

MINUTES OF THE SENATE WAYS & MEANS COMMITTEE.

The meeting was called to order by Chairperson Dave Kerr at 11:00 a.m. on March 20, 2000 in Room 123-S of the Capitol.

All members were present except:

Committee staff present: Alan Conroy, Chief Fiscal Analyst, KLRD
 Rae Anne Davis, KS Legislative Research Department
 Debra Hollon, KS Legislative Research Department
 Norman Furse, Revisor of Statutes
 Michael Corrigan, Asst. Revisor of Statutes
 Judy Bromich, Administrative Assistant to the Chairman
 Ronda Miller, Committee Secretary

Conferees appearing before the committee:
 Senator Dick Bond, President of the Senate

Others attending: See attached list

Chairman Kerr presented the Senate subcommittee report on **Capital Improvements** for FY 2000 and FY 2001 (Attachment 1). Projects for the following agencies were reviewed: **State Fair Board, Social and Rehabilitation Services, School for the Blind, School for the Deaf, Department of Corrections, Juvenile Justice Authority, Kansas State Historical Society, Insurance Department, Department of Administration, Department of Commerce and Housing, Fort Hays State University, Kansas State University, KSU Extension Systems and Agriculture Research Programs, Kansas State University Veterinary Medical Center, Emporia State University, Pittsburg State University, University of Kansas, University of Kansas Medical Center, Wichita State University, Kansas Department of Human Resources, Commission on Veterans Affairs (including the Soldiers' and Veterans' Homes), Kansas Bureau of Investigation, Kansas Highway Patrol, State Board of Regents, Adjutant General, and the Kansas Department of Transportation.** There was discussion of the following projects in their respective agencies:

Department of Corrections:

Item 5 (Attachment 1-14) – In answer to a question, it was stated that this recommendation provides that the Chemical Dependency recovery Program be administered by the Department of Corrections at Osawatomie State Hospital. Chairman Kerr noted that this is a program for inmate population (not hospital patients) and should be the responsibility of DOC. He added that both the Secretary of SRS and the Secretary of DOC have endorsed this recommendation. In answer to a question regarding the impact of this recommendation on security at Osawatomie, Secretary Simmons, DOC, stated that moving 15 minimum security inmates to Osawatomie should not affect security as the facility currently houses 80 minimum security inmates.

Senator Salisbury inquired about the recommended use of Violent Offender Incarceration/Truth In Sentencing (VOI/TIS) Funds, believing that they could be used only for bricks and mortar. Chairman Kerr read from a letter dated March 9, 2000 from a Grant Manager within the U.S. Department of Justice which provides the authority to use VOI/TIS monies for day reporting provided it is contracted to private entities (Attachment 2). Senator Salisbury commented that, with this information, perhaps the Committee should review funding during Omnibus for the juvenile corrections facilities. The Chairman stated that the Capital Improvements subcommittee under the Juvenile Justice Authority section recommends deletion of funding for the new facility because the issue is still being studied.

Senator Salmans commended the Chemical Dependence Recovery Program at Larned and inquired whether it would be more cost effective to move inmates from Larned to Osawatomie or to leave the CDRP program at its current location. Senator Salmans moved, Senator Lawrence seconded.

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that the subcommittee's recommendation regarding the transfer of the CDRP program to Osawatomie State Hospital be amended to request that the Secretary of SRS and the Secretary of DOC discuss the possibility of keeping the CDRP program at Larned in other available space. The motion carried on a voice vote.

Commission on Veterans Affairs (Attachment 1-43)

A summary of the construction costs for the Kansas Veterans Home was distributed to members (Attachment 3). It was noted that the state's commitment to the project has increased by \$2.8 million and half of that is associated with the unexpected sewer work. Staff indicated that the Commissioner is looking at change orders that the federal government may pay for, but that information is not available yet.

It was moved by Senator Morris and seconded by Senator Salmans that the subcommittee reports for Capital Improvements in FY 2000 and FY 2001 as amended be adopted. The motion carried on a voice vote.

SB 660: Capitol Restoration Bonds

Senate President Dick Bond appeared before the Committee in support of **SB 660** and provided information on the deteriorating condition of the Capitol Building. He stated that some of the issues which need to be addressed are the infrastructure, space utilization, technological improvements, exterior work, safety issues, and preservation. He reminded members that they had appropriated monies for the Historic Structure Study and that group has estimated costs of renovation between \$90 and \$120 million. He told members that **SB 660** provides funding in the amount of \$40 million. In answer to questions, he stated that

- renovation will probably be done a wing at a time because infrastructure runs vertically
- the estimated cost of renovation does not include work on the tunnel
- the renovation plan is not an extravagant one
- the ultimate responsibility for expenditures will be with the Secretary of the Department of Administration and the Legislative Coordinating Council.

Chairman Kerr reviewed the plan outlined in **SB 660** for financing \$40 million of the renovation projects. He told members that the State Treasurer has \$75 million in unclaimed property which currently earns 5.19% through the Pooled Money Investment Board. In addition, he said that the state takes in approximately \$10 million per year in unclaimed property, \$5 million of which is given back to claimants. He stated that the premise used in **SB 660** is to invest the \$75 million while it is still in the State General Fund with KPERS and use any additional earnings above the 5.19% to reimburse the SGF amount used to pay the debt service. He added that the bonds will be similar to floating bonds on prisons in that they will be "subject to annual appropriations by the state." Chairman Kerr stated that over time, the SGF will be held harmless. He pointed out that other options that could also be considered would be the growth in unclaimed property and federal unclaimed property. A letter from Linda Wood, Chief Financial Analyst for the Kansas Development Finance Authority, regarding financing projections for the Capitol Building Restoration Project was distributed to members (Attachment 4). In answer to a question, he stated that this recommendation does not affect ending balances in the SGF, but monies would not be available for cash flow purposes and makes the issuance of temporary certificates of indebtedness more likely.

It was noted that proposed amendments in the balloon were needed for clarity (Attachment 5). Senator Ranson moved, Senator Morris seconded, that SB 660 be amended with the balloon. In answer to a concern about the statement that the KDFA "would want to seek an opinion of counsel concerning the legality of placing the lien of the bonds on revenues generated from assets held in trust," it was stated that the no liens are placed on the \$75 million. The only security the bond holder has is that the state of Kansas will make those payments. The motion to amend carried on a voice vote.

A motion was offered by Senator Lawrence and seconded by Senator Salisbury that SB 660 as amended be recommended favorably for passage. Responding to an inquiry, the Executive Secretary of KPERS stated that the agency may impose a fee for the investment service. In answer to a question, it was stated that the arbitrage restrictions would apply unless the state meets spend down provisions. The motion

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carried on a roll call vote.

SB 635: Municipal accounting training program abolished

Copies of a proposed substitute for **SB 635** were distributed to members (Attachment 6). A member of the Revisors' Office explained that the bill requires the Secretary of Administration to fix fees to cover all costs of the training programs conducted for municipal government personnel. It was noted that the total cost of providing the service is \$246,000 and there is a shortfall of \$155,000 which this bill would propose to recover through fees.

Mr. Randy Allen, Executive Director of the Kansas Association of Counties, appeared before the Committee and suggested that funding for 1 unfilled FTE position within the Municipal Accounting Training Program be applied toward the \$155,000 and the balance be split between an increase in the fees and the state. Mr. Don Moler, Executive Director of the League of Kansas Municipalities, concurred with Mr. Allen's proposal. It was noted that the position may be open because of shrinkage applied to the agency. The Chairman inquired whether the conferees would still want the program if the state does not wish to share in the cost. In response, Mr. Allen expressed concern about the cost to small cities, townships, etc. and they would want to provide the service in a joint venture. He offered an amendment to the language in the original version of **SB 635** (Attachment 7), noting that it would require counties to file a copy of their budget with the Kansas Association of Counties and cities to file a copy of their budget with the League of Kansas Municipalities. Senator Salisbury moved, Senator Jordan seconded, that Sec. 15 (b) on page 15 of SB 635 be amended to include the language in Attachment 7. The motion carried on a voice vote.

A motion was made by Senator Salisbury and seconded by Senator Jordan that SB 635 as amended be recommended favorably for passage. The motion carried on a roll call vote.

The Chairman adjourned the meeting at 1:45 p.m. The next meeting will be March 21, 2000.