

Approved: 5-12-10

Date

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE

The meeting was called to order by Chairman Kevin Yoder at 2:14 p.m. on May 10, 2010, in Room 346-S of the Capitol.

All members were present.

Committee staff present:

Jim Wilson, Office of the Revisor of Statutes
Nobuko Folmsbee, Office of the Revisor of Statutes
Alan Conroy, Kansas Legislative Research Department
J.G. Scott, Kansas Legislative Research Department
Heather O'Hara, Kansas Legislative Research Department
Jonathan Tang, Kansas Legislative Research Department
Stephen Huggins, Chief of Staff, Appropriations Committee
Kathy Holscher, Committee Assistant, Appropriations Committee

Conferees appearing before the Committee:

Ron Hein - Proponent

Others attending:

See attached list.

- Attachment 1 Amendment House Substitute for SB 572
- Attachment 2 Amendment House Substitute for SB 572

Chairman Yoder welcomed committee members and reviewed the committee agenda.

SB 572 - H Sub for S 572 by Committee on Appropriations - Appropriations for FY 2010 through FY 2015 for various state agencies, omnibus appropriation act and omnibus reconciliation spending limit bill for the 2010 regular session

Jim Wilson, First Assistant Revisor of Statutes, Office of the Revisor of Statutes, presented an overview of **HB 2750**. He stated that this bill reflects an amendment to K.S.A. 75-6504 concerning the state health care benefits program, which includes subrogation rights of participants and coordination of benefits.

Ron Hein, HMS, presented testimony as a proponent of **HB 2750**. There was no written testimony. He stated that written testimony will be provided to committee members, as requested. Mr. Hein discussed the utilization of data base resources and the coordination of benefits provided by the contractual services of HMS.

Mr. Hein responded to questions from committee members. He stated that potential recovery estimates were based on data utilized in other states and by the Kansas Health Policy Authority. Kansas population and demographics were also included in the projected recovery of \$58.6 million, he noted. Mr. Hein reported that over \$4 billion has been recovered from HMS efforts among the 40 participating states. HMS receives no compensation for services until money has been recovered, or currently the savings to the state has been realized, he added.

The hearing on **HB 2750** was closed.

Jim Wilson, presented an overview of **SB 580**. He stated that **SB 580**, as amended, would allow the Legislative Division of Post Audit to charge fees to state agencies for financial compliance audits.

Representative Merrick made a motion to remove the contents of SB 580 and insert the contents of House Substitute for SB 572. The motion was seconded by Representative Whitham. Motion carried.

Representative Kelley made a motion to amend the provisions regarding the state property evaluation committee. The motion was seconded by Representative Merrick.

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CONTINUATION SHEET

Minutes of the House Appropriations Committee at 2:15 p.m. on May 10, 2010, in Room 346-S of the Capitol.

Discussion followed by committee members. It was noted that this amendment was presented on the House Floor by Representative Kleeb. Committee members reviewed the amendment (Attachment 1), and discussed the time frame for identifying a legislative state property evaluation committee, state property list for potential sale or liquidation, determination of sale or liquidation, and a sell-by-date. A committee member requested a copy of House Substitute for SB 572 (Attachment 2). Concern was expressed for specifying a sell by date and this potential effect on market values and devaluation of property. Jim Wilson reviewed the contents of House Substitute for SB 572 and the amendment for House Substitute for SB 572. He discussed the line items that were included in Representative Kelley's motion as compared to the original bill that had already been adopted as proposed by Representative Merrick. It was noted that this amendment was originally adopted on the House floor as proposed by Representative Siegfried. It was noted that the completed sale date of June 30, 2011 is included in Representative Kelley's motion but was not indicated in the written amendment.

Representative Kelley stated the need for determining a target date for disposing of property. She added that this determination would be in the best interest of the state as determined by the appointed committee. The new software program SMART will be in place in July. From this application a detailed property list will be provided that identifies over \$10 billion in state assets, Representative Kelley stated.

Committee members continued discussion on the sale of state owned land within their communities. A concern for eminent domain was expressed, as was land purchase through Kansas Wildlife and Parks, which is at a prime. Identification of property that should or should not be sold in the best interest of the state would be determined by the appointed committee members, Representative Kelley stated.

Jim Wilson responded to questions from committee members. He reviewed the process involved for sale of property that would require legislative act and the general law for real property determined to be surplus. Mr. Wilson noted that the requirement for appraisals applies to acquisition of property.

Representative Whitham clarified terminology contained in the Kelley amendment. He stated that liquidation would be a sale; privatization would mean selling a state-owned property to a private entity, and leveraging would mean to retain ownership and borrow against it.

Representative Kelley responded to a committee question regarding leveraging. She stated that the language was included to give all options to the committee. Representative Kelley reviewed the motion to change the sold or liquidated property in an amount equal to or greater than \$100 million. Chairman Yoder reviewed the procedure for modifying the original motion to include conceptual or exact language at the approval of the second to the motion. Representative Kelley noted that there was no language in the amendment that would require approval of liquidating property by the legislature.

Jim Wilson reviewed the amendments to amend the existing bill, and the effects on the base bill by line item.

Representative Donohoe expressed concern that the tax bill has not been brought to the committee for vote and asked Representative Hineman if those that voted for the Appropriations bill would vote for the tax increase. Representative Feuerborn stated that this questioning was out of order. Chairman Yoder reminded Representative Donohoe that Representative Hineman did not have the floor and the committee was working on the amendment.

Committee discussion continued regarding K.S.A. 75-3043(a). Mr. Wilson reviewed the statute requirements. Public notifications are not a requirement of this statute, he noted.

Representative Kelley made a motion to alter her amendment to remove the language of leveraging. The motion was approved as required by the second.

Representative Kelley summarized her motion and the opportunities for the state.

Representative Kelley renewed the motion to approve as amended. Motion carried.

CONTINUATION SHEET

Minutes of the House Appropriations Committee at 2:15 p.m. on May 10, 2010, in Room 346-S of the Capitol.

Representative Whitham made a motion to appropriate \$66 million in base aid to schools and \$24 million to equalize supplemental aid that would be necessary under SB 74. The motion was seconded by Representative Merrick. Motion carried.

Representative Mast made a motion to add \$3.1 million to Developmental Disability and \$2 million to the Physically Disabled Waivers. The motion was seconded by Representative Rhoades. Motion carried.

Representative Mast responded to a question from a committee member. She responded that these funds would come from the sale of property.

Representative Rhoades made a motion to add \$5 million for disaster recovery. The motion was seconded by Representative Mast. Motion carried.

Alan Conroy, Director, Kansas Legislative Research Department, reported on the Kansas Public Employee Retirement System (KPERs), Death and Disability moratorium. The fourth quarter anticipated savings for FY 2011 is projected to be \$4 million, or \$10 million in State General Funds from the Senate's perspective. He noted that the language is in the bill correctly with committee approval on the expenditure side the savings would be \$6 million rather than the \$4 million originally projected, In doing so, the numbers would be consistent between the two chambers and the profile would be in sync, Mr. Conroy stated.

Mr. Conroy responded to a committee question regarding the amount needed to make up the difference that state has not paid over the years on the KPERs Death and Disability. He stated that this is a pay as you go system.

Representative Whitham moved to report out SB 580 favorable for passage as amended and with the technical amendments provided by the Legislative Research Department. The motion was seconded by Representative Kelley.

Discussion followed by committee members. Chairman Yoder responded that this bill includes the funding that the House Appropriations Committee added to SB 572 and includes \$500,000 for the Stockton Correctional Facility, freezes KPERs at the current level, includes the original language in the House Appropriations bill, spending a little more than the Governor's bill and the latest version of SB 572 that passed the House and distributes the \$24 million to supplemental and \$20 million less in base state aid, and includes a 5% cut to employee wages. A concern was expressed for the need to address the unfunded liability for KPERs by not falling behind on the state's contributions from local employers.

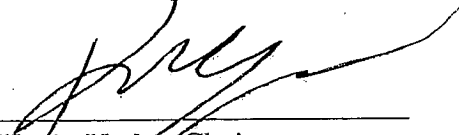
Representative Burroughs made a substitute motion to include payment for under-market salary adjustment of \$8.5 million. The motion was seconded by Representative Lane.

Alan Conroy responded to a question from a committee member. He stated that the ending balance for FY 2011 reflects a positive \$20 million. Committee members discussed the need for a positive ending balance.

Burroughs closed the motion. Motion failed.

Representative Whitham renewed the motion to report out favorable for passage. Motion carried.

The meeting was adjourned at 4:53 p.m.


Kevin Yoder, Chair

APPROPRIATIONS COMMITTEE GUEST LIST

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NAME	REPRESENTING
Stacey Woolington	KDA
Dick Koeth	KOMP
Marilyn Jacobson	DOA
Kim Fowler	Judicial Branch
Christy Myers	Kansas Secretary of State's office
Keith Bradshaw	JFA
Megan Boffenberg	KDOL
RS Wilson	KOSE
Victoria White	RIM State U.
Larry R. Baker	LKM
Dave Holliman	KFC
John B. Hentz	Battery & Assoc
Maryanne Wark	ECM
Wigh Beck	Main law firm
Theresa Ann Cooke	United Way
John Debus	ABA
Joe Mosimann	ParCA - AKS
Kent Eckles	KS Chamber
Bob Van Arman	OKCC Chamber
Ron Seebn	WASA
Debra Prideaux	FASA

STATE OF KANSAS

HOUSE OF REPRESENTATIVES

MR. CHAIRMAN:

I move to amend **HOUSE Substitute for SB 572**, as amended by House Committee of the Whole on motion of Representative Siegfried, on page 68, in subsection (t)(1), in the 14th line of such subsection (t)(1), after "insurance value of each tract of state real property," by inserting "if insured,"; in the 15th line of such subsection (t)(1), after "estimated" by inserting "market"; in the 16th line of such subsection (t)(1), by striking "use or need" and inserting "current use"; in the 19th line of such subsection (t)(1), before "governor-elect" by inserting "governor,"; in the 21st line of such subsection (t)(1), after "*And provided further,*" by inserting "That on or before November 30, 2010, a legislative state property evaluation committee shall be established: *And provided further,* That the members of the legislative state property evaluation committee shall include the governor, or the governor's designee, the governor-elect, or the governor-elect's designee, the president of the senate, or the president's designee, the speaker of the house, or the speaker's designee, the minority leader of the house, or such leader's designee, the minority leader of the senate, or such leader's designee, the chairperson of the house appropriations committee, or such chairperson's designee, the chairperson of the senate ways and means committee, or such chairperson's designee, the chairperson of the house assessment and taxation committee, or such chairperson's designee, the chairperson of the senate taxation committee, or such chairperson's designee, the chairperson of the senate commerce committee, or such chairperson's designee, and the chairperson of the house

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commerce and labor committee, or such chairperson's designee: *And provided further,*"; in the 25th line of such subsection (t)(1), after "liquidation" by inserting " , privatization, or leveraging"; in the 26th line of such subsection (t)(1), by striking "and (5)" and inserting "(5)"; in the 27th line of such subsection (t)(1), after "such state real property" by inserting " , and (6) compile a prioritized list of such state real property which could be sold or liquidated in an amount equal to or greater than \$175,000,000 in transaction value: *And provided further,* That the secretary of administration shall consult with the legislative state property evaluation committee prior to making any evaluation or determination due on or before January 15, 2011"; in the 30th line of such subsection (t)(1), after "committee" by inserting "and the legislative state property evaluation committee"; in the 36th line of such subsection (t)(1), after "coordinating council," by inserting "the legislative state property evaluation committee,"

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STATE OF KANSAS

HOUSE OF REPRESENTATIVES

MR. CHAIRMAN:

I move to amend **HOUSE Substitute for SB 572**, as amended by House Committee, on page 68, following line 32, by inserting the following:

“(t) (1) In addition to the other purposes for which expenditures may be made by the department of administration from moneys appropriated from the state general fund or any special revenue fund for fiscal year 2011 for the department administration, as authorized by this or other appropriation act of the 2010 regular session of the legislature, expenditures shall be made by the secretary of administration for fiscal year 2011 to establish a state real property inventory of all state real property: *Provided*, That, on or before August 30, 2010, the secretary of administration, or the secretary’s designee, shall complete a state real property inventory of all state real property: *Provided further*, That the state real property inventory shall include the legal description of each tract of state real property: *And provided further*, That, on or before August 30, 2010, the secretary of administration shall provide a copy of the state real property inventory to the members of the legislative coordinating council, the house appropriations committee and the senate ways and means committee: *And provided further*, That, on or before November 30, 2010, the secretary of administration, or the secretary’s designee, shall (1) determine and compile a market value for each tract of state real property, including the insurance value of each tract of state real property, the estimated value of each tract of state real property, or a suggested method of determining the value

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of each such tract of state real property, and (2) determine and verify the use or need of each tract of state real property to the state: *And provided further*, That, on or before November 30, 2010, the secretary of administration shall prepare and provide a copy of a report of the state real property valuation and the use or need of such state real property, to the governor-elect, the members of the legislative coordinating council, the house appropriations committee and the senate ways and means committee: *And provided further*, That, on or before January 15, 2011, the secretary of administration, or the secretary's designee, shall (1) evaluate the marketability of each such tract of state real property, (2) evaluate the use or need of each such tract of state real property to the state, (3) evaluate the cost-to-benefit ratio of the state maintaining ownership of each such tract of state real property, (4) determine whether liquidation of each such tract of state real property is in the best interest of the state, and (5) establish contract safeguards and transaction parameters for the sale of such state real property: *And provided further*, That, on or before January 15, 2011, the secretary of administration shall provide a copy of such evaluation and determination to the members of the legislative coordinating council, the house appropriations committee and the senate ways and means committee: *And provided further*, That, on or before January 31, 2011, the secretary of administration, or the secretary's designee, shall issue a request for proposal to liquidate all state real property which has been determined to be in the best interest of the state to sell: *And provided further*, That, on or before January 31, 2011, the secretary of administration shall provide a final report of all information required pursuant to this subsection to the members of the legislative coordinating council, the house appropriations committee and the senate ways and means committee.

(2) As used in this subsection, "state real property" includes each tract of real property owned

by the state of Kansas, or any state agency, as defined by K.S.A. 75-3701, and amendments thereto,
and includes all buildings, facilities and other improvements thereon.”

_____ District.