

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS.

The meeting was called to order by Vice-Chairperson Melvin Neufeld at 9:15 a.m. on April 20, 2000, in Room 514-S of the Capitol.

All members were present except: Representative Peterson - excused

Committee staff present: Alan Conroy, Kansas Legislative Research Department
Stuart Little, Kansas Legislative Research Department
Robert Waller, Kansas Legislative Research Department
Reed Holwegner, Kansas Legislative Research Department
Julian Efird, Kansas Legislative Research Department
Paul West, Kansas Legislative Research Department
Carolyn Rampey, Kansas Legislative Research Department
Audrey Nogle, Kansas Legislative Research Department
Deb Hollon, Kansas Legislative Research Department
Tom Severn, Kansas Legislative Research Department
Jim Wilson, Revisor of Statutes Office
Dave Stallings, Assistant to the Chairman
Mary Shaw, Committee Secretary

Conferees appearing before the committee: None

Others attending: See attached list

Consideration of the Omnibus Appropriations Bill

Vice-Chairman Neufeld asked Alan Conroy, Kansas Legislative Research Department, for a Staff briefing. Reed Holwegner briefed the Committee on the status of the State Water Plan Fund, FY 2000 and FY 2001 ([Attachment 1](#)). Paul West, Kansas Legislative Research Department, briefed the Committee on the status of the Economic Development Initiatives Fund ([Attachment 2](#)).

Alan Conroy briefed the Committee regarding the following information:

- House, Senate and Conference Committee Recommendation on Agency Appropriations at First Adjournment ([Attachment 3](#))
- Adjustments to State General Fund Revenue Recommended by the Governor and Not Considered by the Legislature ([Attachment 4](#))
- State General Fund Profile, Reflects Governor's Amended Recommendations, Governor's Budget Amendment No. 2 ([Attachment 5](#))
- Adjustments to State General Fund Profile Receipts and Expenditures ([Attachment 6](#))
- State General Fund Profile FY 1998 - FY 2004 ([Attachment 7](#))
- State General Fund Profile FY 1998 - FY 2004 ([Attachment 8](#))
- State General Fund Profile FY 1998 - FY 2004 ([Attachment 9](#))

CONTINUATION SHEET

Committee questions and discussion followed. Chairman Adkins thanked Staff for briefing the Committee.

The following information was distributed to the Committee:

- Letter to the Chairman from the Office of the Governor regarding the Governor's amendments to his budget recommendations (Attachment 10)
- Items for Omnibus Consideration (Attachment 11)
- Tentative Schedule for Budget Committees (Attachment 12)

The meeting recessed at 9:50 a.m. for Committee members to go to their respective Budget Committees for discussion regarding the items for omnibus consideration. The meeting reconvened at 1:40 p.m.

Chairman Adkins asked the Budget Committees as to their progress regarding omnibus consideration:

General Government and Human Resources Budget Committee - Representative Pottorff mentioned that they are making progress and should be ready to report later this day.

Education and Legislative Budget Committee - Representative Farmer mentioned that they should be ready to wrap up today.

Tax, Judicial and Transportation Budget Committee - Representative Hermes mentioned that they should finish today.

Agriculture and Natural Resources Budget Committee - Representative Mollenkamp mentioned that they should finish today.

Public Safety Budget Committee - Representative Kline mentioned that they have reviewed all the issues and hope that they may conclude late today.

Social Services Budget Committee - Representative Neufeld mentioned that they should be done today.

The meeting recessed at 1:50 p.m. for further Budget Committee omnibus consideration. The meeting reconvened at 4:15 p.m.

Representative Adkins made a motion, second by Representative Reinhardt, to introduce the bills recommended by the Revisor's staff concerning reconciliation of conflicting amendments to existing sections of the Kansas Statutes Annotated or recommended to make technical or "cleanup" amendments that correct matters or are otherwise required to technically effectuate legislative enactments. Motion carried.

Tax, Judicial and Transportation Budget Committee Report Recommendations

Kansas Department of Transportation Presented by Representative Hermes

1. **A. Omnibus Review Item** The Conference Committee on **SB 326** removed a proviso added by the House Committee of the Whole. There was a recommendation to review that proviso during the Omnibus period. That proviso would have required KDOT, when acquiring property during FY 2001, to hold a public hearing on the property acquisition in the county where the property is located and to notify owners of area property at least 21 days prior to a hearing. Also it would have required notice to be published in a newspaper providing time and place of such meeting, a general description of the property to be acquired, and the proposed use of such property.

The Tax, Judicial and Transportation Budget Committee rejects the proviso deleted from **SB 326** by the

CONTINUATION SHEET

Conference Committee.

2. GBA No. 2, Item 58, page 25–Three Year Vacancies

The Tax, Judicial and Transportation Budget Committee rejects the GBA No. 2-58 regarding the Kansas Department of Transportation.

3. GBA No. 2, Item 61, page 26–Retirement Reductions

The Tax, Judicial and Transportation Budget Committee rejects the GBA No. 2-61 regarding the Kansas Department of Transportation.

4. GBA No. 2, Item 60, page 26–Elimination of KPERS Rate Freeze

The Tax, Judicial and Transportation Budget Committee recommendation is to add \$390,677 from State General Fund for GBA No. 2-60 to pay for a contribution increase in FY 2001 of .39 percent increasing the State General Fund demand transfer to the Highway Fund is also required in order to finance the expenditure increase for the agency operation.

5. Representative Hermes mentioned that the Conference Committee on **SB 326** reduced the Kansas Department of Transportation Agency Operations Account by \$1,000,000 but it did not re-allocate that money in the State Highway Fund for any purpose. The Tax, Judicial and Transportation would like to transfer \$500,000 of the \$1,000,000 for the State Highway Fund to the Kansas Highway Patrol for the purpose of reducing State General Fund appropriations by that amount. Also to be included in this recommendation, would be that the Kansas Highway Patrol appropriations from the State General Fund would be reduced by \$500,000.

6. The Tax, Judicial and Transportation Committee Budget agrees with the Post Audit request of Representative Dan Thimesch concerning K-96 safety and would like to support that request for investigation by Post Audit.

Representative Hermes made a motion, seconded by Representative Nichols, to adopt the Tax, Judicial and Transportation Budget Committee recommendations regarding the Kansas Department of Transportation. Motion carried.

**Kansas Human Rights Commission
Presented by Representative Hermes**

1. **A. Request for 1.0 FTE for Information/Education Staff (Senate Subcommittee).** The Senate Subcommittee on the Kansas Human Rights Commission recommended the review of the agency request for 1.0 FTE position in FY 2001 for additional information/education staff. The agency is requesting \$36,472 (salary and benefits) from the State General Fund for this position. The agency is requesting the additional staff to further their mission of eliminating human rights violations.

The Tax, Judicial and Transportation Budget Committee made no recommendation on part A.

2. **B. Review Request for Reclassification of 18 Investigative Supervisors and Special Investigators (House Budget Committee).** The House Budget Committee recommended the review of the agency request for reclassification of 18 Investigative Supervisors and Special Investigators. According to the agency, the requested reclassifications are necessary for Investigative Supervisors and Special Investigators, based on their level of responsibility. The Division of Personnel Services has recommended a re-authorization of those positions which would allow the agency to promote the 4 Special Investigator IIs (pay grade 24) to Public Service Administrator IIs (pay grade 27) and the 17 Special Investigator Is (pay grade 22) to IIs (pay grade 24). The cost of the re-authorization would be \$21,127 (salary and benefits) from the State General Fund for FY 2001.

CONTINUATION SHEET

The Tax, Judicial and Transportation Budget Committee recommends the addition of a proviso allowing the agency to make the re-authorization within existing funds. The cost savings from other funds can be found to fund the \$21,127 request.

Representative Hermes made a motion, seconded by Representative Nichols, to adopt the Tax, Judicial and Transportation Budget Committee recommendations regarding Kansas Human Rights Commission. Motion carried.

Homestead Property Tax Refunds Presented by Representative Nichols

A. Supplemental Request for \$1.5 million State General Fund in FY 2000 (Senate Subcommittee).

The Senate Subcommittee on the Homestead Property Tax Refund program recommended review of the agency's budget when the Department of Revenue could provide more accurate estimates of refunds. The Subcommittee recommended the addition of funds if the agency could not pay all claimants. In years when funding for the program did not cover all claims, the agency stopped processing claims until the following fiscal year, usually from mid-May to July. The program has processed 53,955 refund claims and paid a total of \$13,509,506 in refunds so far in FY 2000. The average refund to date is \$250. The program has 7,000 claims left to process as of April 19 and a balance of \$292,643 in the refund account. The agency indicates that it will need to stop processing claims for FY 2000 at the end of April or beginning of May if they do not receive the supplemental request.

The Tax, Judicial and Transportation Budget Committee recommendation is to add \$900,000 State General Fund to fund the request carried forward from FY 1999. Representative Nichols explained that the Homestead Property Tax Refund started with a \$900,000 deficit, so according to the Agency, the number of claims that will be filed this year are going to be comparable to last year and the average amount per claim will be the same amount. Given that the rationale that the claims are going to be about the same number and the amount need to pay per claim, the Budget Committee felt the most important issue to tackle was the \$900,000 deficit.

B. GBA No. 2, Item 25, p. 12—Property Tax Refunds.

The Tax, Judicial and Transportation Budget Committee recommendation is covered by the above issue.

Representative Hermes made a motion, seconded by Representative Nichols, to adopt the Tax, Judicial and Transportation Budget Committee recommendations regarding the Homestead Property Tax Refunds. Motion carried.

Judicial Branch Presented by Representative Nichols

A. District Magistrate Judge for the 9th Judicial District (McPherson County). Both the House Budget Committee and the Senate Subcommittee on the Judicial Branch budget identified the addition of a District Magistrate Judge for the 9th Judicial District as a funding priority if revenue constraints are relieved. The position would cost \$60,046 and would be for a district in which civil and criminal case filings have increased by more than 100 percent in the last ten years. Information presented to the subcommittees indicates that the three District Court Judges assigned to the 9th Judicial District presently have the fourth highest caseload per judge in the state and that delays in scheduling hearings and addressing other business before the court are regular occurrences. The District presently has no magistrate judge positions.

The Tax, Judicial and Transportation Budget Committee noted that this is an issue that was discussed and talked about and suggested to appoint within existing resources and the Budget Committee felt that there were no funds to fund this item.

B. S.B. 150 (Conference Committee). 1999 S.B. 150 concerns child custody, parental rights, and other

CONTINUATION SHEET

issues relating to children. The portion that would have a fiscal impact on the Judicial Branch concerns expanding the definition of “interested party” to include grandparents with whom the child does not reside among those persons or entities who must be notified by mail whenever there is a hearing under the Child in Need of Care Code. According to the Office of Judicial Administration, this requirement would impose additional work on district court clerks amounting to 8,720 hours per year. These hours equate to 4.2 new FTE Court Clerk positions, at an annual cost of \$22,596 per clerk, including fringe benefits, for a total cost of \$94,903. According to the Office of Judicial Administration, urban areas where there are high caseloads would be most affected by the increase in workload.

The Tax, Judicial and Transportation Budget Committee noted that **SB 150** is still in conference and because of that they did not take action on this matter.

C. S.B. 506 (House General Orders). Both subcommittees that considered the Judicial Branch budget endorsed legislation that would increase docket fees. One of the main differences between the House and Senate versions of the bill is that the docket fee increase would generate \$4.4 million in FY 2001 under the Senate version and \$3.9 million under the House version. Both versions of the bill provide that docket-fee funded salary increases are for nonjudicial personnel only and both versions would increase the amount of docket fee revenue credited to the Access to Justice Fund by about \$150,000. The House version of the bill also would expand the number of judges on the Court of Appeals from 10 to 14 over a four-year period, beginning July 1, 2001. More detailed information is below:

1. **Salary upgrade of nonjudicial personnel.** S.B. 506 would increase docket fees in order to pay for a one-time upgrade of nonjudicial personnel salaries totaling \$3.9 million, an increase of about 11 percent over the current year. Components of the increase are \$324,160 for an upgrade of Court Service Officers, \$1.2 million for a 2.5 percent cost of living adjustment, and \$2.4 million for an overall upgrade of most other salaries (some salaries at the top of the pay scale would not share in this upgrade). The upgrade is in addition to the regular 2.5 step increase nonjudicial employees would receive in FY 2001. Under the Senate version of the bill which generates more docket fees, the upgrade and maintenance of the upgrade would be paid for from docket fees for the foreseeable future. Under the House version, maintenance of the upgrade most likely would impact the State General Fund in FY 2002 or FY 2003. The House Budget Committee on the Judicial Branch budget identified the general upgrade of nonjudicial personnel salaries and the specific upgrade of Court Service Officers as items to consider at the end of the Session if additional docket fee revenue became available. The only action that would need to be taken in the Omnibus bill if **SB 506** passes would be to appropriate the new Nonjudicial Salary Initiative Fund, into which would be credited the additional docket fee revenues. The Legislature would have to decide whether the Fund would have an expenditure limitation or be a “no limit” fund. The Judicial Branch has indicated that its proposed upgrade will cost \$3,892,392 in FY 2001 and that it would not spend more than that, regardless of the amount of docket fee revenue that would be available. The recommendation is to appropriate the special revenue fund with a limitation of \$3,900,000.
2. **Increased Funding for the Access to Justice Fund.** Both versions of **SB 506** would increase docket fee revenues to the Access to Justice Fund, which currently is the fund paying for a \$150,000 contract with Kansas Legal Services, Inc., to provide statewide foster care legal services. The Senate version of the bill would shift the \$150,000 from increased docket fee revenues that otherwise would have gone to the Nonjudicial Salary Initiative Fund (the fund that pays for the salary upgrade), while the House version would take the \$150,000 from docket fee revenues that otherwise would go to the State General Fund. While **SB 506** does not specify how the increased revenues to the Access to Justice Fund would be spent, both subcommittees were interested in generating enough money to continue the contract

CONTINUATION SHEET

with Kansas Legal Services, Inc., in FY 2001 and both subcommittees identified the contract as an item they wanted to address at the end of the Session if additional revenues became available. (The House Budget Committee specified that consideration should be contingent upon the availability of additional docket fee revenues, while the Senate Subcommittee did not specify a specific source of revenue. However, the Subcommittee's recommendation was prior to its consideration of **SB 506**.)

The Tax, Judicial and Transportation Budget Committee felt that this was an important enough issue that they recommended to add a provision to increase funding by having a transfer from docket fees to go to State General Fund of \$150,000 in order to keep it going. Foster care is a very important issue and this committee has shown leadership in that capacity.

3. Expansion of the Court of Appeals. The House version of the bill incorporates the provisions of **HB 3051**, which would expand the Court of Appeals from 10 to 14 judges by adding one new judge a year over a four-year period. The total cost of adding four new judges is estimated to be \$1,416,344, or \$354,086 per judge. For each judge, the cost includes the judge's salary, two support staff, one-time expenditures for office equipment and furniture, and one-time costs to remodel space vacated by the Attorney General. However, the House proposal is that one new judge would be added each year, beginning July 1, 2001, and ending July 1, 2004. Therefore, there would be no fiscal impact until FY 2002.

The Tax, Judicial and Transportation Budget Committee did not address this issue because the House version has the one-year delay.

Representative Nichols made a motion, seconded by Representative Hermes, to adopt the Tax, Judicial and Transportation Budget Committee recommendations regarding the Judicial Branch. Motion carried.

Kansas Guardianship Plan Presented by Representative Nichols

- A. **Training Plan (House Budget Committee)**. The House Budget Committee requested that the agency develop a written plan of action to expand training for staff and volunteers in the areas of self-advocacy, self-determination, and client capacity building and report back with the plan at Omnibus.

The Tax, Judicial and Transportation Budget Committee recommended no action.

Kansas Department of Revenue Presented by Representative Nichols

- A. **SB 611 (Law)**. **SB 611** creates several new categories of distinctive license plates, including public safety officers, the Kansas Foundation for Agriculture, and veterans plates for motorcycles. The agency estimates that \$34,082 from the Division of Vehicles (DOV) Operating Fund will be required FY 2001 for plate production and computer programming costs.
- B. **HB 2561 (Law)**. **HB 2561** creates a new category of motor vehicle certificate of title and incorporates two new kinds of title brands into the vehicle identification number statutes. The agency estimates that \$10,003 from the Division of Vehicles (DOV) Operating Fund will be required in FY 2001 for computer programming costs.
- C. **HB 2883 (Law)**. **HB 2883** creates a new crime for theft of motor fuel and requires suspension of driving privileges upon second and subsequent convictions. The agency estimates that \$33,292 from the Division of Vehicles (DOV) Operating Fund will be required in FY 2001 for computer programming costs.

The Tax, Judicial and Transportation Budget Committee noted that A. **SB 611**, B. **HB 2561** and C. **HB**

CONTINUATION SHEET

2883 which have all been signed into law, the total operating cost for those laws to be enacted is \$66,857 from the Division of Vehicles Operating Fund and the total amount requested for the three bills was roughly \$74,000. The Committee recommends that the Department pay this out of the existing resources in the operating expenditures fund, of which there is a balance left to implement these three bills.

D. Bills In Conference. Several bills impacting the operations of the Department of Revenue are currently pending in conference committee. These include **SB 12** (sales information contained on appraised value notice), **SB 59** (sales tax exemption for church contractors), **SB124** (adult care home property tax exemption), **SB 226** (increased revenue from property taxes), **SB 410** (taxation statutory compliance benefits and incentives), **SB 429** (DUI suspension of drivers license), **SB 502** (oil lease property tax refunds), **HB 2037** (sales tax exemption for railroad and grain storage facilities) and **HB 2259** (motor vehicle certificates of title). The fiscal notes associated with the various provisions currently included these bills range from no impact to in excess of \$1.0 million for implementation. Many of these bills have been in conference in excess of a year. The final administrative impact of the bills will be dependent on what provisions are adopted by the conference committee and enacted into law.

The Tax, Judicial and Transportation Budget Committee recommended no action.

E. Agency Other Operating Expenses. The Senate Committee recommended consideration at Omnibus of additional funding for FY 2001 other operating expenses for the agency. The approved budget for the agency includes a reduction of \$1.2 million in State General Fund financed other operating expenses from the agency's current services budget.

The Tax, Judicial and Transportation Budget Committee recommended no action.

F. GBA No. 2, Item 9, Page 5 - Legal Defense Costs.

The Tax, Judicial and Transportation Budget Committee concurs with the Governor's recommendation.

G. GBA No. 2, Item 10, Page 5 - Increase Compliance Activities.

The Tax, Judicial and Transportation Budget Committee, after much discussion, recommends the Governor's budget amendment.

Representative Hermes made a motion, seconded by Representative Nichols, to adopt the Tax, Judicial and Transportation Budget Committee recommendations regarding the Kansas Department of Revenue. Motion carried.

Chairman Adkins mentioned that the Committee will meet tomorrow morning at 9:00 a.m.

The meeting was adjourned at 5:00 p.m. The next meeting is scheduled for April 21, 2000.