to median household income.

3644 SW Burlingame Rd

785.267.3610
VOICE

800.366.0069
TOLL FREE

785.267.1867
FAX

Senate Ways and Means
3-4-08
Attachment 8

Thus, as you can see from the information discussed above, more Kansas families own their own home at a lower cost than their counterparts in other states and the nation as a whole. The numbers do not lie – all the relevant statistics show that housing for most Kansas families is widely available and affordable in the current housing market.

Disaster Areas Face Significant Challenges in Rebuilding Residential Housing

However, we do acknowledge that there are significant challenges currently facing the housing market in this state. During this past year, devastating tornadoes in the Greensburg area and massive floods in Southeast Kansas have destroyed or significantly damaged over 3,000 homes. Even though considerable amounts of federal and state dollars have been expended to rebuild these areas of the state, there are significant shortfalls in funding and programs remaining that have the potential to negatively impact future economic development and recovery in these areas of the state.

In order to address these identified problems, the Senate overwhelmingly passed **SB 417** earlier this session on a vote of 35 to 5. With this action, the Senate has taken a major step forward in establishing a program that will actually help reduce the cost of new construction in the disaster areas and in other areas of the state.

The major problem inhibiting the construction and development of new residential housing in rural Kansas is the high cost of new home construction. For the most part, it typically costs more to build a new home in rural Kansas than the home is worth in terms of the appraised value. When the cost of the new home substantially exceeds the appraised value, it is very difficult to obtain mortgage financing and property insurance for the new home.

No matter what cost-cutting steps are taken by the developer of a new home, it is generally impossible to build a new home for less than \$100 per square foot. A basic 1,200 square-foot new construction home built in rural Kansas will generally cost around \$115,000 to \$125,000 to build. However, that same home may only have an appraised value of \$80,000 to \$90,000. This \$25,000 to \$35,000 difference is typically referred to as a “valuation gap” and is the main barrier to the development of new residential housing in rural areas of the state.

New Development Block Grant Program Created Under **SB 417** Would Solve The Overwhelming Majority of the Residential Housing Problems in the Disaster Areas

In our opinion, the development block grant program that would be created under **HB 2712** and its companion legislation **SB 417** has the potential to be the most innovative new tool for the development of new housing in rural areas in the history of the public policy of this state. Providing adequate public infrastructure (sewer, water, arterial streets, etc.) to new residential developments is a daunting obstacle to the creation of new housing opportunities.

When the public infrastructure is provided to a new residential development, the developer or homebuilder is able to pass significant cost savings along to the eventual buyers of the new homes in the development. If the local government is able to subsidize approximately \$25,000 to \$35,000 in public infrastructure costs through the development block grant program, the costs savings generated and passed along to the homebuyer can effectively eliminate the valuation gap on the new home.

**SB 605 Would Increase the Already High Cost of Document
Recording Fees and Taxes for Kansas Families Purchasing Residential Housing**

However, in spite of the overwhelming support for the new program created under **SB 417**, the proponents of this legislation are undoubtedly seizing upon the public awareness created by housing issues in the disaster relief areas to bring forward other ideas that would be extremely harmful to Kansas families wishing to purchase their own home. As real estate professionals who help thousands of Kansas families obtain quality and affordable housing every day, we are very concerned with the increasing cost of fees and taxes related to home ownership in this state.

Under legislation proposed by housing trust fund advocates, all Kansas homebuyers would be forced to pay additional closing costs as part of the real estate transaction process to supply increased funding for the housing trust fund. **SB 605** would increase the document recording fee by \$1.00 per page on all real estate documents filed in this state, or an increase of approximately \$16.00 per transaction.

As part of the real estate transaction process, buyers are required to file certain documents with the county register of deeds' office in order to obtain mortgage financing for the transaction and secure their ownership of the property. These documents include a copy of the deed to the property and the mortgage documents.

Notwithstanding the additional burden that would be generated by **SB 605**, Kansas homebuyers already pay an average of nearly \$400 in document recording fees and taxes on the purchase of each home in this state. This amount includes approximately \$315 in mortgage registration taxes and \$85 in document recording fees. Tragically, any additional fees added into the closing costs will invariably decrease the number of Kansas families who can afford to purchase their own piece of the American Dream.

As you can see from the statistics provided below from real estate website bankrate.com, document recording fees and taxes in Kansas are already considerably higher than every other state in our immediate vicinity (Missouri, Nebraska, Oklahoma and Colorado). As real estate professionals who are involved in thousands of real estate transactions in this state every year, we strongly believe that Kansas families cannot afford another unjustified increase in the cost of filing these important documents.

<u>State</u>		<u>Document Recording Fees and Taxes Paid on a \$200,000 Purchase</u>
Kansas	=	\$603.56
Nebraska	=	\$535.00
Oklahoma	=	\$302.60
Colorado	=	\$133.22
Missouri	=	\$121.13



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Testimony Senate Ways and Means Committee

TO: Senator Dwayne Umbarger, Chairman
And Members of the Committee

FROM: Martha Neu Smith
Executive Director

DATE: February 27, 2008

RE: SB 605 – Housing Trust Fund; collection of fees

Chairman Umbarger and members of the Committee, my name is Martha Neu Smith and I am the Executive Director for Kansas Manufactured Housing Association (KMHA). KMHA is a statewide trade association, which represents all facets of the manufactured housing industry including: manufacturers, retail centers, community owners and operators, finance and insurance companies, service and supplier companies and transporters. I appreciate the opportunity to express our concerns on SB 605 – Housing Trust Funds.

Over the past year KMHA appreciated the opportunity to participate in a number of the Kansas Housing Policy Network meetings where the main topic of discussion was how to fund the Housing Trust Fund. During those discussions KMHA asked what current housing needs are not being met and what will it take to fund those needs? We also asked, what is the definition of "workforce housing"? We still have those same basic questions along with, what are the "other housing activities determined by the president of Kansas Housing Resources Corporation (KHRC)" that will be funded by this fee increase?

We would also like to ask why KHRC is not using the appropriations process to secure state housing dollars? Other State Agencies annually go through the appropriations process so why is this process not being used for housing dollars? We feel the appropriations process plays an important roll not only as a check and balance procedure but also in establishing an agencies ability to create and achieve their goals.

KMHA would respectfully request that KHRC go through the appropriations process to secure funding for the Housing Trust Fund. Thank you.

*Senate Ways and Means
3-4-08
Attachment 9*



STATEMENT OF
THE KANSAS BUILDING INDUSTRY ASSOCIATION
TO THE SENATE WAYS AND MEANS COMMITTEE

SENATOR DWAYNE UMBARGER, CHAIR

REGARDING S.B. 605
FEBRUARY 27, 2008

Chairman Umbarger and Members of the Committee, I am Chris Wilson, Executive Director of Kansas Building Industry Association (KBIA). Our more than 2300 member companies are involved in the residential housing industry. We oppose S.B. 605 for several reasons.

- 1. S.B. 605 would establish a new tax.**
- 2. The revenue generated by this legislation would not go through the appropriations process.**
- 3. There are only very broad parameters as to how the funds would be spent.**
- 4. There has been no specific information provided on the needs for the funds; needs that aren't currently being met in other programs; and specifically how those funds might be allocated.**

1. To expand on these concerns, first by adding an additional amount to the document recording fee, this constitutes a tax. Fees are charged for services rendered, so a document recording fee is to go for the service rendered in recording the document. Any additional amount is a tax. This tax would also be imposed on those who are recording "deeds, mortgages or other instruments of writing," so would include be an additional amount charged on those who are close to the category of those the bill purports to serve, who may have narrowly qualified themselves for the mortgage they are filing.

There is precedent in the Kansas courts and an Attorney General's opinion addressing this tax versus fee issue:

A Document Recording Fee may not be used for any other purpose than document recording. It is a fee, not a tax.

A Fee is a charge fixed by law for services of public officers or for use of a privilege under control of government. It is a recompense for an official or professional service or a charge or compensation for a particular act or service. In other words, a fee must be based on the actual service provided and not used to generate revenue for other purposes.

A document recording fee for the purpose of the housing trust fund would constitute a tax, not a fee.

A Tax is a charge by the government on the income of an individual, corporation or trust. The objective in assessing the tax is to generate revenue to be used for the needs of the public.

Senate Ways and Means
3-4-08
Attachment 10

Article 11, Section 5 of the Kansas Constitution states that “No tax shall be levied except in pursuance of a law, which shall distinctly state the object of the same; to which object only such tax shall be applied.”

“The diversion of tax moneys to anything other than objects enumerated for tax levy is prohibited.” AG opinion 85-72

“The distinction between a fee and a tax does not depend upon its label, but rather on the nature and function of the charge. Any applicable statutes must be considered in determining the validity of such a charge. Thus, there must be some aspect of contract or consent; otherwise, the charge is a tax.” *Executive Aircraft Consulting, Inc. v. City of Newton*, 252 Kan. 421, 845 P. 2d 57 (1993)

2. Our greatest concern with this bill is that the funds generated would not be appropriated by the Legislature. So this money would not have the legislative oversight that we believe is critical. It has been argued that housing is so important and there is a need to plan ahead, so it should not go through the annual appropriations process. We would argue that other areas of the state budget are also important as is housing, with needs for prior planning, but they still must go through the appropriations process.

For instance, this committee is very familiar with the state water plan fund, another fund created by statute. The Legislature has provided for another area of state funding which is very important and requires planning for the future for our state’s water quality and quantity. Yet, the annual projects to be funded through the Water Plan Fund must come before the Legislature for approval through the appropriations process. We believe this is a good process in many ways, including the planning process and involvement of stakeholders in determining projects to be proposed for funding.

3. This bill initially provides funding for projects in disaster areas, but within two years allows the money to be spent in any area and provides for workforce or senior housing or **any “other housing activities as determined by the president of the Kansas housing resources corporation anywhere in the state of Kansas.”** We believe further state policy is needed to identify how the funds would be spent.

4. Would this be accomplished through existing programs or new programs? What would they be? Are there needs for these programs that aren’t being met through current funding and programs? How many applications are there for those programs that couldn’t be approved?

We submit that there are too many unanswered questions and too little legislative oversight provided for in S.B. 605.

In conclusion, we oppose S.B. 605 in its current form which would provide for a new tax to generate millions of dollars annually of unappropriated revenue for the Housing Trust Fund.

Testimony to
Senate Ways & Means Committee
SB 605
March 4, 2008

Thank you for this opportunity to talk to you today regarding SB 605. My name is Shannon Jones. I am the director of the Statewide Independent Living Council of Kansas (SILCK).

In general, the SILCK supports SB 605 in that it provides a dedicated revenue source into the Kansas Housing Trust fund; **a dedicated revenue stream that should be targeted to those most in need.** For far too long Kansas has had a poorly funded trust fund when compared to other states.

However, the SILCK is deeply concerned about the proposed new targeted beneficiaries in SB 605 focused on workforce housing up to 120% of the state median income. Setting the targets at 120% is unprecedented, and does NOT address the housing needs of thousands of Kansans. Most folks in the 120% range of area median income could be served through traditional bank loans.

The SILCK finds it difficult to understand why KHRC is focusing on higher income targets when we know there is a huge need for housing assistance for homeless, seniors and people with disabilities now transitioning out of nursing homes. There is a huge demand and a deep shortage of affordable housing.

Over the next few years, the Money Follows the Person program will be transitioning approximately 900 persons from nursing homes back into the community. There is a profound need for tenant based rental assistance for this population. This could be used for "bridge" funding for housing voucher programs on a time limited basis.

Due to the scarcity of these public funds, the increased needs for very low income Kansans, and the need to specify how these resources will be spent while being accountable, the SILCK recommends the following changes:

- 1) Funds be targeted to those Kansans who earn 80% or less of the area median income.
- 2) Set-aside 50% of the funds to be used for tenant rental assistance
- 3) Appoint an oversight committee of 7 – 15 members who are broadly representative of the housing field, including non-profit developers, housing advocates and low income people who have used the program.

Thank you for your consideration of these recommendations.

Senate Ways and Means
3-4-08
Attachment 11

SENATE BILL No. 605

By Committee on Ways and Means

2-12

AN ACT concerning the housing trust fund; relating to the collection of fees; amending K.S.A. 2007 Supp. 28-115 and repealing the existing section.

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

New Section 1. (a) All moneys remitted to the state housing trust fund pursuant to subsection (c) of K.S.A. 28-115, and amendments thereto, prior to July 1, 2010, shall be used for the purpose of funding ~~workforce housing activities, senior housing activities and other housing activities as determined by the president of the Kansas housing resources corporation~~ housing for families and individuals earning 80% or below of area median income

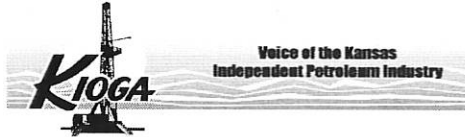
within the boundaries of a county designated by the United States federal emergency management agency under major disaster declaration FEMA-1711-DR or FEMA-1699. On and after July 1, 2010, all moneys remitted to the state housing trust fund pursuant to subsection (a) of K.S.A. 28-115, and amendments thereto, ~~may~~ shall be used for the purpose of funding ~~workforce housing activities, senior housing activities and other housing activities as determined by the president of the Kansas housing resources corporation anywhere in the state of Kansas~~ for families and individuals earning 80% of area median income.

(b) Fifty percent of the collected funds shall serve families and individuals earning 30% or below of area median income levels

(c) Fifty percent of the collected funds shall be used for a tenant rental assistance program serving individuals who earn 80% or below of the area median income.

~~(b) For purposes of this section, "workforce housing activities" means any housing program or service assisting persons at or below 120% of the state median income.~~

~~(d)~~ (d) Annually, on or before September 1, the president of the Kansas housing resources corporation shall report to the legislature on the remittances and expenditures from the state housing trust fund for the previous fiscal year concerning the housing activities established in subsections (a) and (b) and (c).



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Testimony to the Senate Ways & Means Committee
Senate Bill 605
AN ACT concerning housing trust fund; relating to collection of fees

Edward P. Cross, Executive Vice President
Kansas Independent Oil & Gas Association

March 4, 2008

Good morning Chairman Umbarger and members of the Committee. I am Edward Cross, Executive Vice President of the Kansas Independent Oil & Gas Association (KIOGA). KIOGA is a 1,400 member association and is the lead state and national advocate for independent oil and gas industry in Kansas. I am here today to express KIOGA's opposition to Senate Bill 605 (SB 605).

SB 605 would provide an additional funding source for the State Housing Trust Fund administered by the Kansas Housing Resources Corporation (KHRC). The State Housing Trust Fund has been primarily funded through KHRC's operating revenues, as well as fees from mortgage credit certificates and mortgage revenue bonds. SB 605 would designate funding from a \$1 per page increase in the document recording fee collected by county registers of deed. The county registers would remit the additional \$1 fee to the State Treasury to be credited to the State Housing Trust Fund.

SB 605 provides that prior to July 1, 2010, all revenues earned from the designated recording fee increase must be used to fund workforce, senior, and other housing activities within the Greensburg and Southeast Kansas disaster areas. On and after July 1, 2010, the funds may be used anywhere in the state of Kansas.

The Kansas oil and gas industry does not object to establishing some type of disaster housing relief. However, funding such relief through a recording fee increase singles out those industries that record a large number of documents. Often the oil and gas industry records a large number of documents. In many western Kansas counties the majority of documents being recorded are oil and gas documents. SB 605 increases fees on the oil and gas industry to fund

Senate Ways and Means
3-4-08
Attachment 12

something completely unrelated to the business of the people who will be required to pay the fees. Why should the oil and gas industry be singled out to bear the majority of the burden? Disaster housing relief is probably something good. But funding such a program should be something shared by all Kansans.

Current recording fees are used to help fund the registers of deed activities, which is the proper application of a user fee. Increasing fees on recorded documents that have no relation to disaster relief singles out the oil and gas industry to pay for something that all Kansans should bear equally. We urge the Committee to find other more fair ways to fund disaster housing relief. For this reason, KIOGA opposes SB 605.

KANSAS TAXPAYERS NETWORK

**P.O. Box 20050
Wichita, KS 67208
February 27, 2008**

web:www.kansastaxpayers.com

316-684-0082

Fax 316-684-7527

Testimony Opposing S.B. 605

By Karl Peterjohn, Executive Director

S.B. 605 creates a new charge on filing documents at county register of deeds offices. The new charge would be an additional \$1 a page. This new and odious charge can be called many things: a fee, an assessment, a new payment, a supplemental page charge, or a revenue enhancement among other descriptions.

From the Kansas Taxpayers Network's viewpoint this is a new tax. S.B. 605 is going to make it more costly to transfer property in Kansas. S.B. 605 would be another unfunded mandate onto the private sector of Kansas. This new charge would occur while the real estate market in places in our country is now struggling and in some places in severe distress.

While this is certainly not the largest or most perverse tax hike that we have testified against in Kansas, the Kansas Taxpayers Network can see no justification or reason to raise another tax on Kansans so we oppose this bill as well as any similar revenue enhancement legislation that may come before this committee later this session.

Senate Ways and Means
3-4-08
Attachment 13



AMERICANS FOR PROSPERITY

K A N S A S

SB 605 Testimony in Opposition

Mr. Chairman, and members of the Committee,

S.B. 605 establishes a new document filing charge on real estate transaction filings at county register of deeds offices. This \$1 per page tax represents one more layer of cost to the private sector. These type of hidden taxes are particularly bad policy because they are largely concealed and cannot be easily "taken into account" when measuring the true size and cost of government.

While this is not a seemingly large tax, we see no justification or reason to raise yet another tax on Kansans.

The Tax Foundation ranks Kansas the 19th highest property tax climate in the country. We know from economics that the more you tax something, the less of it you get. So Kansas already has a stiffening property tax environment that is not good for real-estate growth vis-à-vis other states competing for investment dollars. So why interject this additional fee or tax into an already higher-than-average tax environment. This measure just further erodes our diminished competitive position and AFP therefore stands in opposition to SB 605.

Alan Cobb
State Director
Americans for Prosperity

Senate Ways and Means
3-4-08
Attachment 14

Kelly Nightengale
Independence, Inc.
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Testimony for Senate Bill 605

My name is Kelly Nightengale and I am the Housing Specialist at Independence, Inc in Lawrence, Kansas. I am also the chairperson of the Housing Committee of the Kansas Association for Centers for Independent Living, and a longtime member of the City of Lawrence Housing Practitioner's Panel and I sit on the board of a universally designed low income HUD housing complex. For over ten years I have worked directly with people with disabilities in achieving their housing goals. These goals sweep across the broad spectrum of housing needs from homelessness, transitioning from an institutional setting into a home in the community, learning the legal rights and responsibilities required to retain rental housing, getting a home modified for universal accessibility, and first time homeownership. Every day I interface with housing entities including housing authorities, nursing homes, HUD, homeless shelters and other affordable housing programs

To be applauded are the great efforts of everyone who has identified potential ongoing funding streams for the Kansas State Housing Trust Fund as Senate Bill 605 indicates. The cost to taxpayers is minimal, with great potential to meet the housing needs across the state.

I support the initiative that the bill be amended to include a set-aside of 50% of all trust funds to be allocated to transitional rental assistance vouchers for people who are homeless. There's just no ignoring the dramatic increase of families who are homeless, especially with the recent disasters in Greensburg, Kansas.

For people with disabilities who are trapped in nursing home settings, the 50% set aside would be a key component to making another state program work, Money Follows the Person. This program allows Medicaid funds used for a person's care in an institution be transferred to the community. Rather than facing a life in an institution a person can live on their own as a taxpaying citizen in the setting of their choice. Money Follows the Person expedites a person's ability to transition from a nursing home, but finding housing is often a barrier to making this dream a reality. Waiting lists for federally funded rental assistance vouchers vary throughout the state anywhere from one to three years or more. In large urban areas like Kansas City housing authorities have closed waiting lists, preventing anyone from applying.

The HUD definition of homelessness includes people in institutions with no fixed adequate sleeping place outside of the institution. Additional state funded vouchers could provide a housing option until a person is able to secure a federal voucher. The funds

Senate Ways and Means
3-4-08
Attachment 15

used for this would only be temporary, as a person can take advantage of federally funded Section 8 rental assistance vouchers as they become available. A state funded transitional voucher would roll over into a regular voucher once a person reaches the top of their housing authority's waiting list. What a great way to maximize the resources offered by the Money Follows the Person program.

I also support amending the current bill to change the income criteria for households eligible for funds. The greatest housing needs in Kansas go to the low income households whose income is 80% or below HUD median income. No other state housing trust funds in the nation exceed 100% of HUD median income, let alone 120%, not even states where the cost of housing far exceeds those in Kansas by 200%. Including populations of 80% income or less allows plenty of room for first time homeownership programs, accessibility modification programs for people with mobility impairments, and housing retention programs like emergency rehab.

Effective July 1, 2002 any newly constructed single-family, duplex, and triplex dwellings built with any kind of assistance from the state or administered by the state is mandated by HB 202, The Kansas Visitability Act, to have five basic accessibility features that make a home visitable for a person with a mobility impairment and livable for many people in that population. This bill passed unanimously in the house with only one opposing vote in the senate, and Kansas State Housing Trust Funds would be required to follow this law. This is a cost effective way to prevent the more expensive cost of retrofitting housing units later on, as our senior population increases and many more are choosing to "age in place" rather than be housing in institutional settings instead.

Finally, Kansas would do well to follow other states that have an independent board to oversee state housing trust fund activity. Kansans will expect accountability, and this is a way to provide it. This also increases input in the way funds are used. Entitlement cities in Kansas who utilize Community Development Block Grant / HOME funds at the local level benefit from having an advisory board without conflict of interest. These boards function easily and provide in state models of how to create a diversity of input for final deliberations, and increase community satisfaction with the way funds are allocated.

Thank you for the opportunity to present written testimony. I am sorry that I was unable to attend the hearings in person, but I urge you to contact me at the number above if you have any further questions.