

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE

The meeting was called to order by Chairman Dwayne Umbarger at 10:35 A.M. on February 1, 2008 in Room 123-S of the Capitol.

All members were present except:

Senator Jean Schodorf - excused

Committee staff present:

Jill Wolters, Senior Assistant, Revisor of Statutes
Alan Conroy, Director, Kansas Legislative Research Department
Audrey Dunkel, Kansas Legislative Research Department
Julian Efird, Kansas Legislative Research Department
Heather O'Hara, Kansas Legislative Research Department
Melinda Gaul, Chief of Staff, Senate Ways & Means
Mary Shaw, Committee Assistant

Conferees appearing before the committee:

Marilyn Jacobson, Director, Division of Facilities Management, Kansas Department of Administration
Steve Weatherford, President, Kansas Development Finance Authority
Diane Duffy, Vice-President, Finance & Administration, Kansas Board of Regents
Dr. Terry Calaway, President, Johnson County Community College
Richard Hoffman, Director, KAW Area Technical School/Past President, KATSC (written)
Russell Rudy, Buildings Team Manager, Kansas Corporation Commission

Others attending:

See attached list.

Bill Introductions

Senator Steineger moved, with a second by Senator Taddiken, to introduce a conceptual bill concerning health care benefits. Motion carried on a voice vote.

Senator Steineger moved, with a second by Senator Umbarger, to introduce a conceptual bill concerning sales tax exemptions. Motion carried on a voice vote.

Senator Emler brought forward a request for a bill introduction on behalf of the Secretary of the Department of Corrections. Senator Kelly moved, with a second by Senator Teichman, to introduce a bill regarding grants to apply toward community corrections (7rs1921). Motion carried on a voice vote.

The Chairman acknowledged Audrey Dunkel, Fiscal Analyst, Kansas Department of Legislative Research, who provided a staff update of the Joint Committee on State Building Construction, Report to the Kansas Legislature (Attachment 1).

Chairman Umbarger welcomed Marilyn Jacobson, Director, Division of Finance and Facility Management, Kansas Department of Administration, who provided an update on the Utility Tunnel, Docking Building and Dillon House (Attachment 2). Ms. Jacobson provided information on the Capitol Complex Utility Tunnel, the background, temporary repairs and long-term solutions.

Regarding the Docking Building, Ms. Jacobson explained that the Kansas Department of Administration recommendation is to reconstruct the Docking Building at \$77 million dollars. It is in the Governor's budget in FY 2009 for \$1 million from the expanded gaming revenues to begin the planning phase of the project. She noted the costs to have a new building at \$83 million and a re-built Docking at \$77 million. Ms. Jacobson noted that in regard to the remaining Capitol Complex Buildings, there is \$3 million in Gov budget.

Ms. Jacobson addressed the Dillon House. Chairman Umbarger made a comment that the Dillon house is a historical structure that there are individuals that take value in that type of structure. It would cost a sum of money to tear it down. In last 3 or 4 years individuals have wanted to rehabilitate the facility - buth from

CONTINUATION SHEET

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within the State and outside of the State. It was noted that the Kansas Insurance Department is looking at the Dillon House.

Chairman Umbarger opened the public hearing on:

SB 415–Postsecondary educational institutions; deferred maintenance

Staff briefed the committee on the bill.

The Chairman welcomed the following conferees:

Steve Weatherford, President, Kansas Finance Development Authority, testified in support of the bill ([Attachment 3](#)). Mr. Weatherford explained that he was present to discuss continuing progress on the implementation of the Program in structuring the first financing and to explain certain amendments he is offering in concert with the Kansas Board of Regents. These technical amendments are listed in Mr. Weatherford's written testimony. He also provided additional information concerning 8, 15 and 20 year amortization assumptions on today's market rate ([Attachment 4](#)).

Diane Duffy, Vice-President, Finance & Administration, Kansas Board of Regents, spoke in support of the bill ([Attachment 5](#)). Ms. Duffy also explained several amendments proposed to the Committee that came to the attention of the Kansas Board of Regents during the first year's implementation that are listed in her written testimony. Ms. Duffy also suggested consideration of amending the law to add state universities' health fees funds and service and other clearing funds to those university funds that receive interest earnings and consider clarifying language requiring the Board of Regents to certify to the Kansas Department of Revenue and the Kansas Finance Development Authority that a technical institution has achieved substantial compliance and is eligible to participate in the bond and tax credit programs, respectively.

Dr. Terry Calaway, President, Johnson County Community College, testified in support of the bill ([Attachment 6](#)). Dr. Calaway explained that they were especially excited about the prospects of addressing their deferred maintenance needs through the utilization of tax credits based on charitable donations. Dr. Calaway mentioned that it is their hope that the Committee would consider an approach to ensure that as many tax credits as possible are used annually to help the community and technical colleges address their deferred maintenance needs. Implementing a pooling process would allow community and technical colleges to fully benefit from the credits allocated.

Richard Hoffman, Director, KAW Area Technical School/Past President, KATSC, submitted written testimony ([Attachment 7](#)).

The Chairman closed the public hearing on [SB 415](#).

Chairman Umbarger welcomed Russell Rudy, Buildings Team Manager, Kansas Corporation Commission, who presented information to the Committee regarding efforts to reduce energy and operating costs for state and publically owned buildings ([Attachment 8](#)). A handout was provided by Mr. Rudy concerning the energy efficiency opportunity ([Attachment 9](#)).

The "vision" of the Kansas Corporation Commission Energy Programs Division - Energy Office - Buildings Team is to eventually be able to address and provide services to Kansas citizens covering the full range of the built environment including residential, light commercial, commercial and industrial structures (including industrial processes). Energy efficiency is the greatest potential resource the country has to serve the energy needs of the country. It is their intent to continually improve the quality and quantity of valuable energy and environmental performance services that they are able to provide for Kansas citizens.

The meeting adjourned at 12:05 p.m. The next meeting was scheduled for February 4, 2008.