

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE

The meeting was called to order by Chairman Jay Emler at 10:30 a.m. on March 18, 2010, in Room 548-S of the Capitol.

All members were present except:

Senator Jean Schodorf- excused

Committee staff present:

Alan Conroy, Kansas Legislative Research Department
J. G. Scott, Kansas Legislative Research Department
Michael Steiner, Kansas Legislative Research Department
Dylan Dear, Kansas Legislative Research Department
Christina Allen, Kansas Legislative Research Department
Aaron Klaassen, Kansas Legislative Research Department
Heather O'Hara, Kansas Legislative Research Department
Leah Robinson, Kansas Legislative Research Department
Jonathan Tang, Kansas Legislative Research Department
Jill Wolters, Office of the Revisor of Statutes
Daniel Yoza, Office of the Revisor of Statutes
Melinda Gaul, Chief of Staff
Shirley Jepson, Committee Assistant
James Fisher, Intern

Conferees appearing before the Committee:

Representative Doug Gatewood
Samuel Speed, Assistant Attorney General, Attorney General's Office
Tracy Streeter, Director, Kansas Water Office
Chris Howell, Chief Operating Officer, Kansas Arts Commission
Nancy Bryant, Secretary of State's Office

Others attending:

See attached list.

Approval of Minutes

Senator Teichman moved to approve the minutes of March 8, March 9, March 10, March 11, March 12, March 15 and March 16, as written. The motion was seconded by Senator Masterson. Motion carried on a voice vote.

Hearing on HB 2544 - State public trust, superfund sites, Cherokee county, member compensation for meeting attendance

Jill Wolters, Office of the Revisor of Statutes, explained that **HB 2544**, as amended by the House Committee, would amend current statute to compensate trustees of the state public trust at the per diem compensation rate for legislators, which is \$88.66 per calendar day (Attachment 1). The House amendment would abolish the trust and the office of each member of the trust on July 1, 2014, or the date all property has been transferred.

Representative Doug Gatewood provided background information on Treece, located near the Kansas/Oklahoma border, and testimony in support of **HB 2544** (Attachment 2). Representative Gatewood stated that the legislation would clarify the compensation rate at which the five-member trust handling the voluntary relocation of Treece will be paid.

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

The hearing on HB 2544 was closed.

Senator Umbarger moved to recommend **HB 2544** favorable for passage. The motion was seconded by Senator Teichman. Motion carried on a voice vote.

CONTINUATION SHEET

Minutes of the Senate Ways and Means Committee at 10:30 a.m. on March 18, 2010, in Room 548-S of the Capitol.

Hearing on SB 574 - Transferring funds from the state water plan fund to the interstate water litigation fund in fiscal years 2012 through 2017.

Leah Robinson, Legislative Research Department, explained that **SB 574** would require transfers from the State Water Plan Fund to the Interstate Water Litigation Fund of the Attorney General, beginning with \$2 million on July 1, 2011, and \$3 million each year thereafter through July 1, 2016, for a total of \$17.0 million. Ms. Robinson noted that the language in this bill is also included in the appropriations bill.

Samuel Speed, Assistant Attorney General, Attorney General's Office, presented testimony in a neutral position on **SB 574** (Attachment 3). Mr. Speed stated that prior funding in the Interstate Water Litigation Fund was inadvertently removed and placed in the State General Fund (SGF). As a matter of fairness and equity to the other agencies who utilize moneys from the State Water Plan Fund, the Attorney General's office suggest that the money for the Litigation Fund should be repaid by the SGF rather than the State Water Plan Fund.

Tracy Streeter, Director, Kansas Water Office, presented testimony in opposition to **SB 574** (Attachment 4). Mr. Streeter stated that although the Subcabinet on Natural Resources supports the intent of **SB 574** to re-establish the Interstate Water Litigation Fund, they oppose the bill as written due to the proposed use of the State Water Plan Fund. Mr. Streeter noted that the transfer to the Interstate Water Litigation Fund would significantly impair their ability to address the ongoing priorities of the Kansas Water Plan.

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

The Committee expressed concern that when the funds were stripped from the Interstate Water Litigation Fund in FY 2007, they were placed in the State General Fund (SGF) and therefore, should be repaid from the SGF.

The hearing on SB 574 was closed.

Senator Taddiken moved to amend SB 574 by changing the source of funding from the State Water Plan Fund to the State General Fund. The motion was seconded by Senator Lee. Motion carried on a voice vote.

Senator Taddiken moved to recommend SB 574 as amended favorable for passage. The motion was seconded by Senator Lee. Motion carried on a voice vote.

Hearing on SB 575 - Equalizing distribution of overpayments and underpayments from the special city and county highway fund during fiscal years 2011 through 2015.

Jonathan Tang, Legislative Research Department, explained that **SB 575** provides for a repayment option to correct prior disbursements to the counties from the Special City and County Highway Fund. The equalization repayment would be spread over a period of 5 years (Attachment 5).

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

The hearing on SB 575 was closed.

Senator Masterson moved to recommend SB 575 favorable for passage. The motion was seconded by Senator Kultala. Motion carried on a voice vote.

Hearing on HB 2691 - Biennial budgeting for Kansas home inspectors registration board.

Christina Allen, Legislative Research Department, explained that **HB 2691** is a technical correction to provide biennial budgeting for Kansas Home Inspectors Registration Board.

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

CONTINUATION SHEET

Minutes of the Senate Ways and Means Committee at 10:30 a.m. on March 18, 2010, in Room 548-S of the Capitol.

The hearing on HB 2691 was closed.

Senator Masterson moved to recommend HB 2691 favorable for passage. The motion was seconded by Senator Apple. Motion carried on a voice vote.

Hearing on SB 580 - Post audit; agencies pay audit costs, school district audit team abolished.

Daniel Yoza, Office of Revisor of Statutes, explained that **SB 580** amends statutes and changes the way Legislative Division of Post Audit would charge agencies for audits, suspends school district audits in FY 2011 and 2012 and abolishes the school district audit team (Attachment 6). Mr. Yoza presented an amendment to the bill that adds an additional statute to be amended.

The Committee noted that this bill is a clean-up of current statutes.

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

The hearing on SB 580 was closed.

Senator Vratil moved to amend SB 580 by including the balloon as presented by the Revisor. The motion was seconded by Senator Masterson. Motion carried on a voice vote.

Senator Schmidt moved to recommend SB 580 as amended favorable for passage. The motion was seconded by Senator Lee. Motion carried on a voice vote.

Hearing on SB 581 - Hiram Price Dillon House transfer to Kansas arts commission.

Jill Wolters, Office of the Revisor of Statutes, explained that **SB 581** would amend current statutes to transfer and place the Dillon House property under the charge, care, management and control of the Kansas Arts Commission (KAC) (Attachment 7). Ms. Wolters noted that the bill would not require funds associated with the Dillon House to be deposited in the SGF.

Responding to a question from the Committee, Ms. Wolters stated that ownership of the property would remain with the state.

Because of the cost of the renovation of the Dillon House, the Committee noted that the Kansas Arts Commission brought forth the proposal in the legislation as a way to renovate and restore the historical Dillon House with the state retaining ownership. KAC believes that the building will be an asset to their agency.

Chris Howell, Chief Operating Officer, Kansas Arts Commission, presented testimony in support of **SB 581** plus a proposed operating plan and proposed capital campaign (Attachment 8). Mr. Howell noted that KAC believes that the Dillon House can be restored into an outstanding cultural center to showcase Kansas art and artists.

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

The hearing on SB 581 was closed.

Senator Kelly moved to recommend SB 581 favorable for passage. The motion was seconded by Senator Teichman. Motion carried on a voice vote.

Discussion and Action on SB 571 - Animal Health Department; fees.

Senator Schmidt moved to amend SB 571 by making the effective date on publication in the Kansas register. The motion was seconded by Senator Kelly. Motion carried on a voice vote.

Senator Lee moved to recommend SB 571 as amended favorable for passage. The motion was seconded by

CONTINUATION SHEET

Minutes of the Senate Ways and Means Committee at 10:30 a.m. on March 18, 2010, in Room 548-S of the Capitol.

Senator Teichman. Motion carried on a voice vote.

Discussion and Action on SB 570 - Lodging inspections and food safety fees.

Senator Schmidt moved to amend SB 570 by retaining the language "or cause to be inspected". The motion was seconded by Senator Teichman. Motion carried on a voice vote.

Senator McGinn moved to recommend SB 570 as amended favorable for passage. The motion was seconded by Senator Lee. Motion carried on a voice vote.

The Committee noted the need to address the request for 2.0 additional FTE at Omnibus.

Discussion and Action on SB 572 - Statute books; copies furnished to legislators.

Nancy Bryant, Secretary of State's Office, responded to Committee questions, noting that the current cost of a set of statute books is \$540 and a set of supplements is \$98.

Senator Vratil moved for a conceptual amendment to SB 572 by deleting language related to providing supplement sets to the county clerks, supreme court law library, district court judges, clerk of the district court, city clerks, district magistrate judges, Kansas University law library, Washburn University law library Supreme Court, district court administrators, senior retired judges, county law library, disciplinary administrator and members of the Congress. Also, delete complete sets to supreme court law library and city clerks. The motion was seconded by Senator Lee. Motion carried on a voice vote.

Responding to a question from the Committee, Alan Conroy, Legislative Research Department, stated that 37 sets of supplement books given to the State Library are then distributed to designated local libraries throughout the state.

Senator Kelly moved to add language to SB 572 to allow newly elected legislators to have the option of having their names engraved on a set of statute books at no cost to the legislator. The motion was seconded by Senator Masterson. Motion carried on a voice vote.

Responding to another question from the Committee, Ms. Bryant indicated that the order form for statute books could be adjusted to allow those who request and choose to pay for a set of statute books could also request a name be engraved on the set at their cost without the necessity of additional language in the bill.

Senator Lee moved to amend SB 572 by adding language on page 1, Lines 37 thru 39, to provide one copy each to the 4 leadership offices of the Legislature - 2 in the Senate and 2 in the House. The motion was seconded by Senator Teichman. Motion carried on a voice vote.

Senator Teichman moved to recommend SB 572 as amended favorable for passage. The motion was seconded by Senator Lee. Motion carried on a voice vote.

Adjournment

The next meeting is "on call of the chair".
The meeting was adjourned at 11:50 a.m.

SENATE WAYS AND MEANS COMMITTEE

GUEST LIST

DATE: March 18, 2010

NAME	REPRESENTING
Julia Thomas	DOB
Steve Swaffar	KFO
Barb Hinton	LPA
Tracy Steele	KWO
Kim Christensen	KWO
Chris Grunewald	AG
SAMUEL SPEED	AG
Travis Lowe	Little Co. Relations
Pete Swanson	STO
Scott Gates	STO
Dan Gibb	AG
Mike Beam	Ks Livestock Assn.
George Teagarden	KAHD
Shari Albrecht	KDHE
Levi Henry	Sandstone Group LLC
Diane Gjerstad	USD 259
Leslie Kaufman	Ks Coop Council

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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: March 18, 2010
Subject: HB 2544, as amended by the House Committee

House Bill No. 2544 amends K.S.A. 2009 Supp 49-512 to compensate trustees of the state public trust (created to administer relocation assistance) at the per diem compensation rate for legislators pursuant to K.S.A. 75-3212 and 46-137a, which is \$88.66 per calendar day. Currently, they receive subsistence, mileage and other actual expenses .

The House Appropriations committee amended the bill to abolish the trust, and the office of each member of the trust on July 1, 2014 or the date all property has been transferred, whichever date occurs first.

The act would take effect upon publication in the Kansas register.

Senate Ways & Means Cmte

Date 3-18-2010

Attachment 1

DOUG GATEWOOD
REPRESENTATIVE, 1ST DISTRICT
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COLUMBUS, KANSAS 66725
(620) 429-3690

OFFICE ADDRESS: STATE CAPITOL—435
TOPEKA, KANSAS 66612
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TOPEKA

HOUSE OF
REPRESENTATIVES

COMMITTEE ASSIGNMENTS
MEMBER: APPROPRIATIONS
RANKING MEMBER: TRANSPORTATION AND
PUBLIC SAFETY BUDGET
VISION 2020
HOTLINE NUMBER: 1-800-432-3924
SPEECH/HEARING IMPAIRED: (785) 296-8430

Testimony for HB 2544

Mr. Chairman and Committee Members,

Thank you for the opportunity to testify on behalf of HB 2544.

HB 2544 clarifies the compensation rate at which the five member trust handling the voluntary relocation of Treece, Kansas will receive.

Treece is an old mining town located on the Kansas/Oklahoma border. Treece was originally part of Picher, OK. But when the state border was relocated in 1908 after a survey proved the old border was incorrect, the northern five blocks of Picher, OK. became Treece, KS. The city of Picher has been relocated and the city charter has expired.

In the 2006 Session the Kansas Legislature passed the bill that created the trust that would administrate the relocation on the Kansas side of the border should federal funds become available. These federal dollars will be approximately \$3.5 million or 90% of the costs of the project and were approved by Congress and signed by the president in 2009.

As you can imagine, this relocation and acquisition of the properties, even though voluntary, will be an extremely emotional and tension filled time not only for the citizens but also for the members of the trust.

The original legislation in 2006 allowed for compensation for trust members that both myself and staff members of congressional offices interpreted as legislative "per diem" when in fact the statute noted is referring to expenses incurred by board members. HB 2544 changes that language from expenses to legislative per diem for only the days members of the trust are in session and present at the meeting.

The Kansas Department of Health and Environment and The Environmental Protection Agency are handling preparatory work and will do the administrative duties for the trust which will minimize the number of days the trust will have to meet.

Senate Ways & Means Cmte
Date 3-18-2010
Attachment 2

I believe the trust will not exceed 80 days in session and at the current rate of per diem would be approximately \$35,000 or about 1% of the estimated cost of the relocation project.

Current statutory language allows for expenses to be paid which will not be allowed in the new language. The per diem rate will allow the members an incentive to serve on the trust which I believe will be essential to retaining trust members on what will be a very daunting task.

Mr. Chairman, the fiscal note on this bill reflects the costs I have estimated for compensation but does not show the savings from current statutory language allowing cost reimbursement which I have estimated at \$5,000 which would adjust the actual change of cost to the trust to approximately \$20,000. These costs would be paid from monies held by the trust with no additional funding required.

Thank you for the opportunity to hear HB 2544 and I will answer any questions you may have at the appropriate time.

Doug Gatewood
1st District



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Senate Ways & Means Committee
Testimony Regarding SB 574
Assistant Attorney General Samuel Speed
March 18, 2010

Mr. Chairman and members of the committee, thank you for allowing me to comment on the proposed amendments to K.S.A. 82a-1802 as provided in SB 574.

For over 100 years, Kansas has defended its interest in water through litigation. *See Kansas v. Colorado*, 182 U.S. 125 (1902); *Kansas v. Colorado*, 206 U.S. 46 (1907); and *Kansas v. Colorado*, 514 U.S. 673 (1995). The legislature has stated as a matter of policy that the State of Kansas will continue defending its interstate water rights through litigation, when necessary. The legislature has established and funded this mandate through the Interstate Water Litigation Fund. K.S.A. 82a-1801 *et seq.*

As a result of the successful Arkansas River litigation (1985-2009), \$20 million was placed into the Fund in 2005. Approximately, \$17 million remained in the fund in 2007. That \$17 million was mistakenly removed from the Fund and placed into the State General Fund. This error was only discovered recently when the Attorney General's office sought to have more funds appropriated for ongoing litigation.

The proposed amendments to K.S.A. 82a-1802 provide a schedule by which the legislature will replenish the Interstate Water Litigation Fund. The schedule contained in SB 574 provides a reasonable timeline for replenishment, taking into account the ongoing costs of litigation as well as the necessity to build the Fund back up in a timely manner. We support the effort to replenish the Litigation Fund consistent with the legislature's 2005 plan.

SB 574, however, requires that the Legislature take available moneys from the State Water Plan Fund in order to accomplish the proposed replenishment. As noted above, the \$17 million taken from the Fund was placed into the State General Fund not into the State Water Plan Fund. Accordingly, as a matter of fairness and equity to the other agencies who utilize moneys from the Water Plan Fund, we respectfully suggest that the money for the Litigation Fund should be repaid by the State General Fund.

Senate Ways and Means Committee

On

Senate Bill 574

Tracy Streeeter, Director

Kansas Water Office

March 18, 2010

Chairman Emler and members of the Committee, I am Tracy Streeeter, Director of the Kansas Water Office. I am pleased to appear before you today to discuss Senate Bill 574. I appear today on behalf of the Kansas Natural Resources Subcabinet, which includes the following state agencies: the Kansas Department of Agriculture, Kansas Department of Health and Environment, Kansas Department of Wildlife and Parks, Kansas Water Office, State Conservation Commission, Kansas Animal Health Department and the Kansas Corporation Commission. With the exception of the Animal Health Department, these Subcabinet agencies play a significant role in the implementation of the Kansas Water Plan and are responsible for administering the majority of the State Water Plan Fund.

The Subcabinet on Natural Resources supports the intent of SB 574 to re-establish the Interstate Water Litigation Fund. However, we must oppose the bill as it written due to the proposed use of the State Water Plan Fund (SWPF).

The SWPF statutorily has a \$6 million SGF transfer, an EDIF transfer of \$2 million and funding from fees and fines. The total revenue for the Fund in a normal year is approximately \$20 million. For the current fiscal year, SWPF expenditures are anticipated to be approximately \$16 million. The FY 2011 SWPF budget currently under consideration proposes to spend just over \$15 million. In FY's 2006, 2007 and 2008, the Kansas Water Authority worked successfully with the Governor and Legislature to restore full funding to the SWPF through the Water Plan Projects Initiative. This restoration included the return of the entire \$6 million SGF demand transfer.

Funding needs for water resources continues to increase. The Kansas Water Authority presented the Kansas Legislature with the *2010 Annual report to the Governor and Legislature* in January of this year. The report highlights some of the many successes the state has had from efforts using SWPF monies. The *Annual Report* demonstrates a 5-year capital development need for water resources of \$1.9 billion, in addition to the year-to-year programs funded by the Fund. The *Annual Report* further outlines how \$22 million was spent in FY 2009 on programs that enhance Kansas water resources. The *Annual Report* also recommends for FY 2011, expenditures exceeding \$19 million to continue water resources development and protection work in the state. In FY 2010, no SGF demand transfer was made and, the FY 2011 SWPF budget currently proposes to transfer just over \$1.3 million from the SGF.

Senate Ways & Means Cmte
Date 3-18-2010
Attachment 4

Regardless of the amount of SGF contribution, the proposal contained in SB 574 to transfer \$2 million in FY 2012 and \$3 million in fiscal years' 2013 through 2017 from the SWPF to the Interstate Water Litigation Fund would significantly impair our ability to address the ongoing priorities of the Kansas Water Plan. We feel that water resource management and protection activities within our state are just as important as our commitment and financial investment in the arena of interstate water litigation.

The Interstate Water Litigation Fund was originally created by the 1996 Legislature that had the foresight to establish how litigation proceeds from the Arkansas River lawsuit would be divided when and if money was received. Money was received from Colorado in 2005 and a portion of the proceeds was placed in the Litigation Fund that was established within the SGF. As the balance of the State General Fund was depleted, so was the balance in the Litigation Fund. At no time did the State Water Plan Fund directly benefit from the establishment of the Litigation Fund.

The bill would accomplish one very important need for water resources in the state of Kansas: re-establishing and funding the Interstate Water Litigation Fund. Kansas has used that fund to defend the states interests and monitor compliance with agreements with other states in the Arkansas River and the Republican River. The Kansas Natural Resources Subcabinet wholeheartedly supports the reestablishment of the Interstate Water Litigation Fund. Having a "war chest" of litigation funds provides an on-going compliance program, insuring other states fully comply with their obligations under various compact, settlement, and court orders. It allows the state to pursue water resources litigation to the maximum benefit of the state. There is no doubt that the litigation funds that were mistakenly utilized should be accounted for and replaced when existing state revenues recover or other funding sources are identified.

In summary, the Kansas Natural Resources Subcabinet supports the intent of SB 574 to restore the Interstate Water Litigation Fund but must oppose the bill due to its proposed impact to the State Water Plan Fund. I will stand for questions at the appropriate time.

Special City and County Highway Fund Repayment Options Repayment in 5 Years

County	Amount per Year	Quarterly Payment	FY 2008 Total Payment	Percent of FY 2008 Payment*	County	Amount per Year	Quarterly Payment	FY 2008 Total Payment	Percent of FY 2008 Payment*
Allen	\$ (15,356.49)	\$ (3,839.12)	\$ 538,742.24	-2.85%	Linn	\$ (15,088.86)	\$ (3,772.21)	\$ 448,539.04	-3.36%
Anderson	(11,831.91)	(2,957.98)	388,382.76	-3.05%	Logan	(4,678.30)	(1,169.57)	213,517.93	-2.19%
Atchison	(17,383.17)	(4,345.79)	493,036.89	-3.53%	Lyon	(32,946.93)	(8,236.73)	861,290.74	-3.83%
Barber	(7,255.04)	(1,813.76)	278,785.70	-2.60%	Marion	(14,726.09)	(3,681.52)	620,975.76	-2.37%
Barton	31,939.97	7,984.99	1,100,723.93	2.90%	Marshall	(15,512.66)	(3,878.16)	526,627.44	-2.95%
Bourbon	(11,783.91)	(2,945.98)	541,454.97	-2.18%	McPherson	(34,610.63)	(8,652.66)	964,355.28	-3.59%
Brown	(6,360.55)	(1,590.14)	513,331.19	-1.24%	Meade	(4,194.22)	(1,048.56)	300,592.59	-1.40%
Butler	387,749.07	96,937.27	1,843,532.48	21.03%	Miami	(42,805.79)	(10,701.45)	1,199,499.57	-3.57%
Chase	(5,458.14)	(1,364.53)	223,026.97	-2.45%	Mitchell	(13,867.15)	(3,466.79)	386,214.79	-3.59%
Chautauqua	(2,157.67)	(539.42)	215,513.24	-1.00%	Montgomery	(33,509.16)	(8,377.29)	1,129,768.48	-2.97%
Cherokee	(23,496.99)	(5,874.25)	820,561.85	-2.86%	Morris	(7,823.62)	(1,955.91)	311,486.44	-2.51%
Cheyenne	(5,271.35)	(1,317.84)	231,001.87	-2.28%	Morton	(4,802.44)	(1,200.61)	203,676.48	-2.36%
Clark	(3,029.27)	(757.32)	180,763.05	-1.68%	Nemaha	(15,098.97)	(3,774.74)	431,134.13	-3.50%
Clay	(3,874.16)	(968.54)	382,293.39	-1.01%	Neosho	(22,029.13)	(5,507.28)	643,045.10	-3.43%
Cloud	(11,098.72)	(2,774.68)	472,599.82	-2.35%	Ness	(3,967.07)	(991.77)	311,695.95	-1.27%
Coffey	(11,579.03)	(2,894.76)	436,742.14	-2.65%	Norton	(7,200.55)	(1,800.14)	321,294.71	-2.24%
Comanche	(1,786.50)	(446.63)	153,345.73	-1.17%	Osage	(9,311.72)	(2,327.93)	681,127.67	-1.37%
Cowley	(8,465.25)	(2,116.31)	1,145,736.05	-0.74%	Osborne	(7,530.90)	(1,882.72)	259,175.82	-2.91%
Crawford	(22,232.77)	(5,558.19)	1,056,679.64	-2.10%	Ottawa	(8,255.63)	(2,063.91)	374,193.49	-2.21%
Decatur	(6,460.58)	(1,615.14)	255,704.57	-2.53%	Pawnee	(7,208.34)	(1,802.08)	368,766.25	-1.95%
Dickinson	(24,095.98)	(6,023.99)	668,494.36	-3.60%	Phillips	(10,488.78)	(2,622.20)	349,240.59	-3.00%
Doniphan	(10,504.97)	(2,626.24)	352,941.95	-2.98%	Pottawatomie	(26,048.31)	(6,512.08)	777,884.23	-3.35%
Douglas	512,983.94	128,245.98	2,191,594.11	23.41%	Pratt	(8,748.63)	(2,187.16)	519,700.98	-1.68%
Edwards	(6,321.31)	(1,580.33)	252,848.68	-2.50%	Rawlins	(4,478.38)	(1,119.60)	236,897.90	-1.89%
Elk	(2,100.32)	(525.08)	190,005.25	-1.11%	Reno	(51,742.85)	(12,935.71)	1,913,441.16	-2.70%
Ellis	(35,097.84)	(8,774.46)	836,032.30	-4.20%	Republic	(9,089.25)	(2,272.31)	367,490.44	-2.47%
Ellsworth	(9,337.47)	(2,334.37)	333,606.04	-2.80%	Rice	(6,890.03)	(1,722.51)	486,213.83	-1.42%
Finney	(23,350.26)	(5,837.56)	1,117,721.87	-2.09%	Riley	(44,598.10)	(11,149.52)	1,207,351.64	-3.69%
Ford	(28,192.11)	(7,048.03)	1,006,302.12	-2.80%	Rooks	(9,010.05)	(2,252.51)	355,342.79	-2.54%
Franklin	(27,593.13)	(6,898.28)	768,898.10	-3.59%	Rush	(4,943.03)	(1,235.76)	269,093.74	-1.84%
Geary	(3,906.28)	(976.57)	697,335.78	-0.56%	Russell	(2,310.34)	(577.58)	388,685.50	-0.59%
Gove	(4,235.05)	(1,058.76)	229,808.32	-1.84%	Saline	(56,199.43)	(14,049.86)	1,441,232.08	-3.90%
Graham	(5,637.90)	(1,409.47)	233,552.22	-2.41%	Scott	(5,361.49)	(1,340.37)	300,571.10	-1.78%
Grant	(7,744.12)	(1,936.03)	375,956.01	-2.06%	Sedgwick	(468,507.62)	(117,126.91)	11,086,285.31	-4.23%
Gray	(9,420.99)	(2,355.25)	396,755.82	-2.37%	Seward	(17,954.68)	(4,488.67)	633,630.26	-2.83%
Greeley	(3,766.11)	(941.53)	174,316.59	-2.16%	Shawnee	1,069,424.81	267,356.20	4,208,078.19	25.41%
Greenwood	(10,805.14)	(2,701.29)	445,973.47	-2.42%	Sheridan	(7,144.43)	(1,786.11)	256,987.55	-2.78%
Hamilton	(4,242.83)	(1,060.71)	216,894.90	-1.96%	Sherman	(777.46)	(194.36)	312,780.20	-0.25%
Harper	(5,865.39)	(1,466.35)	355,787.39	-1.65%	Smith	(7,975.95)	(1,993.99)	297,926.28	-2.68%
Harvey	(31,453.85)	(7,863.46)	967,505.93	-3.25%	Stafford	(8,117.09)	(2,029.27)	364,097.18	-2.23%
Haskell	(5,341.57)	(1,335.39)	312,904.64	-1.71%	Stanton	(3,967.87)	(991.97)	196,770.30	-2.02%
Hodgeman	(3,836.80)	(959.20)	193,686.65	-1.98%	Stevens	(2,552.31)	(638.08)	342,857.90	-0.74%
Jackson	(18,590.70)	(4,647.67)	560,656.11	-3.32%	Sumner	(23,634.72)	(5,908.68)	910,010.26	-2.60%
Jefferson	(26,805.73)	(6,701.43)	728,420.67	-3.68%	Thomas	(13,553.75)	(3,388.44)	421,969.27	-3.21%
Jewell	(4,846.65)	(1,211.66)	291,413.25	-1.66%	Trego	(7,127.48)	(1,781.87)	227,380.17	-3.13%
Johnson	(463,790.87)	(115,947.72)	11,125,742.15	-4.17%	Wabaunsee	(9,416.39)	(2,354.10)	282,399.40	-3.33%
Kearny	(4,643.27)	(1,160.82)	268,911.14	-1.73%	Wallace	(3,977.31)	(994.33)	151,606.90	-2.62%
Kingman	(11,207.47)	(2,801.87)	507,088.06	-2.21%	Washington	(10,219.01)	(2,554.75)	379,954.30	-2.69%
Kiowa	(5,765.43)	(1,441.36)	267,822.19	-2.15%	Wichita	(5,335.67)	(1,333.92)	209,849.62	-2.54%
Labette	(22,253.01)	(5,563.25)	729,063.96	-3.05%	Wilson	(14,636.38)	(3,659.10)	450,533.74	-3.25%
Lane	(2,609.91)	(652.48)	169,650.41	-1.54%	Woodson	(4,859.59)	(1,214.90)	239,955.49	-2.03%
Leavenworth	223,064.89	55,766.22	1,526,142.09	14.62%	Wyandotte	(67,271.98)	(16,818.00)	3,107,386.29	-2.16%
Lincoln	(4,812.21)	(1,203.05)	235,281.16	-2.05%	TOTAL	\$ -	\$ -	\$ 83,251,654.42	

* Calculation is based on the annual repayment as a percentage of total payment in FY 2008.

Senate Ways & Means Cmte
Date 3-18-2010
Attachment 5

Office of Revisor of Statutes
300 S.W. 10th Avenue
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Topeka, Kansas 66612-1592
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MEMORANDUM

To: Senate Ways and Means
From: Daniel Yoza, Assistant Revisor
Date: March 18, 2010
Subject: SB 580

Senate Bill 580 amends K.S.A. 46-1118 and 46-1132 and repeals K.S.A. 46-1130. The purpose of the bill is to require state agencies to pay the legislative post audit for the costs of financial-compliance audits required by K.S.A. 46-1106, to suspend school district audits in fiscal years 2011 and 2012 and to abolish the school district audit team.

Current law requires state agencies to charge the costs of any federal audit to agencies. The amendments to K.S.A. 46-1118 simply expand this requirement to include the state required financial-compliance audit.

The amendments to K.S.A. 46-1132 clean up references to the school district audit team, and also institutes the suspension of school district audits for fiscal years 2011 and 2012.

The repeal of K.S.A. 46-1130 accomplishes the abolishment of the school district audit team.

This bill, if passed, would take effect on July 1, 2010.

6-2

Session of 2010

SENATE BILL No. 580

By Committee on Ways and Means

3-16

9 AN ACT concerning the division of post audit; amending K.S.A. 2009
10 Supp. 46-1118 and 46-1132 and repealing the existing sections; also
11 repealing K.S.A. 2009 Supp. 46-1130.

, 46-1121

12
13 *Be it enacted by the Legislature of the State of Kansas:*

14 Section 1. K.S.A. 2009 Supp. 46-1118 is hereby amended to read as
15 follows: 46-1118. (a) (1) Except as otherwise provided by statute, when-
16 ever the post auditor performs any additional audit work for any state
17 agency either to satisfy federal government requirements or to satisfy
18 financial compliance audit requirements prescribed by or pursuant to any
19 statute other than K.S.A. 46-1106 through 46-1117, and amendments
20 thereto, and incurs costs in addition to those attributable to the operations
21 of the division of post audit in performance of other duties and respon-
22 sibilities, the post auditor shall make charges for such additional costs.

23 (2) *Except as otherwise provided by statute, whenever the post au-*
24 *ditor performs any audit work for any state agency to satisfy financial-*
25 *compliance audit requirements prescribed by or pursuant to subsection*
26 *(a)(1) of K.S.A. 46-1106, and amendments thereto, and incurs costs in*
27 *addition to those attributable to the operations of the division of post audit*
28 *in performance of other duties and responsibilities, the post auditor shall*
29 *make charges for such additional costs.*

30 (3) The legislative post audit committee may authorize the post
31 auditor to perform additional financial-related audit work at the request
32 of a state agency. Upon the authorization and in accordance with the
33 direction of the legislative post audit committee, the post auditor may
34 make charges for costs incurred for the performance of such financial-
35 related audit work.

36 (4) The furnishing of any such audit services by the division of
37 post audit shall be a transaction between the post auditor and the state
38 agency receiving such services and such transaction shall be settled in
39 accordance with the provisions of K.S.A. 75-5516, and amendments
40 thereto.

41 (b) All moneys received for reimbursement of the division of post
42 audit under this section shall be remitted to the state treasurer in ac-
43 cordance with the provisions of K.S.A. 75-4215, and amendments thereto.

6-3

1 Upon receipt of each such remittance, the state treasurer shall deposit
 2 the entire amount in the state treasury to the credit of the audit services
 3 fund, which fund is hereby created in the state treasury. All expenditures
 4 from the audit services fund shall be made in accordance with appropri-
 5 ation acts upon warrants of the director of accounts and reports issued
 6 pursuant to vouchers approved by the post auditor or a person or persons
 7 designated by the post auditor.

Sec. 2. K.S.A. 2009 Supp. 46-1121 is hereby amended to read as follows: 46-1121 [see attached]
 Renumber remaining sections accordingly.

8 Sec. 2. K.S.A. 2009 Supp. 46-1132 is hereby amended to read as
 9 follows: 46-1132. (a) In order to assist the legislature in the gathering of
 10 information which is necessary for the legislature's consideration when
 11 meeting its constitutional duties to: (1) Provide for intellectual, educa-
 12 tional, vocational and scientific improvement in public schools established
 13 and maintained by the state; and (2) make suitable provision for the fi-
 14 nance of educational interests of the state, the ~~school district audit team~~
 15 ~~established by K.S.A. 2009 Supp. 46-1130, and amendments thereto, legis-~~
 16 ~~lative post auditor shall conduct performance audits and shall monitor~~
 17 ~~school district funding and other oversight issues through audit work as~~
 18 ~~directed by the 2010 commission. Except as specifically provided by this~~
 19 ~~section, school district performance audits shall be conducted in the man-~~
 20 ~~ner provided by the legislative post audit act. The scope of such audit~~
 21 ~~work may not be modified by the legislative post audit committee legis-~~
 22 ~~lative post audit committee.~~

23 (b) *The legislative post auditor may solicit school-related audit topics*
 24 *from the house and senate committees on education, the state department*
 25 *of education and other education-related sources.* The topics for school
 26 district performance audits may include:

- 27 (1) The accuracy of school expenditures, reports or other
- 28 information;
- 29 (2) how school districts use the funding received from the state;
- 30 (3) the relationship between school funding levels and costs;
- 31 (4) the weights of various education program components or the level
- 32 of equity achieved by the funding system;
- 33 (5) whether funding levels for education programs or students are
- 34 keeping up with the actual costs school districts report;
- 35 (6) the basis for changes in school district costs;
- 36 (7) the reasonableness of the amount and type of actual or budgeted
- 37 expenditures compared with historical costs or with costs of other
- 38 districts;
- 39 (8) options for modifying the school funding formula;
- 40 (9) other finance issues identified as needing further study;
- 41 (10) whether a school district has adequate operating or administra-
- 42 tive procedures and fiscal controls and whether it is efficiently managed;
- 43 (11) best practices or innovative procedures, practices or controls op-

6-4

1 erating within any school districts that could present opportunities for
2 other school districts to operate more efficiently; and

3 (12) any other topic as directed by the ~~2010 commission~~ legislative
4 post audit committee.

5 (c) In accordance with and subject to the scope of a school district
6 performance audit approved by the ~~commission as provided by this sec-~~
7 ~~tion~~ legislative post audit committee, the legislative post auditor shall de-
8 termine which school districts are to be audited based on the audit topics
9 included and the resources available to conduct the audit.

10 (d) The provisions of subsection (g) of K.S.A. 46-1106, and amend-
11 ments thereto, shall apply to any audit or audit work conducted pursuant
12 to this section.

13 (e) Any firm which develops information in the course of conducting
14 a school district performance audit which the legislative post auditor is
15 required to report under subsection (d) of K.S.A. 46-1106, and amend-
16 ments thereto, immediately shall report such information to the legislative
17 post auditor. The legislative post auditor shall make the report required
18 in subsection (d) of K.S.A. 46-1106, and amendments thereto.

19 (f) In conducting any school district performance audit and subject
20 to the limitations of the budget of the division and appropriations there-
21 for, the legislative post auditor may enter into contracts for consultants
22 as the legislative post auditor deems necessary for any school district per-
23 formance audit conducted under this section.

24 (g) *No school district audits shall be performed in fiscal year 2011 or*
25 *2012.*

26 (h) This section shall be part of and supplemental to the legislative
27 post audit act.

46-1121,

28 Sec. 3. K.S.A. 2009 Supp. 46-1118, 46-1130 and 46-1132 are hereby
29 repealed.

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

Sec. 2 K.S.A. 2009 Supp. 46-1121 is hereby amended to read as follows: 46-1121. (a) Each state agency awarded a federal grant or other federal financial assistance which is subject to a financial-compliance audit as a condition of such grant or assistance shall notify the post auditor immediately of the award of such grant or assistance. Based on the amount and nature of federal money received by the state agency, the post auditor shall compute annually the amount of federal money reasonably anticipated to be required to provide audit coverage in accordance with federal requirements. The amounts determined for such audits shall be reviewed and approved by the contract audit committee. Upon such approval, the state agency, in accordance with K.S.A. 46-1118, and amendments thereto, shall reimburse the division of post audit for the amount approved by the contract audit committee.

(b) The post auditor shall compute the amount of money reasonably anticipated to be required to provide ~~an audit of any state agency subject to~~ a financial-compliance audit as required pursuant to any statute ~~other than K.S.A. 46-1106 through 46-1117, and amendments thereto, or K.S.A. 74-4907, and amendments thereto.~~ The amounts determined for such audits shall be reviewed and approved by the contract audit committee. Upon such approval, the state agency, in accordance with K.S.A. 46-1118, and amendments thereto, shall reimburse the division of post audit for the amount approved by the contract audit committee.

(c) The post auditor shall remit all moneys received under this section to the state treasurer in accordance with the provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of each such remittance, the state treasurer shall deposit the entire amount in the state treasury to the credit of the audit services fund.

(d) In addition to expenditures which may be made from the audit services fund under K.S.A. 46-1118, and amendments thereto, expenditures shall be made from such fund, and from other available appropriations, to pay for the cost of financial-compliance audits performed to comply with federal government audit requirements.

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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: March 18, 2010
Subject: SB 581

Senate Bill No. 581 amends statutes concerning the Hiram Price Dillon House. The bill transfers and places the Dillon House property under the charge, care, management and control of the Kansas Arts Commission (KAC).

Currently, there is a Dillon House advisory commission appointed by the Legislative Coordinating Council (LCC). The LCC approves, with the advice of the commission, the acceptance of grants and contributions for the Dillon House. The LCC also establishes policies concerning the consumption of liquor on the Dillon House premises.

Under the bill, such duties previously assigned to the LCC would be preformed by the KAC.

The bill further authorizes the KAC to adopt policies regarding the use of such property and the assignment of space and facilities. Upon completion of necessary restoration and renovation, the KAC shall maintain a public office in the Dillon House and shall utilize it for arts and cultural exhibitions, public programming and educational programming. Use of the rooms and other facilities of the Dillon House, including its surrounding premises, by public or private entities for events, functions or activities shall be governed by the policies of KAC. The KAC shall establish reasonable fees for the use of Dillon House. All moneys received for such fees shall be deposited in the state treasury and credited to the Hiram Price Dillon House fee fund, established in the bill and administered by KAC. All fees received for use of the Dillon House shall be used for the operating expenditures and maintenance of the Dillon House.

The bill also establishes the Hiram Price Dillon House gift and grant fund which is to be administered by the KAC. All moneys in the current Dillon House account of the state facilities gift fund is to be transferred to the Hiram Price Dillon House gift and grant fund. Moneys credited to the new fund shall be used for the development and improvement of the Hiram Price Dillon House and arts programming.

Further, the KAC may establish a not-for-profit organization gifts, donations and money to be used in restoring, renovating, mair the Dillon House. Any gifts, donations and money received by the nc

Senate Ways & Means Cmte
Date 3-18-2010
Attachment 7

organization may be deposited and maintained in financial institutions in an interest-bearing account or invested as determined by the governing body of the not-for-profit organization, or may be remitted to the KAC and deposited in the state treasury and shall be credited to the Hiram Price Dillon House gift and grant fund.

The KAC shall appoint a Dillon House advisory board for the following purposes:
(1) To provide recommendations to the commission regarding plans for restoration and renovation of the Hiram Price Dillon House;
(2) to develop a plan for solicitation of private contributions to be approved by the commission and the purposes for which such moneys should be expended; and
(3) to advise the KAC in the establishment of a not-for-profit organization.

The president of the senate and the speaker of the house of representatives shall recommend to the KAC individuals to serve as members of the Dillon House advisory board. Prior to such appointments of individuals as members of the Dillon House advisory board, the commission shall consider the recommendations of the president and the speaker and shall consult with each of the other members of the legislative coordinating council. No member of the legislature shall be appointed to the board. Members of the board shall serve at the pleasure of the KAC. Members of the board shall serve without pay or other remuneration and shall receive no subsistence allowance, mileage or associated expenses, or any other reimbursement for expenses incurred for such service.

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

The Kansas Arts Commission

**Testimony for the Senate Ways and Means
Committee**

March 18, 2010

Senate Ways & Means Cmte

Date 3-18-2010

Attachment 8

Testimony

Good morning Senator Elmer and the rest of the committee. My name is Chris Howell and I serve as the Chief Operating Officer for the Kansas Arts Commission. Llewellyn Crain, the Executive Director for the Kansas Arts Commission, was unable to be here today but she wanted to be sure that the committee received copies of the Capital Campaign Plan and the Operating Plan for the Hiram Price Dillon House. These two plans, along with the full support of our board, will allow for the proper care and management of the Dillon House.

The Commission recently held its 196th Quarterly business meeting in the Dillon House on March 12, 2010. During the meeting Jennie Chinn, Executive Director of the Kansas State Historical Society and Vance Kelly, Architect for Treanor Architects, briefed the Commissioners on the Dillon House Historic Structure Report. Following the presentation of the Historic Structure Report, the Commissioners toured the Dillon House for an up-close look at the house in its current state. Following the house tour, the Commission discussed future plans for development of the Dillon house and the potential to create an outstanding cultural center to showcase Kansas art and Kansas artists. Following this discussion, the Commission expressed their full support for the Dillon House Capital Campaign and Operating Plan.

Approving SB 581 is expected to have minimal fiscal effect on the Kansas Arts Commission budget. The Capital Campaign Plan was developed to pay for the anticipated renovation and construction costs of the Dillon House. The Operating Plan provides for the operating and public programming expenses to be offset by anticipated rental income, current State General Funds allotted for office space rental for the Arts Commission and a small Operating Fund. The Operating Fund will be created by any annual surplus from the annual operating income as outlined in the Operating Plan.

I will close my testimony by saying that the Kansas Arts Commission supports SB 581.

End of Testimony

*Hiram Price Dillon House
Proposed Operating Plan*



*Presented by the Kansas Arts Commission
To the Senate Ways and Means Committee*

March 18, 2010

8-3

None come too early, none stay too late.

**Dillon House
Proposed Operating Plan
Submitted by the Kansas Arts Commission**

The Hiram Price Dillon House, when restored, will be a beautiful, inviting building that will serve as the premier entertainment and reception facility for the Kansas legislature.

It will welcome visitors to the Capitol complex with its elegant Kansas style. Furnishings and decor will reflect the beauty, openness and spirit of Kansas in the choices of colors, textures, materials and motifs. Art works and some furniture will be made by Kansas artists and artisans, creating a venue that displays of the best of Kansas creativity and ingenuity.*

The Kansas Arts Commission will raise private dollars for the restoration, preservation and operation of the Dillon House. In return, the Legislature will designate the Kansas Arts Commission as the tenant and manager for the facility. The state will retain ownership of the building. The Kansas Arts Commission's offices will be located in the Dillon House, but public spaces will be made available to the legislature and the executive branch as well as to the public.

KSA 75-3683 and Legislative Coordinating Council Policy 58 established the Dillon House Advisory Commission to raise funds and provide recommendations for restoration and renovation. The Dillon House Advisory Commission will make recommendations regarding the use of the facility, maintenance and building alterations and ongoing fundraising and will report to the Kansas Arts Commission and the Legislative Coordinating Council.

* Some handcrafted art work, by Kansas artists, inspired by the Dillon House will be featured and for sale in the new Capitol gift shop.

8-4

Plan for Building Use

The Legislature and Executive Branch may:

Use the Dillon House (exclusive of the Kansas Arts Commission's offices) for:

- Meetings
- Public forums
- Conferences
- Entertainment events
- Overnight accommodations for visiting dignitaries

The Kansas Arts Commission will:

Occupy and use the Dillon House as follows:

- Manage the facility, including facility rental, schedule coordination and general maintenance/upkeep
- House the offices of the Kansas Arts Commission
- Art exhibits in public rooms on the basement and first levels
- Host Kansas Arts Commission seminars, workshops, meetings, panel and Commission meetings
- Artist-in-residence program for an artist who will live, work and provide community programs at the Dillon House for a period of time
- Film showings, musical performances and literary events for the public
- Host public receptions and other events to celebrate artists and their contributions to Kansas
- Arts education programs for Kansas children

If space is available, a compatible small agency or commission may be also housed in the Dillon House. This would bring some additional revenue to the Kansas Arts Commission for building operations as well as provide greater visibility for both the other agency and the State.

State agencies, business (for-profit and not-for-profit) and individuals may:

- Rent any of the public spaces for use for private parties and events, conferences, meetings or seminars.

No organizations other than the Dillon House Advisory Commission or the Kansas Arts Commission may hold fundraising events in the Dillon House unless they have received permission to do so by the Kansas Arts Commission in consultation with the Dillon House Advisory Commission and the Legislative Coordinating Council.

Renovation

Once a significant portion of funds are raised (at least half), the Kansas Arts Commission will identify the general scope of the renovation work, develop a time frame for the design and construction work, and proceed with the selection for professional design services using an approved procurement process.

The Kansas Arts Commission will consult with the Director of Legislative Services and the Joint Committee on State Building Construction prior to executing the contract for design services, will periodically report to the committee throughout the design process and consult with the Joint Committee on State Building Construction prior to releasing the final construction documents for bidding purposes.

The Kansas Arts Commission will report the results of the bidding process to the Joint Committee on State Building Construction prior to executing the contract for construction. The Kansas Arts Commission will periodically report to the Joint Committee on State Building Construction throughout the construction process until the renovation project is complete.

Public Programs

The Kansas Arts Commission will develop and maintain a public presence at the Dillon House, utilizing it for exhibitions, public arts, cultural and arts education programming for Kansans. Fundraising for these programs will be undertaken as the capital campaign proceeds. These programs will be created and implemented as funding allows and will be phased in.

Capital Campaign Fundraising Goals

Renovation Costs	\$3,900,000
Furniture/Office Equipment	\$60,410
Exhibition/Meeting Equipment and Furniture	\$31,450
Electronic Equipment and Wiring	\$15,000
Kitchen Appliances and Supplies	\$5,000
Building and Equipment Maintenance Fund	\$500,000
Fundraising Expenses	\$88,140
Total	\$4,600,000

8-6

Annual Budget

The following budget assumes that the Kansas Arts Commission will return to a funding level sufficient to support eight employees.

Annual Operating Expenses

Building Utilities	\$15,000
Event and Building Supplies	\$ 2,000
Custodial Services	\$25,000
Event Scheduler/Coordinator (50% time)	\$25,000
Scheduling assistant (25% time)	\$10,000
Accountant (25% time) ¹	\$15,000
Total Annual Operating Expenses	\$92,000

Public Programming Expenses

Exhibitions (3 per year)	\$20,000
Public Events	\$10,000
Total Public Programming Expenses	\$30,000

Total Annual Operating and Public Programming Expenses: \$122,000

Annual Operating Income

Rental Income	\$80,000
Current KAC rent from SGF	\$38,400
Operating Fund	\$10,000 (2% of \$500,000)

Total Annual Operating and Public Programming Income: \$128,400

Net Gain/Loss: \$6,400²

Notes:

¹This level of additional staffing may not be required initially and will be phased in as needed and as facility use requires.

²Any annual surplus will be placed into the operating fund for the building.

8-7

**Third-Party Rentals at the Dillon House
 For Discussion and Budgeting Purposes Only; Subject to Change**

Average rental fees for:

Wedding: \$1,500
 Meeting: \$300
 Conference: \$2,000
 Party: \$500

- Fees will vary with number of rooms needed, number of days booked, expected attendance, and if the third-party is a state agency or not-for-profit.

Projected Third Party Rentals by Type

Event Type	Number of Events Annually	Projected Income
Weddings	22	\$33,000
Meetings	40	\$12,000
Conferences	5	\$10,000
Parties	50	\$25,000
Total Projected Third-Party Rentals	102	\$80,000

Events By Month

Month	Number of Events
May	14
June	10
July	4
August	3
September	11
October	12
November	8
December	10
January	15
February	19
March	19
April	12
Total Events*	137

- Some events will be official events of the legislative or executive branches, or of Dillon House Advisory Board or Kansas Arts Commission and will not generate revenue.

8-8

Proposed Schedule

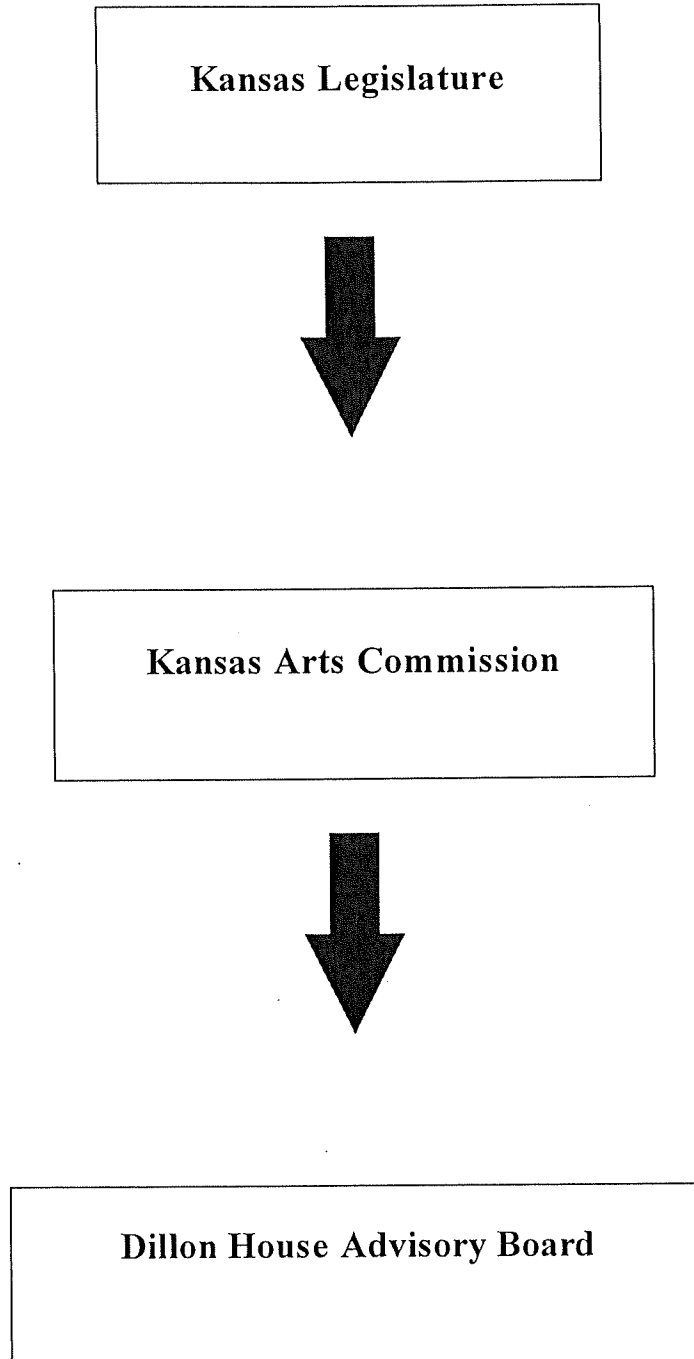
Action	Date
Amend K.S.A. 75-3683	May 2010
KAC to establish 501(c)3 Dillon House Advisory Board	July 2010
Develop fundraising strategy and plan for the capital campaign	By October 2010
Implement fundraising plan for the capital campaign	October 2010 – July 2013
Begin design process	November 2011
Begin construction and renovation work	October 2012
Complete construction	December 2013
Occupy restored Dillon House	January 2014

Legislative Request

The Kansas Arts Commission requests the following amendments to K.S.A. 75-3683:

- Remove the Department of Administration from the responsibility of operating and maintaining the Hiram Price Dillon House and designate such responsibility to the Kansas Arts Commission.
- Designate the Kansas Arts Commission as the tenant and manager of the Hiram Price Dillon House in return for raising private dollars for its restoration, preservation and operation.
- Require the Kansas Arts Commission to maintain a public presence at the Hiram Price Dillon House, utilizing it for exhibitions, public programming and educational programming for Kansans.
- Require the Kansas Arts Commission to establish the Dillon House Advisory Board, a 501(c)3 entity, to replace the Dillon House Advisory Commission as outlined in Legislative Coordinating Council Policy 58, to assist with private fundraising, accept funds and to provide assistance with the oversight of the facility. Board appointments will be as per LCC Policy 58 except that the Kansas Arts Commission will replace the Legislative Coordinating Council as the lead agency. Prior to appointment, board members will be approved by the Legislative Coordinating Council.

Proposed Organizational Chart for Operation of the Dillon House



*Hiram Price Dillon House
Proposed Capital Campaign*



*Presented by the Kansas Arts Commission
To the Senate Ways and Means Committee*

March 18, 2010

8-11

**Capital Campaign for Renovating and Operating
The Hiram Price Dillon House**

This is an initial plan that outlines fundraising for building renovation and creating a maintenance fund for the Dillon House.

The Kansas Arts Commission believes that there are a number of donors, particularly in the business world, who will see the renovation of the Dillon House as an exciting opportunity. Firstly, the Dillon House will be a beautiful complement to the renovated statehouse; it will look and feel inviting, elegant and welcoming.

Secondly, it will be the premier location to entertain near the Capitol. Large, open and elegant facilities will create an atmosphere where both work and entertainment can be enjoyed. As a showcase for Kansas arts and artists, it will highlight the creative and entrepreneurial spirit of Kansans – demonstrating to everyone the beauty, openness and innovation of our state.

Thirdly, those donors interested in providing a place where all of Kansas arts can be experienced by the public will support the concept of a renovated Dillon House as the home of the Kansas Arts Commission.

The vision of the Dillon House will be captivating and compelling to a broad number of people, businesses and government who will want to be a part of preserving this building and creating for it an exciting future.

Capital Campaign Goal: \$4,600,000

Renovation Costs	\$3,900,000
Furniture/Office Equipment	\$60,410
Exhibition/Meeting Equipment and Furniture	\$31,450
Electronic Equipment and Wiring	\$15,000
Kitchen Appliances and Supplies	\$5,000
Building and Equipment Maintenance Fund	\$500,000
Fundraising Expenses	\$88,140
Total	\$4,600,000

8-12

Funding Sources

To reach the goal of \$4,600,000 for the Dillon House Capital Campaign, funding will be sought from the following:

1. Corporations and Associations

Corporations and associations will support the Dillon House because:

- The Dillon House will be the premier place to entertain and educate legislators and members of the business community.
- It is an important part of downtown and Capitol redevelopment
- They have an interest in supporting historic preservation and the arts

Corporate/Association Donors

Gift Size	Number of Prospects	Number of Gifts	Total	Cumulative Total
\$1,000,000	4	1	\$1,000,000	\$1,000,000
\$500,000	4	1	\$500,000	\$1,500,000
\$100,000	8	2	\$200,000	\$1,700,000
\$50,000	8	2	\$100,000	\$1,800,000
\$25,000	12	3	\$75,000	\$1,875,000

2. Private Foundations

Support will be sought from foundations that are:

- The charitable arm of corporations
- Interested in supporting historic preservation, such as the National Trust for Historic Preservation
- Interested in supporting arts and culture at a statewide venue in Kansas
- Interested in supporting arts education
- Interested in redevelopment and economic development of communities

Foundation Donors

Gift Size	Number of Prospects	Number of Gifts	Total	Cumulative Total
\$750,000	4	1	\$750,000	\$2,625,000
\$250,000	8	2	\$500,000	\$3,125,000
\$50,000	12	3	\$150,000	\$3,275,000

3. Federal Government

Funds to renovate and restore the Dillon House will be sought through the federal government's Save America's Treasures and the National Endowment for the Arts.

The Kansas Congressional Delegation and Topeka city government will be helpful in identifying and seeking funds from these agencies.

Federal Government – Historic Preservation

Gift Size	Number of Prospects	Number of Gifts	Total	Cumulative Total
\$500,000	2	1	\$500,000	\$3,775,000

8-14

4. Individual Donors

The Kansas Arts Commission will engage in a capital campaign to work with individual donors. Donors will contribute because:

- They wish to save and preserve a beautiful historic building for future generations of Kansans to enjoy
- They are interested in the redevelopment of Topeka
- They seek to support a statewide presence for arts and culture
- They support the Kansas Arts Commission and its programs
- They seek recognition and the benefits enjoyed by donors to the Dillon House

Individual Donors

Gift Size	Number of Prospects	Number of Gifts	Total	Cumulative Total
\$250,000	4	1	\$250,000	\$4,025,000
\$100,000	12	3	\$100,000	\$4,225,000
\$50,000	16	4	\$150,000	\$4,475,000
\$10,000	24	6	\$60,000	\$4,535,000
\$5,000	16	4	\$40,000	\$4,575,000
\$1,000	40	10	\$10,000	\$4,585,000
\$500	60	15	\$7,500	\$4,592,500
\$100	300	75	\$7,500	\$4,600,000

Donor Benefits

Benefits to donors for different giving levels will be developed by the Dillon House Advisory Board in consultation with the Kansas Arts Commission and the Legislative Coordinating Council. These benefits could include:

- Naming opportunities
- Recognition on a donor wall or display
- Recognition on promotional materials, including the Dillon House website and printed materials
- Announcements to the press and press events

8-15

Contributions will be tax-deductible to the extent allowed by law.

Fundraising will begin once appropriate legislation is passed and a 501(c)3 is formed to plan for and accept gifts. This organization will develop a more detailed fundraising plan.

Annual Campaign

Once the capital campaign is underway, an annual giving program will be created to maintain the operating fund and to build support for programs that will serve the people of Kansas at the Dillon House. These programs could include:

- Arts education activities
- Film showings, musical performances and public readings by the Poet Laureate of Kansas
- Conferences and convenings
- Expanded art exhibitions