

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE

The meeting was called to order by Chairman Melvin Neufeld at 9:00 A.M. on March 16, 2005, in Room 514-S of the Capitol.

All members were present except:

Representative J. Williams- excused
Representative Sharp- excused

Committee staff present:

Alan Conroy, Legislative Research Department
J. G. Scott, Legislative Research Department
Amy VanHouse, Legislative Research Department
Reagan Cussimano, Legislative Research Department
Amy Deckard, Legislative Research Department
Susan Kannarr, Legislative Research Department
Leah Robinson, Legislative Research Department
Matt Spurgin, Legislative Research Department
Robert Waller, Legislative Research Department
Jim Wilson, Revisor of Statutes
Mike Corrigan, Revisor of Statutes
Nikki Feuerborn, Administrative Analyst
Shirley Jepson, Committee Secretary

Conferees appearing before the committee:

Robert Hayes, Executive Director, Health Care Stabilization Board
Peggy Hanna, Deputy Treasurer, State Treasurer's Office
Jim Garner, Secretary, Department of Labor
Tod Bunting, Adjutant General

Others attending:

See attached list.

- Attachment 1 Budget Committee Report on **HB 2264**
- Attachment 2 Technical Amendment to **HB 2264**
- Attachment 3 Testimony by Robert Hayes, Health Care Stabilization Fund on **HB 2512** and proposed **Substitute for HB2512**
- Attachment 4 Copy of Budget Committee Report on **HB 2228**
- Attachment 5 Balloon for **HB 2228**
- Attachment 6 Testimony by Peggy Hanna on **SB 123**
- Attachment 7 Testimony by Jim Garner on **SB 123**
- Attachment 8 Written testimony from Reginald Robinson on **SB 123**
- Attachment 9 Fiscal Note on SB 211
- Attachment 10 Testimony by Tod Bunting, Adjutant General, on **SB 211**

Representative Light moved to introduce legislation concerning gas fields. The motion was seconded by Representative Feuerborn. Motion carried.

Representative Schwab moved to introduce legislation concerning use of funds for school district litigation. The motion was seconded by Representative Bethell. Motion carried.

Representative Bethell, member of the Social Services Budget Committee, presented the Budget Committee report on **HB 2264** and moved for the adoption of the Budget Committee report to recommend **HB 2264** favorable for passage as amended (Attachment 1). The motion was seconded by Representative Schwab. Motion carried.

A technical amendment was made to the bill to more accurately reflect the intent of the Department of Health and Environment (Attachment 2).

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Hearing on HB 2512 - Health care stabilization fund, expenditures for claims, benefit payments and expenses payable, notwithstanding date incurred.

Amy Deckard, Legislative Research Department, explained that **HB 2512 would** put into statute two provisos recommended in the General Government and Commerce Budget Committee report for the Health Care Stabilization Fund to allow the agency to make expenditures for attorney fees and other professional services regardless of when the services were rendered and additionally allows the agency to make expenditures for claims and benefits payment regardless of when the services were rendered or when the judgement or settlement was made. The fiscal note indicates that there is no fiscal impact associated with this legislation.

Robert Hayes, Executive Director, Health Care Stabilization Fund, presented testimony in support of **HB 2512 (Attachment 3)**. Mr. Hayes indicated that the agency is uncomfortable with language in the bill, specifically “when services are rendered” and offered a Substitute Bill for **HB 2512**. The Substitute Bill does not change the intent of the legislation.

The hearing on **HB 2512** was closed.

Representative Pottorff moved to adopt **HB 2512** by adopting the **Substitute Bill for HB 2512**. The motion was seconded by Representative Lane. Motion carried.

Representative Schwab moved to recommend **Substitute Bill for HB 2512** favorable for passage. The motion was seconded by Representative Pottorff. Motion carried.

Continued Discussion and Action on HB 2228 - Kansas use law procedures, establishing the state use law committee.

Representative Pottorff, Chair of the General Government and Commerce Budget Committee, renewed the motion to adopt the Budget Committee recommendation on **HB 2228** and recommend **HB 2228** favorable for passage (Attachment 4). The motion was seconded by Representative Lane.

A balloon on **HB 2228** was presented to the Committee (Attachment 5).

Responding to a question from the Committee, Leah Robinson, Legislative Research Department, explained that the legislation excludes school districts from the purchase of services from qualified vendors; however, does not exclude school districts from the purchase of products from qualified vendors - which is the same language as in current law.

Representative Landwehr moved for a substitute motion to change language on Page 4, Section (b)(6) from “one member shall be a member of the democratic party and one member shall be a member of the republican party” to “one member shall be a member of the majority party and one member shall be a member of the minority party”. The motion was seconded by Representative Feuerborn. Motion carried.

Representative Pottorff renewed the motion to adopt the Budget Committee recommendation and recommend **HB 2228** favorable for passage as amended. The motion was seconded by Representative Lane. Motion carried.

Hearing on SB 123 - State treasurer authorized to charge certain fees.

Matt Spurgin, Legislative Research Department, explained that **SB 123** would make permanent the funding mechanism for the State Treasurer’s Office that has been done in proviso form during the last two legislative session to allow the State Treasurer’s Office to charge service reimbursement fees to other state agencies for banking services and warrant processing, funding which supports the State Treasurer’s Office.

Peggy Hanna, Deputy Treasurer, State Treasurer’s Office, presented testimony in support of **SB 123 (Attachment 6)**. Responding to questions from the Committee, Ms. Hanna noted that the bank charge per warrant fee has been decreasing. Ms. Hanna stated that a minimum balance is maintained in the bank account with the balance of funds invested through the Pooled Money Investment Board (PMIB). The interest from

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these invested funds is deposited in the State General Fund (SGF).

Jim Garner, Secretary, Department of Labor, presented testimony in opposition to **SB 123** (Attachment 7). Because the Treasurer's office charges a fee to the Department of Labor for warrants written to recipients of unemployment funds, Mr. Garner stated that the agency felt it is not a good practice to use Unemployment Insurance Trust funds to finance the State Treasurer's office.

In response to Mr. Garner's testimony, Ms. Hanna stated that the advertising expense of the treasurer's office, is paid by funds from the Learning Quest budget. Funds for this budget of administration costs in the State Treasurer's Office are provided through the program manager, American Century. Ms. Hanna also indicated that, according to statute, a warrant can be either paper or electronic.

Written testimony in opposition to **SB 123** was received from Reginald Robinson, Board of Regents (Attachment 8).

Chair Neufeld closed the hearing on **SB 123**.

Representative Schwab moved to recommend **SB 123** favorable for passage. The motion was seconded by Representative Pottorff. Motion carried.

Representative Feuerborn moved for a substitute motion to amend **SB 123**, Line 19 by inserting the language "actual" before the words "banking fees". The motion was seconded by Representative Gatewood. Motion failed.

Representative Feuerborn moved for a substitute motion to amend **SB 123**, Line 22 by inserting the language "operating costs shall not exceed 20 cents per transaction" after the word "agency". The motion was seconded by Representative Lane. Motion failed.

Hearing on SB 211 - Sub for S 211 by Committee on Federal and State Affairs--Death benefit for dependents of certain national guard members.

Robert Waller, Legislative Research Department, explained that **Substitute for SB 211** would provide an aggregate death benefit of \$250,000 to the family of a member of the Kansas National Guard who dies while on federal active duty in a combat area. The bill would authorize the Adjutant General to develop guidelines and to adopt rules and regulations for the payment of the death benefit. The expenditure would be remitted from the state emergency fund. The effective date is upon publication in the Kansas Register and is made retroactive to November 1, 2004.

The original fiscal note on **SB 211** related to language in the bill with regard to life insurance (Attachment 9). Because the substitute legislation would be retroactive and would apply to two members of the Kansas National Guard who have died, **Substitute Bill for SB 211** would result in a fiscal note of \$500,000.

The Committee expressed a concern that benefit language in the bill is directed at the surviving spouse and children, not allowing for other family members in case the service member is a single person.

Tod Bunting, Adjutant General, presented testimony in support of **SB 211** (Attachment 10). Responding to a question from the Committee, General Bunting stated that any Kansas National Guard member on active duty is treated as any other member of the armed forces with a current death benefit of \$12,420. All members of the armed forces are eligible for service members life insurance for which they pay a premium with a maximum benefit of \$250,000. This legislation would provide an additional benefit to the members of the Kansas National Guard.

Chair Neufeld closed the hearing on **SB 211**.

The meeting was adjourned at 10:30 a.m. The next meeting of the Committee will be held at 9:00 a.m. on March 17, 2005.

Melvin Neufeld, Chair

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