

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS.

The meeting was called to order by Chairman Kenny Wilk at 9:05 a.m. on February 20, 2001, in Room 514-S of the Capitol.

All members were present.

Committee staff present: Alan Conroy, Legislative Research
 Robert Chapman, Legislative Research
 Amy Kramer, Legislative Research
 Carolyn Rampey, Legislative Research
 Jim Wilson, Revisor of Statutes
 Mike Corrigan, Revisor of Statutes
 Nikki Feuerborn, Committee Secretary

Conferees appearing before the committee: Brad Rayl, Kansas State Fair Board
 Bill Ogg, General Manager, Kansas State Fair
 Elena Nuss, State Fire Marshall's Office
 Representative Mike O'Neal
 Representative Jan Pauls

Others attending: See Attached

Chairman Wilk moved for the introduction of legislation concerning clarification on method of selection of the executive director and members of the board of the Kansas Historical Society. Motion was seconded by Representative Neufeld. Motion carried.

Representative Peterson moved for the introduction of legislation regarding Kansas State University extension agents election into tax-sheltered annuities of TIAA-CREF. Motion was seconded by Representative Spangler. Motion carried.

Representative Spangler moved for the adoption of the minutes of January 30 and 31, and those of February 1 and 9. Motion was seconded by Representative Neufeld. Motion carried.

Hearing on HB 2493–Kansas state fairgrounds repair and reconstruction

Brad Rayl, Kansas State Fair Board, presented testimony supporting the need for updating the infrastructure, the buildings, and the grounds of the Kansas State Fair in Hutchinson (Attachment 1). Also included in the information distributed to the Committee was a phase-in plan for construction and repairs, bonding information, and the long-range master plan adopted by the Kansas State Fair Board.

Bill Ogg, General Manager of the Kansas State Fair and Member of the Kansas State Fair Board, informed the Committee of the necessity of doing the phase-in repair and reconstruction in a well-planned manner as there are 285 non-fair events held on the grounds every year as well as the Kansas State Fair which draws 400,000 persons during the two week period. There are approximately 800,000 visitors to the complex in a year. The support expressed by the City of Hutchinson and Reno County through their willingness to contribute \$300,000 per year for ten years is reflective of their commitment to the Fair. This represents local support through tax dollars for state property. The Kansas State Fair is self-supporting which is unique when compared to other states. The phase-in of projects is scheduled over a six-year period in order to keep the revenue stream in place by accommodating the various events. The National Motor Coach Convention will be held there in 2002 which should bring in \$35 to \$40 million in direct dollars to the state. Sales tax revenues are in the range of \$200,000 per fair season and this does not include those collected through private sales which were estimated to be in the \$12 million range in 1996.

Representative Mike O'Neal related his childhood experiences and memories of the Fair to the Committee describing it as a "rich tradition in Kansas." He stated that the time has come to fix the grounds as it showcases Kansas to the rest of the nation. He requested the Committee to seriously consider the request for funding.

Representative Jan Pauls explained that Hutchinson was named the home of the Kansas State Fair in 1911 and is a good combination of the historical and the modern Kansas. She described the entertainment aspects of the Fair

as being outstanding. Having been involved in meetings with the Board and local government representatives, she praised their commitment and cooperative efforts. She requested the Committee approve the request for \$24 million over a ten, fifteen, or twenty year period.

Elena Nuss of the State Fire Marshal's Office requested the Committee grant the funding for the proposed repairs and reconstruction at the State Fair Grounds. There are some buildings that will not meet the necessary fire and safety codes if electrical issues are not addressed prior to the State Fair planned for this coming fall.

The appraised value of the buildings located on the Fair Grounds is approximately \$70 million which does not include the real estate.

Copies of information prepared by the Kansas Development Finance Authority, on ten, fifteen, and twenty year aggregates of revenue bonds based on a \$29.0 million bond issued at one time rather than bonds in various amounts being issued annually were distributed (Attachment 2). Representatives of the Fair Board said they had structured the bonding incrementally as they thought they had to spend down within two years prior to receiving additional funding through the bonds or be in contempt of arbitrage laws.

Chairman Wilk declared the hearing on **HB 2493** closed.

Representative Pottorff, Chairperson of the 2001 General Government and Human Resources Budget Committee, presented the Budget Committee report on the Governor's budget recommendations for the Attorney General for FY 2001 and moved for the adoption of the Budget Committee recommendations for FY 2001 (Attachment 3). Motion was seconded by Representative Stone. Motion carried.

Representative Pottorff presented the Budget Committee report on the Governor's budget recommendations for the Attorney General for FY 2002 and moved for the adoption of the Budget Committee recommendations for FY 2002 with the noted exceptions (Attachment 3). Motion was seconded by Representative Stone.

Representative Shriver made a substitute motion to amend the Budget Committee report on the Governor's budget recommendations for the Attorney General for FY 2002 to include the objections to the Budget Committee report of the Minority Report as presented (Attachment 1). Motion was seconded by Representative Klein.

Minority Report signing members pointed out their main concerns are with the Attorney General's formation of the Sunflower Foundation with settlement money received from Blue Cross and Blue Shield of Kansas and her appointment of eight of the nine members of the Sunflower Foundation Board of Trustees. Other objections include having insufficient time to review the budget, lack of assistance for a complete audit of the funding shifts within the Attorney General's approved budget that have occurred including funding for litigation on the Sunflower Foundation, general disagreement with the legality of the Sunflower Foundation, and funding shifts of employment from temporary to permanent positions financed from fee funds that may not be supported in the future.

Concerns were expressed regarding who is in charge of the \$75 million and what exactly was the purpose of establishing another board when there were agencies or boards already established which could disseminate the funds for children's health care as established in the settlement. The question of why the Legislature was not involved in the settlement agreement and why only the courts, the Attorney General, Blue Cross and Blue Shield of Kansas, and the Insurance Commissioner were privy to the settlement agreement. Carolyn Rampey, Legislative Research Department, distributed a memo explaining the history of the settlement with Blue Cross and Blue Shield of Kansas and the ultimate incorporation of the Sunflower Foundation (Attachment 4).

Representative Spangler made a priority motion to table the Budget Committee report on the Governor's budget recommendations for the Attorney General for FY 2000 (Attachment 3). Motion was seconded by Representative Nichols. Motion failed with 9 "yes" votes and 11 "no" votes.

Chairman Wilk recessed the meeting at 10:30 a.m. due to the scheduled session of the House of Representatives. The meeting was reconvened at 11:45 a.m.

Representative Nichols moved to table the Budget Committee report on the Governor's budget recommendations for the Attorney General for FY 2000 until a date certain, April 19, 2001 (Attachment 3). Motion was seconded by Representative Klein. Motion carried.

Chairman Wilk referred **HB 2523** to the Budget Committee on General Government and Human Resources. The meeting was adjourned at 11:50 a.m. The next meeting is scheduled for February 21, 2001.