

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE

The meeting was called to order by Chairman Melvin Neufeld at 10:30 A.M. on June 22, 2005 at the Capitol.

All members were present.

Committee staff present:

Alan Conroy, Legislative Research Department
J. G. Scott, Legislative Research Department
Amy VanHouse, Legislative Research Department
Reagan Cussimano, Legislative Research Department
Carolyn Rampey, Legislative Research Department
Robert Waller, Legislative Research Department
Jim Wilson, Revisor of Statutes
Mike Corrigan, Revisor of Statutes
Nikki Feuerborn, Administrative Assistant
Shirley Jepson, Committee Secretary

Conferees appearing before the committee (Afternoon Session):

Eric Rucker, Office of Attorney General
Stuart Little, Little Government Relations
John Parr, Chief Club Professional Officer of the Topeka Boys and Girls Club
Mark Norstrom, President of the Kansas Alliance of the Boys and Girls Club
Kevin Graham, Office of the Attorney General
Randy Mettner, Special Assistant to the Adjutant General
Duane Goossen, Director of the Budget

Others attending (Afternoon Session):

See attached list.

- Attachment 1 Copy of **SSHB 2004**
- Attachment 2 Testimony on **SSHB 2004** by Eric Rucker, Office of Attorney General
- Attachment 3 Amendment to **SSHB 2004** presented by Stuart Little, Little Government Relations
- Attachment 4 Copy of **SSHB 2005**
- Attachment 5 Update on State General Fund (SGF) by J. G. Scott, Legislative Research Department.

MORNING SESSION

Chair Neufeld convened the meeting of the House Appropriations Committee at 10:30 a.m. at the rail outside of the House Chamber on the third floor of the Capitol.

Representative Schwab moved to introduce two bills regarding (1) a request from the Attorney General's office for additional funding in the amount of \$200,000 for the defense of two cases being heard by the United States Supreme Court; and (2) the state reimbursement of certain state National Guard member's life insurance premiums under the federal military life insurance program. The motion was seconded by Representative Landwehr. Motion carried.

The meeting was recessed at 10:35 a.m. and will reconvene at 1:30 p.m.

AFTERNOON SESSION

Chair Neufeld reconvened the meeting at 1:40 p.m. in Room 514-S of the Capitol.

Hearing on SSHB 2004 - Appropriations for FY 2006, attorney general, death penalty litigation.

Carolyn Rampey, Legislative Research Department, explained that **SSHB 2004** (Attachment 1) is an act pertaining to the funding for two cases being heard by the United States Supreme Court in which the Attorney General's office will be involved. One case is a criminal case of Kansas v. Marsh relating to the death

CONTINUATION SHEET

MINUTES OF THE House Appropriations Committee at 10:30 A.M. on June 22, 2005 in Room 514-S of the Capitol.

penalty. The Attorney General has indicated that this case cannot be defended with funds from the Tort Claims Fund and therefore will require additional State General Fund dollars in the amount of \$154,500. The second case is Richards v. Prairie Band Potawatomi Nation. The Circuit Court has ruled that Kansas cannot impose a tax on gasoline sold by an Indian Nation. The state has appealed this ruling and it will now be heard by the United States Supreme Court at an estimated cost of \$43,500. This case could be funded from the Tort Claims Fund. **SSHB 2004** is drafted appropriating both amounts from the State General Fund (SGF), in an amount not to exceed \$200,000. In addition the bill would remove the cap on the Tort Claims Fund and allow for the option of funding both cases from the Tort Claims Fund. Responding to a question from the Committee, Ms. Rampey stated that the expenditure limit on the Tort Claims Fund has been removed on prior occasions for a designated period of time.

Chair Neufeld recognized Eric Rucker, Office of the Attorney General, who presented testimony in support of **SSHB 2004** ([Attachment 2](#)). Mr. Rucker indicated that it is rare for cases to be heard by the United States Supreme Court and for this reason, the Attorney General's Office had not requested funding for this litigation during the regular session of the Legislature.

The Committee voiced concern that the Indian Nations case has been on-going for some time in which the state has lost in every decision.

The Chair recognized Stuart Little, Little Governmental Relations, who presented testimony, representing the Kansas Alliance of Boys and Girls Clubs of America, to amend **SSHB 2004** by authorizing funding in the amount of \$500,000, through the Office of the Attorney General, to establish a Young Kansas-Safe Kids program ([Attachment 3](#)). The purpose of the program is designed to help build a generation of kids who know how to keep themselves safe in their communities. It is partnered with law enforcement, the Boys & Girls Clubs of America and other local youth-serving not-for-profit agencies. The proposal requests state funding of \$500,000 to be allocated to the not-for-profit agencies through the Office of the Attorney General. The Kansas Alliance of Boys & Girls Clubs, together with the Boys & Girls Clubs of America, has committed to matching dollar for dollar, up to \$300,000. It is anticipated that other not-for-profit agencies might also offer matching dollars. John Parr, Chief Club Professional Officer of the Topeka Boys and Girls Club, and Mark Norstrom, President of the Kansas Alliance of the Boys and Girls Club, appeared in support of the request.

The Committee voiced concern that other not-for-profit children's programs were not included in the program and stated that they felt the program should be expanded to allow for other not-for-profit children's programs through an application and matching funds program. The Committee noted that there is no budget breakdown as to how the funds will be spent.

Kevin Graham, Office of the Attorney General, spoke in support of the program.

Chair Neufeld closed the hearing on **SSHB 2004**.

Representative Landwehr moved to amend **SSHB 2004** by reducing the amount for the defense of the two cases by the Attorney General in the United States Supreme Court from \$200,000 to \$150,000; add a line item of \$250,000 State General Fund (SGF) to the Attorney General's budget for the Kansas Alliance of Boys and Girls Club Young Kansas-Safe Kids program, to be used only for this program with any unused funds reverting back to the SGF on a yearly basis; and a status report on the program to be presented to the Legislature during the 2006 session. The motion was seconded by Representative Bethell. Motion failed on a 8-11 vote.

The Committee voiced concern about the status of the State General Fund (SGF), the possible cuts which may be proposed to meet the required ending balance, and the extra funds required to fund this amendment.

Representative Sharp moved to amend **SSHB 2004** by changing language increasing the limitation on the Kansas tort claims fund from "no limit" to "\$1,550,000". The motion was seconded by Representative Feuerborn. Motion failed.

Representative Feuerborn moved to amend **SSHB 2004** by reducing the requested funds from the State General Fund for litigation costs from \$200,000 to \$98,000. The motion was seconded by Representative

CONTINUATION SHEET

MINUTES OF THE House Appropriations Committee at 10:30 A.M. on June 22, 2005 in Room 514-S of the Capitol.

Lane. Motion failed.

Representative Gatewood moved to amend **SSHB 2004** by reducing the requested funds from the State General Fund for litigation costs from \$200,000 to \$115,000. The motion was seconded by Representative Lane. Motion failed.

Representative Hutchins moved to recommend **SSHB 2004** favorable for passage. The motion was seconded by Representative Bethell. Motion carried.

Hearing on SSHB 2005 - Adjutant general, national guard life insurance premium reimbursement fund, death benefit transition provisions, Kansas income tax adjusted gross income subtractions, appropriations for FY2006.

Robert Waller, Legislative Research Department, explained that **SSHB 2005** (Attachment 4) would require the State of Kansas to reimburse premiums on \$250,000 life insurance coverage for Kansas National Guard members called to active duty in a combat zone. The reimbursement would be made through the Adjutant General's office to the eligible member. The bill appropriated \$353,115 to cover an average of 1,657 members of the Kansas National Guard. Mr. Waller noted that the primary difference between the House bill and the Senate bill, both being considered, is that the Senate bill provides for an average of 2,000 Guard members. **SSHB 2005** would amend **S Sub for HB 2518** with regard to the death benefit. Responding to a question from the Committee, Mr. Waller stated that the legislation would recognize a combat zone as defined by the Internal Revenue Service (IRS). Mr. Waller indicated that a Guard member may opt in or out of the life insurance coverage at any time during their tour of duty; also, noting that Guard members who are not participants in the program, are encouraged to do so when sent to a combat zone.

The Committee requested information from the Adjutant General's office on the number of Kansas National Guard members who have opted out of the insurance program.

Jim Wilson, Revisor of Statutes, stated that federal law prohibits coverage or insurance payment unless the person is a participant in the program.

Randy Mettner, Special Assistant to the Adjutant General, spoke in favor of the legislation, noting that the majority of Guard members are taking the maximum amount of life insurance.

The Chair closed the hearing on **SSHB 2005**.

Representative Landwehr moved to recommend **SSHB 2005** favorable for passage. The motion was seconded by Representative Gatewood. Motion carried.

J. G. Scott, Legislative Research Department, presented an update on the State General Fund (SGF), as prepared by the Consensus Revenue Estimating Group (Attachment 5), including:

- State General Fund (SGF) Receipts, July through May, FY 2005
- Update to SGF Memo for FY 2005 (revised) and FY 2006 (revised)
- SGF Receipts, Expenditures and Balances as projected FY 2005 - FY 2008
- SGF Outyear Demands

Duane Goossen, Director of the Budget, stated that overall employment across Kansas has increased, resulting in increased income tax collections. The Committee voiced concern with the projected yearly decline in the ending balance of the State General Fund (SGF) because of increased expenditures. Mr. Goossen stated that his office has no plans to present a revenue package or Governor's Budget Amendment (GBA) to the Legislature during this special session of the Legislature.

The next meeting of the Committee will be "on call of the Chair". The meeting was adjourned at 3:40 p.m.

Melvin Neufeld

CONTINUATION SHEET

MINUTES OF THE House Appropriations Committee at 10:30 A.M. on June 22, 2005 in Room 514-S of the Capitol.