

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE

The meeting was called to order by Vice-Chairperson Carolyn McGinn at 10:30 a.m. on February 3, 2010, in Room 548-S of the Capitol.

All members were present except:
Senator Jay Emler - excused

Committee staff present:

Michael Steiner, Kansas Legislative Research Department
Dylan Dear, Kansas Legislative Research Department
Audrey Dunkel, Kansas Legislative Research Department
Jill Wolters, Office of the Revisor of Statutes
Daniel Yoza, Office of the Revisor of Statutes
Kristen Kellems, Office of the Revisor of Statutes
Melinda Gaul, Chief of Staff
Shirley Jepson, Committee Assistant
James Fisher, Intern

Conferees appearing before the Committee:

Dr. Edward Hammond, President, Fort Hays State University (FHSU)
Toby Dougherty, City Manager, City of Hays
Constantine Cotsoradis, Deputy Secretary, Department of Agriculture

Others attending:

See attached list.

Introduction of proposed legislation

Senator Umbarger moved to introduce legislation concerning the Department of Administration and competitive bids (9rs1603). The motion was seconded by Senator Masterson. Motion carried on a voice vote.

Senator Vratil moved to introduce legislation concerning retirement and pensions relating to the Kansas Public Employees Retirement System (KPERs) (9rs1724). The motion was seconded by Senator Teichman. Motion carried on a voice vote.

Senator Vratil moved to introduce legislation concerning property evaluation process (9rs1681). The motion was seconded by Senator Schodorf. Motion carried on a voice vote.

Hearing on HB 2414 - Authorization for Fort Hays State University to sell land.

Jill Wolters, Office of Revisor of Statutes, explained that **HB 2414** would allow the state board of regents, on behalf of Fort Hays State University, to sell and convey two pieces of real estate to the City of Hays. Mineral rights would be retained. Any proceeds from the sale would be deposited in the state treasurer (Attachment 1).

Dr. Edward Hammond, President, Fort Hays State University (FHSU), presented testimony in support of **HB 2414** (Attachment 2). Dr. Hammond explained that the city of Hays approached the university to partner with them in the construction of a community sports complex. Dr. Hammond stated that there are 120 acres of university-owned property at the intersection of Old Highway 40 and US Highway 183 Alternate in Hays, appraised at \$300,000; and 10.037 acres of property, locate adjacent to the municipal golf course serving the City of Hays appraised at \$20,074. The Board of Regents has approved the sale of the property. Additional savings would be realized by the university because they would no longer need to maintain the property.

Toby Dougherty, City Manager, City of Hays, presented testimony in support of **HB 2414** (Attachment 3). Mr. Dougherty explained that the sports complex idea is a result of a proposal from a group of Hays citizens to provide a venue to host softball, baseball, soccer and football tournaments. In addition, Mr. Dougherty explained that the 10 acre parcel of lane will allow the golf course to move maintenance facilities to a more discrete location and allow for future expansion.

CONTINUATION SHEET

Minutes of the Senate Ways and Means Committee at 10:30 a.m. on February 3, 2010, in Room 548-S of the Capitol.

There were no other proponents, opponents or neutrals to come before the Committee.

The hearing on HB 2414 was closed.

Discussion and Action on HB 2414

Senator Teichman moved to recommend HB 2414 favorably for passage. The motion was seconded by Senator Kelly.

The Committee noted that language in the bill indicates that it would become effective upon publication in the statute book.

Senator Vratil made a substitution motion to amend HB 2414 by stating that the effective date of the legislation would be upon publication in the Kansas register. The motion was seconded by Senator Teichman. Motion carried on a voice vote.

Senator Teichman moved to recommend HB 2414 favorably for passage as amended. The motion was seconded by Senator Kelly. Motion carried on a voice vote.

Hearing on SB 396 - Laboratory equipment fund.

Kristen Kellems, Office of the Revisor of Statutes, explained that **SB 396** allows for money to be deposited in the Laboratory Equipment Fund within the Department of Agriculture to be used by the Department for acquisition, maintenance and replacement of equipment used by the Agriculture Laboratory and the Metrology Laboratory. The legislation would allow for the transfer of up to 10 percent of carry-over funds in any fee fund listed in the legislation to the Laboratory Equipment Fund, up to a maximum of \$500,000. The bill further states that the Fund would not be subject to "diversion" to the State General Fund (SGF).

Constantine V. Cotsoradis, Deputy Secretary, Department of Agriculture, presented testimony in support of **SB 396** (Attachment 4). Mr. Cotsoradis indicated that the legislation would create a source of funding to keep their laboratory equipment up-to-date and functioning properly. Mr. Cotsoradis pointed out the three key points of the bill:

- Does not increase fees or establish new fees.
- Does not change how current fees are used.
- Establishment of the laboratory fee fund is critical to insure vital analytical services are provided for regulatory purposes and for support of our agricultural, manufacturing and service industries.

Although the bill states that the Fund would not be subject to "diversion" to the SGF, the Committee noted that the Legislature could still lapse funds from the account through the appropriation's bill.

Written testimony in support of **SB 396** was received from:

Leslie Kaufman, Executive Director, Kansas Cooperative Council (Attachment 5).

Mary Jane Stankiewicz, on behalf of the Kansas Agribusiness Retailers Association and Kansas Grain and Feed Association (Attachment 6).

There were no other proponents, opponents or neutrals to appear before the Committee.

The hearing on SB 396 was closed.

Adjournment

The next meeting is scheduled for February 4, 2010.

The meeting was adjourned at 11:05 a.m.

SENATE WAYS AND MEANS COMMITTEE

GUEST LIST

DATE: February 3, 2010

NAME	REPRESENTING
Erik Wisner	KDA
Katie Howard	KDA
Stacey Woolington	KDA
CV Cotsoadis	KDA
Todd Powell	Fort Hays State Co.
Ed Hammock	17
Ruby Dougherty	City of Hays
LARRY BERG	CITY OF HAYS
Julia Howard	DOR
SEAN MILLER	CAPITOL STRATEGIES
Kendra Hanson	
John Decker	KS Leg. Ass'n
Mary Jane Hankiewicz	KGFA - KARA
Cassie Sparks	Intern - Sen. Brownlee

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MEMORANDUM

To: Chairman Emler and members of the Senate Ways and Means Committee
From: Jill Ann Wolters, Senior Assistant Revisor
Date: February 3, 2010
Subject: HB2414

House Bill No. 2414 allows the state board of regents, on behalf of Fort Hays state university, to sell and convey two pieces of real estate to the City of Hays. Mineral rights shall be retained. Any proceeds from the sale shall be deposited in the state treasury and credited to the appropriate account or accounts of the restricted fees fund of Fort Hays state university for the use and benefit of Fort Hays state university. The bill also contains general language that is in most bills which grant authority to sell or convey real estate.

The act would take effect upon publication in the statute book.

Senate Ways & Means Cmte
Date 2-03-2010
Attachment 1



FORT HAYS STATE UNIVERSITY

Forward thinking. World ready.

**Testimony on HB 2414
Sale of Land to the City of Hays
Fort Hays State University
February 3, 2010**

ALUMNI ASSOCIATION

Chairman Emler and other distinguished members of the Senate Ways and Means Committee – Fort Hays State University (FHSU) is seeking legislation authorizing the sale of two tracts of land owned by the University to the City of Hays. One tract of land (120 acres) will be sold to the City of Hays in order for it to locate a community sports complex. Fort Hays State University is erecting an intercollegiate soccer stadium in conjunction with construction of the sports complex, and the property on which the soccer stadium will be located will be retained by the University. The second tract of land (approx. 10 acres) sought to be transferred is University owned-property adjacent to a municipal golf course. The parties have agreed to combine the two tracts into one transaction.

The University was approached by a group of Hays residents to seek community support for construction of a community sports complex. Hays residents approved construction of a sports complex by a sales tax initiative in November 2008, which will be funded by a ½% city wide retailer's special purpose sales tax for construction and maintenance. The Hays ballot initiative specifically identified the property on which the complex would be located as being City owned property at the specific location on which the complex is now proposed to be constructed.

FHSU plans to locate an intercollegiate stadium to house its newly created soccer men's and women's program adjacent to and in conjunction with Hays sports complex.

120 acres of University-owned property at the intersection of Old Highway 40 and US Highway 183 Alternate in Hays was appraised at \$300,000; 10.037 acres of property, located adjacent to the municipal golf course serving the City of Hays was appraised at \$20,074.

Property has received the necessary appraisals required by law. Both properties were appraised on January 23, 2009.

Kansas Board of Regents approved the sale of tracts of property at its December 2009 meeting.

Fiscal and Administrative Impact

Land transaction would result in University receiving \$320,574 for transferring the land currently maintained by the University's buildings and grounds and farm personnel. Additional cost savings due to the University could be realized for not having to maintain the property any longer.

Thank you for your consideration of HB 2414,

Edward H Hammond, President
Fort Hays State University
(785) 628-4231
ehammond@fhsu.edu

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PAUL BRISENO, ASSISTANT CITY MANAGER

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CITY COMMISSION
RON MELICK, MAYOR
CHRISTOPHER CHANNELL
BARBARA K. WASINGER
TROY HICKMAN
HENRY SCHWALLER, IV

Testimony of Toby Dougherty, City Manager of Hays, Kansas

HB 2414

Senate Ways and Means Committee

Kansas Legislature

February 3, 2010

Chairman Emler and members of the committee, my name is Toby Dougherty and I am here today in support of HB 2414, which provides for the sale of two tracts of land currently owned by Fort Hays State University to the City of Hays, Kansas. The larger tract is 120 acres and will be used for the creation of a sports complex. The smaller tract is 10 acres and is contiguous to the back nine of the Fort Hays Municipal Golf Course. A map outlining the location of these parcels is attached to this testimony.

In 2007, a group of Hays citizens began a grassroots effort to create a sports complex for the city of Hays. The two most critical aspects to this project were money and land. As the group explored different funding options, they were scouting various locations for the complex.

Senate Ways & Means Cmte
Date 2-03-2010
Attachment 3

The group eliminated many locations due to location, land costs, size, and the high cost to provide infrastructure to the area. The issue was discussed with Fort Hays State University President Ed Hammond who offered to sell the City of Hays 120 acres of land contiguous to a smaller tract of land where FHSU planned to locate a soccer stadium.

Using the ballot initiative process, the grassroots group was able to get a question on the November 2008 ballot. The question called for a four-year one-half cent sales tax to fund a sports complex to be located on the land being offered by Fort Hays State University. The issue passed quite easily.

The City of Hays has contracted with a project manager who has been working diligently to engineer and design the complex as well as all necessary infrastructure improvements. At this time, we are ready to present the Hays City Commission with the final design for approval and let the project for bid. We will not be able to give notice to proceed until the land transaction has been authorized by the Kansas Legislature.

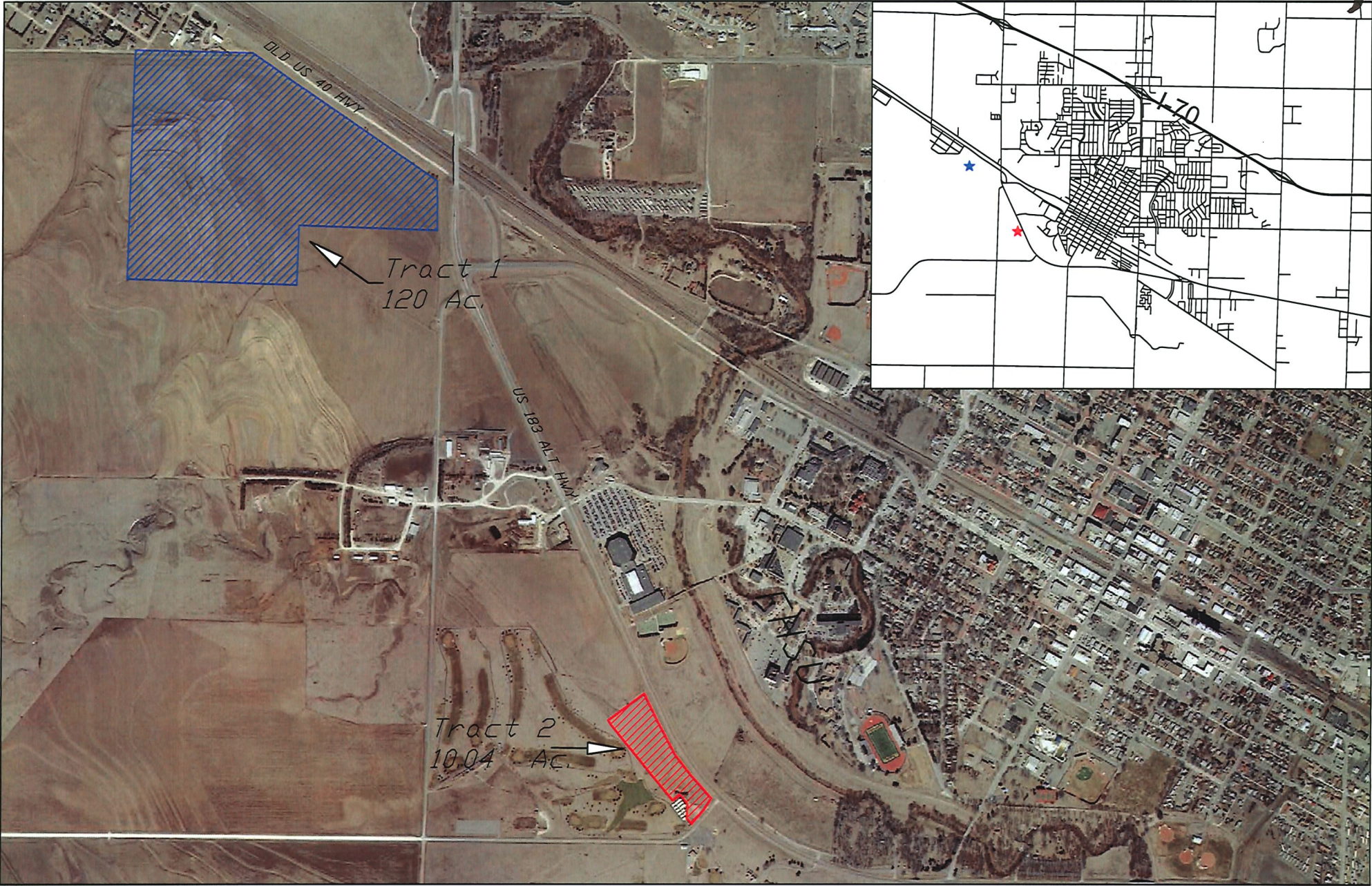
The second tract of land considered in this bill is a 10.037-acre tract contiguous to the back nine of the Fort Hays Municipal Golf Course. The front nine of the Fort Hays Municipal Golf Course is located on land owned by the Kansas State Historical Society and is part of Historic Fort Hays. The Pro Shop and maintenance sheds are also located on this land. At this time, the City is blocked

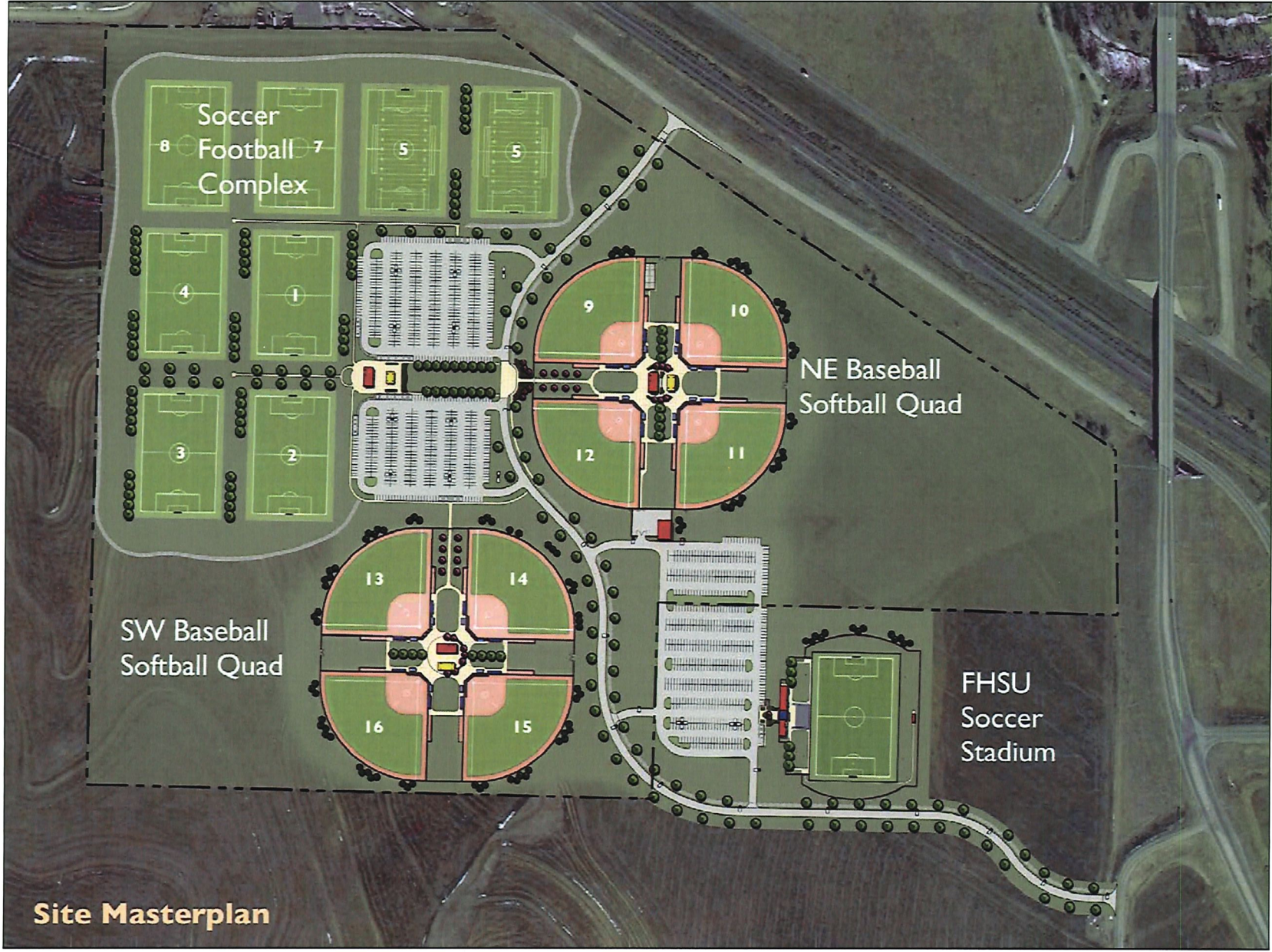
from future expansion/modification of these facilities due to the use restrictions placed on the land. The 10-acre tract of land next to the back nine would allow for expansion of cart sheds, additional maintenance facilities and the creation of a driving range.

The new sports complex has caused a lot of excitement in and around Hays. It will provide a much needed venue to host softball, baseball, soccer and football tournaments. At this time, we are projecting an opening date in the fall of 2011. The acquisition of additional land contiguous to the Fort Hays Municipal Golf Course will provide that course much needed space to grow.

On behalf of the City Commission and the City of Hays, I respectfully request that you move House Bill 2414 favorably for passage.

Thank you for your time and consideration in this matter. I will stand for any questions that you may have.





Site Masterplan

**Testimony on Senate Bill 396
to
the Senate Ways and Means Committee**

**by Constantine V. Cotsoradis
Deputy Secretary
Kansas Department of Agriculture**

February 3, 2010

Good morning, Chairman Emler and members of the committee. I am Constantine Cotsoradis, deputy secretary of agriculture, and I am here in support of Senate Bill 396

This bill creates a source of funds for the Kansas department of agriculture laboratory equipment fund created by K.S.A. 74-554. Moneys from this fund will be used for the acquisition, maintenance and replacement of equipment used in the department's agriculture laboratory. This bill has three key points:

1. It does not increase fees or establish new fees,
2. It does not change how current fees are to be used, and
3. The establishment of the laboratory fee fund is critical to insure vital analytical services are provided for regulatory purposes and for support of our agricultural, manufacturing and service industries.

Our laboratory is effective only if the equipment is up-to-date and functions properly. New instruments generally cost from \$10,000 to more than \$300,000. Laboratory instruments are used to analyze a wide variety of products. For example, we analyze raw milk for somatic cells, an indication of milk quality. We test feed for protein content and to ensure it is free from adulterants harmful to animals. Vegetation samples are analyzed to determine if humans were exposed to or a producer's crop was damaged by pesticide drift. Raw and ready-to-eat meat products are analyzed to determine if they are contaminated with harmful and even deadly pathogens.

Without access to reliable laboratory instruments, not only will the laboratory and its associated department regulatory programs be halted, industry will be negatively impacted as well. The dairy industry, for example, will not be in compliance with the Interstate Milk Shippers agreement affecting its ability to market milk. Feed lots and cattle producers may unknowingly purchase contaminated feed. Cattle may be fed prohibited materials, thus subjecting producers to financial hardships and damaging consumer confidence in beef both nationally and internationally.

Our laboratory instruments are used daily to serve our constituents. It is easy to become complacent and forget their importance. A very serious situation like the one two years ago reminds us of our important mission. You may recall that during the summer of 2008 our wheat harvest was threatened by the late application of a fungicide. We had to convince the food and drug administration, the environmental protection agency and the United States department of agriculture that the wheat being harvested did not contain unsafe levels of the fungicide. We had to assure the federal authorities that the wheat could be marketed as a safe food product. In that case, we used our LC/MS/MS instrument to analyze wheat samples from across the state and convince those federal agencies. Without the LC/MS/MS we could not have protected our harvest and assured the consumer that the wheat was safe. Many of you are aware of this event, but most do not realize that this instrument went down during a critical analytical phase. Fortunately, it was quickly repaired. Had the problem been more serious, farmers and our economy could have faced a financial disaster. We have requested the funds to purchase another LC/MS/MS not only for pesticide analysis, but to analyze feed for harmful adulterants such as melamine.

Our laboratories need a reliable source to fund the purchase and maintenance of laboratory instrumentation. These instruments are necessary to continue to provide the high-level of regulatory assurance that both consumers and industry require of us.

The creation of the laboratory fee fund provides the funding mechanism without increasing fees or imposing any financial burdens on the taxpayer.

I will answer questions at the appropriate time.



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**Senate Ways & Means Committee
February 3, 2010**

**SB 396 - Creating the laboratory fee fund within the
Kansas Dept. of Agriculture.**

Chairman Emler and members of the Senate Ways & Means Committee, thank you for the opportunity to comment on behalf of our members in support of SB 396. I am Leslie Kaufman, Executive Director for the Kansas Cooperative Council.

The Kansas Cooperative Council (KCC) represents all forms of cooperative businesses across the state -- agricultural, utility, credit, financial and consumer cooperatives. Approximately half of our members are grain elevator/farm supply cooperatives. Many of these farm supply cooperatives provide agricultural chemical sales and application, petroleum product sales and distribution, feed sales, as well as other similar services. Thus, these member-owned businesses are stakeholders for many of the programs coordinated by the Kansas Department of Agriculture (KDA) and contributors to several of the fee funds described in SB 396.

We do believe that our members will benefit from the changes embodied in SB 396 as it will allow the KDA to maintain a quality lab program, which is essential to so many of their regulatory functions. We commend the KDA for their forward vision and for sharing this concept with us prior to session, allowing us ample time to work the concept through our policy process.

Timely testing is critical to our members' ability to perform many of their regular business functions, particularly in busy times such as harvest. Lab equipment breakdown at such a time would need to be addressed immediately and creation of the fund described in SB 396 would provide the financial resources for the KDA to react quickly to equipment failure.

The Council has a long history of advocating that fee funds remain within the specific program generating those fees. Our board has discussed the proposal outlined in SB 396 and, although the new fund will be a separate accounting for some of the fee dollars, the money will still be used to benefit the programs the dollars are derived from. Thus, we consider the plan to be consistent with our overall fee philosophy.

We appreciate the fact that the KDA's proposal has a "shut-off" that keeps the fund at a reasonable level. We also think the concept of shifting only carry-over balances, rather than automatically taking a cut out of the fund, is a wise approach and protects the integrity of the underlying funds.

I must stress that our support for this measure is entirely dependent on the bill retaining protections from future fee sweeps into the state general fund. Should that provision be removed, we would be compelled to revisit our position on SB 396.

We appreciate the opportunity to share our support for SB 396 and encourage positive action on this bill. If you have any questions regarding our testimony or position on this bill, please feel free to contact me at 785-220-4068.

Thank you.

Senate Ways & Means Cmte
Date 2-03-2010
Attachment 5

The Mission of the Kansas Cooperative Council is to promote, support and advance the interests and understanding of agricultural, utility, credit and consumer cooperatives and their members through legislation and regulatory efforts, education and public relations.



Senate Ways and Means Committee
Written Testimony re: SB 396, Creating the Laboratory Fee Fund Within the
Kansas Department of Agriculture
Submitted by Mary Jane Stankiewicz
on behalf of
Kansas Agribusiness Retailers Association and Kansas Grain and Feed Association
February 3, 2010

Thank you Chairman Emler, members of the Senate Ways and Means Committee, I am Ron Seeber, Vice President of Government Affairs of the Kansas Grain and Feed Association (KGFA) and the Kansas Agribusiness Retailers Association (KARA). The KGFA is a voluntary state association with a membership encompassing the entire spectrum of the grain receiving, storage, processing and shipping industry in the state of Kansas. KGFA's membership includes over 950 Kansas business locations and represents 99% of the commercially licensed grain storage in the state. KARA's membership includes over 700 agribusiness firms that are primarily retail facilities which supply fertilizers, crop protection chemicals, seed, petroleum products and agronomic expertise to Kansas farmers. KARA's membership base also includes ag-chemical and equipment manufacturing firms, distribution firms and various other businesses associated with the retail crop production industry.

On behalf of these organizations, I am submitting testimony in support of SB 396. We believe that establishing a fee fund will allow Kansas Department of Agriculture to maintain a quality lab operation. Testing must be timely and is an essential regulatory component to the agency. This bill will allow for rapid response should there be equipment failure. This response is critical to the industry especially during times of harvest. We also approve of including a cap of the amount in the fund. This will keep the fund at an adequate level while allowing flexibility for it to be properly administered.

We again appreciate KDA's willingness to keep stakeholders informed of their proposal.

Thank you for your consideration.

KGFA & KARA MEMBERS ADVOCATE PUBLIC POLICIES THAT ADVANCE A SOUND ECONOMIC CLIMATE FOR AGRIBUSINESS TO GROW AND PROSPER SO THEY MAY CONTINUE THEIR INTEGRAL ROLE IN PROVIDING KANSANS AND THE WORLD THE SAFEST, MOST ABUNDANT FOOD SUPPLY.

816 SW Tyler, Topeka KS 66612 – 785-234-0461 - Fax

Senate Ways & Means Cmte
Date 2-03-2010
Attachment 6