

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE

The meeting was called to order by Chairman Melvin Neufeld at 9:00 A.M. on April 18, 2006 in Room 514-S of the Capitol.

All members were present except:
Representative Bonnie Huy- excused

Committee staff present:
Alan Conroy, Legislative Research Department
J. G. Scott, Legislative Research Department
Becky Krahl, Legislative Research Department
Matt Spurgin, Legislative Research Department
Michele Alishahi, Legislative Research Department
Reagan Cussimano, Legislative Research Department
Amy Deckard, Legislative Research Department
Audrey Dunkel, Legislative Research Department
Julian Efird, Legislative Research Department
Debra Hollon, Legislative Research Department
Susan Kannarr, Legislative Research Department
Carolyn Rampey, Legislative Research Department
Leah Robinson, Legislative Research Department
Amy VanHouse, Legislative Research Department
Jim Wilson, Revisor of Statutes
Mike Corrigan, Revisor of Statutes
Nikki Feuerborn, Administrative Assistant
Shirley Jepson, Committee Secretary

Conferees appearing before the committee:
Duane Goossen, Director of the Budget

Others attending:
See attached list.

- Attachment 1 Revised Consensus Estimating State General Fund Memo for FY 2006 and FY 2007
- Attachment 2 April Consensus Revenue Estimates FY 2006 and FY 2007 Expenditures as Approved by the Legislature at First Adjournment
- Attachment 3 House Approved Tax Reductions, April Consensus Revenue Estimates, \$558.4 M in New K-12 Funding FY 2007-FY 2009, FY 2006 and FY 2007 Expenditures as Approved by the Legislature at First Adjournment
- Attachment 4 Governor's Budget Amendment No. 1 (GBA) for FY 2006 and FY 2007
- Attachment 5 Consensus Caseload Estimates, April 12, 2006
- Attachment 6 State Water Plan Fund: FY 2006 & FY 2007
- Attachment 7 Economic Development Initiatives Fund: FY 2005 - FY 2007
- Attachment 8 Children's Initiatives Fund, FY 2006 and FY 2007
- Attachment 9 Additional Information pertaining to GBA No. 1

In the absence of Representative Huy, Representative Merrick was appointed by the Speaker of the House to serve on the Committee.

Alan Conroy, Legislative Research Department, presented the Revised Consensus Estimating State General Fund Memo for FY 2006 and FY 2007 ([Attachment 1](#)). Mr. Conroy stated that the overall estimate for both fiscal years has been increased since the last report by \$289.4 million with the largest increases in individual income tax and corporate tax collections. Mr. Conroy indicated that the economy is expected to continue to grow during the next several years before stabilizing. It was noted that over half of Kansas taxpayers are now filing their tax returns electronically, resulting in a more timely recording of individual income tax collections.

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- With regard to the higher than expected transfers from the SGF to the Biosciences Authority, the Committee requested information on receipts and expenditures for the Biosciences Authority.

Mr. Conroy presented a report on the State General Fund (SGF) balances as revised for FY 2006 - FY 2009 (Attachment 2). Mr. Conroy noted that the direct deposit of retail sales tax to the Department of Transportation results in a decrease of retail sales tax directed to the SGF and resulting in an impact of approximately \$53 million in FY 2007. Interest rates and energy prices will continue to have an impact on retail sales tax. The announcement of a layoff of approximately 900 employees from Boeing Aircraft in Wichita was received after the consensus revenue estimates were made and could have an impact.

Mr. Conroy presented a report prepared at the request and direction of Chairman Neufeld which includes the House Approved Tax Reductions and K-12 Additional Funding per **Sub for HB 2986** and the effect these actions would have on the State General Fund (SGF) (Attachment 3). The report indicated that the SGF would have a deficit of \$491.6 million in FY 2009 if FY 2006 and FY 2007 expenditures as approved by the Legislature at first adjournment, became law.

J. G. Scott, Legislative Research Department, presented and explained the following documents:

- Items for Omnibus Consideration (Full document used in minutes of April 19, 2006).
- Governor's Budget Amendment No. 1 (Attachment 4).
- Consensus Caseload Estimates (Attachment 5).
- State Water Plan Fund: FY 2006 and FY 2007 (Attachment 6).
- Economic Development Initiatives Fund, FY 2005 - FY 2007 (Attachment 7).
- Children's Initiatives Fund, FY 2006 and FY 2007 (Attachment 8).

Chairman Neufeld recognized Duane Goossen, Director of the Budget, who presented an explanation and additional information on GBA No. 1 (Attachment 10). Some highlights of the report include:

- Item No. 2 - Because the Capitol Area Master Plan has not been updated for many years, the Governor recommends funding in FY 2007 for this purpose.
- Item No. 10 - Additional funding for Kansas Health Policy Authority (KHPA) and Department of Social and Rehabilitation Services (SRS) for the implementation of the Presumptive Disability program. The Committee noted that this funding may be premature before KHPA has had time to review and make recommendations.
- Item No. 13 - An awareness that it may be necessary to transfer funds from SGF to the Children's Initiative Fund (CIF) for FY 2006 because the State's payment from the tobacco settlement is less than anticipated. Mr. Goossen stated that future tobacco settlement payment are unpredictable at this time. The Committee noted that it may be necessary to look at a long-term solution by the restructuring of the Children's Initiative Fund.
- Item No. 14 - Additional funding in FY 2006 and FY 2007 for the Department of Social and Rehabilitation Services to fund extended stays in Level V & VI facilities.
- Item No. 15 - Funding in FY 2007 for the Department of Social and Rehabilitation Services to cover the reduction in IV-E due to the changes in the structure at the federal level.
- Item No. 25 - Funding in FY 2007 for the expansion of the PACE program.
- Item No. 26 - A proviso to allow the Finance Council to approve funding, if necessary, up to \$10 million for the prevention and treatment of Avian Flu.
- Item No. 31 - Increased funding in FY 2007 for the Veterans Claims Assistance Program for service grants.
- Item No. 53 - Increased funding for the Department of Parks as a result of providing free access to all state residents to all state parks.

The meeting was recessed at 10:25 a.m. to allow Budget Committees to work and reconvened at 4:00 p.m. Because some Budget Committees had not completed their work, the meeting was adjourned. The next meeting of the full Committee will be held at 9:00 a.m. on Wednesday, April 19, 2006.

Melvin Neufeld, Chairman

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