

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE

The meeting was called to order by Chairman Dwayne Umbarger at 10:40 A.M. on March 12, 2007, in Room 123-S of the Capitol.

All members were present except:

Senator Carolyn McGinn - excused
Senator Chris Steineger - 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
Audrey Dunkel, Kansas Legislative Research Department
Becky Krahl, 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:

Joan Wagon, Kansas Department of Revenue
John Pinegar, Western Kansas Development Organization
Matt Traster, Grant County Commissioner
Gary Baker, Hugoton (written)

Others attending:

See attached list.

Copies of the Kansas Legislative Research Department Budget Analysis report for FY 2007 and FY 2008 were available to the committee.

Subcommittee reports on:

Kansas Department on Aging (Attachment 1)

Subcommittee Chair Jean Schodorf reported that the subcommittee on the Kansas Department on Aging concurs with the Governor's recommendation in FY 2007 and concurs with the Governor's FY 2008 recommendation with adjustments and notations.

Senator Kelly moved, with a second by Senator V. Schmidt, to adopt the subcommittee budget report on the Kansas Department on Aging in FY 2007. Motion carried on a voice vote.

Senator Wysong moved, with a second by Senator Schodorf, to amend the subcommittee budget report on the Kansas Department on Aging in FY 2008 to consider Item No. 2 in Omnibus. Motion carried on a voice vote.

Senator Teichman moved, with a second by Senator Schodorf, to adopt the subcommittee budget report on the Kansas Department on Aging as amended in FY 2008. Motion carried on a voice vote.

Kansas Lottery

Racing and Gaming Commission (Attachment 2)

Subcommittee Chair Jean Schodorf reported that the subcommittee on the Kansas Lottery concurs with the Governor's recommendation in FY 2007 with adjustments and comments and concurs with the Governor's FY 2008 recommendation with adjustments and comments.

CONTINUATION SHEET

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Senator Barone moved, with a second by Senator Emler to adopt the subcommittee budget report on the Kansas Lottery in FY 2007. Motion carried on a voice vote.

Senator Emler moved, with a second by Senator Schodorf, to adopt the subcommittee budget report on the Kansas Lottery in FY 2008. Motion carried on a voice vote.

Subcommittee Chair Jean Schodorf reported that the subcommittee on the Kansas Racing and Gaming Commission concurs with the Governor's recommendation in FY 2007 with adjustments and comments and concurs with the Governor's FY 2008 recommendations with exceptions and comments.

Senator Barone moved, with a second by Senator Schodorf, to adopt the subcommittee budget report on the Kansas Racing and Gaming Commission in FY 2007. Motion carried on a voice vote.

Senator Schodorf moved, with a second by Senator Kelly, to adopt the subcommittee budget report on the Kansas Racing and Gaming Commission in FY 2008. Motion carried on a voice vote.

Kansas Public Employees Retirement System Budget (Attachment 3)

Subcommittee Chair Steve Morris reported that the subcommittee on the Kansas Public Employees Retirement System Budget concurs with the Governor's revised recommendations in FY 2007 and concurs with the Governor's FY 2008 recommendations with adjustment and other comments.

Senator Morris moved, with a second by Senator Wysong, to adopt the subcommittee budget report on the Kansas Public Employees Retirement System Budget in FY 2007 and FY 2008. Motion carried on a voice vote.

Kansas Public Employees Retirement System Issues (Attachment 4)

Subcommittee Chair Steve Morris reported that the subcommittee on the Kansas Public Employees Retirement System Issues held hearings on March 6 and 7, 2007, on **SB 180**, **SB 335** and **SB 371**. The subcommittee recommended that **SB 180**, **SB 335** and **SB 371** be considered favorable by the full committee with amendments for each of the bills. The subcommittee also recommended an interim study by the Joint Committee on Pensions, Investments and Benefits for **SB 339**.

Senator Morris moved, with a second by Senator Wysong, to adopt the subcommittee budget report on the Kansas Public Employees Retirement System Issues presented to the full committee on March 12, 2007. Motion carried on a voice vote.

Senator Morris moved, with a second by Senator Wysong, to amend **SB 180** and add clarification that earnings are to be exempt from state taxes (Attachment 5). Motion carried on a voice vote.

Senator V. Schmidt moved, with a second by Senator Barone, to amend **SB 180** to remove reference to the State Board of Regents Retirement Plan leaving reference in the bill to the Kansas Public Employees Retirement Plan, the Kansas Police and Fireman's Retirement Plan, and the Retirement Plan for Judges which are part of the Kansas Public Employees Retirement System (Attachment 6). Motion carried on a voice vote.

Senator Morris moved, with a second by Senator Barone, to recommend **SB 180** favorable for passage as amended. Motion carried on a roll call vote.

Senator Wysong moved, with a second by Senator Kelly, a balloon amendment (Attachment 7) regarding **SB 335** to provide for divestment from direct and indirect holdings in companies with such operations, except in the case of passively managed commingled funds when the estimate of costs of divestments exceeds a threshold test. Motion carried on a voice vote.

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Senator Barone moved, with a second by Senator Kelly, to recommend **SB 335** favorable for passage as amended. Motion carried on a roll call vote.

Senator Wysong moved, with a second by Senator Kelly, to amend **SB 371** to allow certain members of the Kansas Police and Fireman's (KP&F) Retirement System with 21 years or more years of service who are disabled and who have children, to have retirement benefits calculated in the same manner as disabled members without children. Motion carried on voice vote.

Senator Morris moved, with a second by Senator Wysong, to recommend **SB 371** favorable for passage as amended. Motion carried on a roll call vote.

The Chairman opened the public hearing on:

SB 378--Authorizing certain interlocal agreements which allow the sharing of revenue based on growth in assessed valuation of real and personal property

Staff briefed the committee on the bill.

The Chairman welcomed the following conferees.

Joan Wagon, Secretary, Kansas Department of Revenue, testified in support of **SB 378** (Attachment 8). Secretary Wagon explained that, as Chair of the Kansas Advisory Council on Intergovernmental Relations, that they support the bill because it is another way that counties can come together to solve local problems. She also noted that when several counties became interested in combining their resources for undertaking economic development projects and current statutory language was explicit enough, the Kansas Department of Revenue suggested clarifying the provisions of K.S.A. 12-2901 which they support.

John Pinegar, representing the Western Kansas Development Organization comprised of the Boards of County Commissioners of Grant, Morton, Stanton and Stevens counties, spoke in support of **SB 378** (Attachment 9). Mr. Pinegar explained that the bill makes it explicitly clear that counties may agree to pursue economic development activities and share the costs and benefits of such collective action by sharing revenues, which are produced from the common enterprise without fear of protracted litigation.

Madison Traster, Board of County Commission and Western Kansas Development Organization - Grant County, spoke in favor of **SB 378** (Attachment 10). Mr. Traster mentioned that the bill strengthens the ability of Kansas counties to work together utilizing the "Interlocal Cooperation Act" and the proposed legislation makes it clear that two or more counties may agree to work collectively to pursue economic development activities and share in the new revenue generated from those efforts.

The Chairman recognized Senator Morris who emphasized that the bill provides a way for counties to work together regionally and not be in competition with each other. The bill is innovative and is a form of volunteer consolidation.

Written testimony was submitted by Gary Baker, Board of County Commission, Stevens County (Attachment 11).

A hearing for **SB 365** originally scheduled for this meeting was postponed to another day and time.

The meeting adjourned at 12:00 p.m. The next meeting is scheduled for March 13, 2007.