

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE

The meeting was called to order by Chairman Dwayne Umbarger at 10:35 A.M. on March 13, 2007, in Room 123-S of the Capitol.

All members were present except:

Senator Donald Betts- excused

Committee staff present:

Jill Wolters, Senior Assistant, Revisor of Statutes
Alan Conroy, Director, Kansas Legislative Research Department
J. G. Scott, Kansas Legislative Research Department
Amy Deckard, Kansas Legislative Research Department
Audrey Dunkel, Kansas Legislative Research Department
Julian Efird, Kansas Legislative Research Department
Aaron Klaassen, Kansas Legislative Research
Heather O'Hara, Kansas Legislative Research Department
Leah Robinson, Kansas Legislative Research Department
Michael Steiner, Kansas Legislative Research Department
Amy VanHouse, Kansas Legislative Research Department
Melinda Gaul, Chief of Staff, Senate Ways & Means
Mary Shaw, Committee Assistant

Conferees appearing before the committee:

Peggy Hanna, State Treasurer's Office
Steve Weatherford, Kansas Development Finance Authority
Reginald Robinson, Kansas Board of Regents
Michael Johnston, President, Kansas Turnpike Authority
Tom Whitaker, Kansas Motor Carrier Association
Pat Hurley, Economic Lifelines
Bob Totten, Kansas Contractors Association
Trudy Aaron, American Institute of Architects

Others attending:

See attached list.

Bill Introductions

Senator Schodorf moved, with a second by Senator Teichman, to introduce a conceptual bill regarding sales tax exemption for contractors constructing or reconstructing facilities at state correctional institutions or privately constructed correctional institutions contracted for state use and ownership. Motion carried on a voice vote. The bill was requested by Senator Derek Schmidt.

Chairman Umbarger opened the public hearing on:

HB 2246--Amendments to unclaimed property act allowing interest to be paid to certain claimants

Staff briefed the committee on the bill.

The Chairman recognized Peggy Hanna, State Treasurer's Office, who appeared as a proponent on the bill (Attachment 1). Ms. Hanna explained that this bill would amend the Unclaimed Property Act and bring it into the 21st century and would add a definition of interest bearing accounts - checking accounts that earn interest, savings accounts and certificates of deposit. She noted that less than five percent of the dollars paid out would be considered "interest-bearing". Therefore, Ms. Hanna noted that the fiscal impact of the legislative change would be under \$100,000 per year.

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There being no further conferees to appear before the committee, the Chairman closed the public hearing on **HB 2246**.

Chairman Umbarger opened the public hearing on:

SB 369--State educational institutions; financing of the deferred maintenance of infrastructure

Theresa Kiernan, Senior Assistant Revisor of Statutes, briefed the committee on **SB 369** (Attachment 2).

The Chairman welcomed Steve Weatherford, Kansas Development Finance Authority, explained the University Infrastructure Finance Program and addressed the Key Elements of the Governor's Proposal (Attachment 3):

- Provide \$15 million per year to make the Education Building Fund whole.
- Provide \$300 million in funds to the Regents over six years for deferred maintenance.
- Provide access to \$200 million in low-interest loans to Regents institutions.
- Mandate all future buildings constructed with donations or other funds not appropriated by the Legislature be maintained by the Regents.

Committee questions and discussion followed.

Chairman Umbarger recognized Reginald "Reggie" Robinson, President and CEO, Kansas Board of Regents, who testified in support of **SB 369** (Attachment 4). Mr. Robinson explained that SB 369 would enact two separate legislative provisions, which are intended to provide sources of funds for state universities to repair, construct, or rehabilitate buildings and utility systems, and place several new requirements on construction projects undertaken by the Board and state universities. In closing, President Robinson noted that whether the turnpike should serve as the revenue source for helping to address the deferred maintenance problems is a difficult one for the Board to answer and it is probably a question that state policymakers are most competent to answer.

The Chairman welcomed Michael Johnston, President and CEO, Kansas Turnpike Authority, who testified in opposition to **SB 369** (Attachment 5). Mr. Johnston explained that the Kansas Turnpike Authority is opposed to Sections 1 through 6 of the bill. He also mentioned that the bill would require multiple toll increase and the diversion of revenue from the toll increase to service debt issued by the state, the proceeds of which would be used for repairs at Regents institutions. Mr. Johnston expressed concern because of their traffic engineering consultant estimates that toll increases together with planned Turnpike increase, will result in total Turnpike traffic decline.

Chairman Umbarger recognized Tom Whitaker, Executive Director, Kansas Motor Carriers Association, who testified in opposition to **SB 369** (Attachment 6). Mr. Whitaker noted that **SB 369** is an out-and-out diversion of highway dollars to pay for a problem that is not the responsibility of highway users. He mentioned that if you place an obstacle in the path of trucks on the highway they will find a way around obstacles and use other state highways to move the nation's freight.

The Chairman acknowledged Pat Hurley, Economic Lifelines, who appeared as an opponent on **SB 369** (Attachment 7). Mr. Hurley addressed the portion of the bill regarding the use of the Kansas Turnpike Authority tolls for any other purpose other than dedicated solely for transportation purposes.

The Chairman recognized Bob Totten, Public Affairs Director, Kansas Contractors Association, Inc., who mentioned briefly in opposition to **SB 369** that they were opposed to the use of Kansas Turnpike tolls for the maintenance of classrooms at Regent institutions and that user fees should pay for the transportation program (Attachment 8).

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Written testimony was submitted by Trudy Aron, Executive Director, American Institute of Architects (Attachment 9).

There being no further conferees to appear before the committee, the Chairman closed the public hearing on **SB 369**.

The meeting adjourned at 12:05 p.m. The next meeting is scheduled for March 14, 2007.