

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE

The meeting was called to order by Chairperson Ron Ryckman at 9:00 am on Thursday, February 19, 2015, 112-N of the Capitol.

All members were present

Committee staff present:

Andy Chiamopoulos, Legislative Research Department
J.G. Scott, Legislative Research Department
Dylan Dear, Legislative Research Department
Nobuko Folmsbee, Office of Revisor of Statutes
Kathy Holscher, Kansas Legislative Committee Assistant
Jill Wolters, Office of Revisor of Statutes
Melinda Gaul, Administrative Assistant

Conferees appearing before the Committee:

No conferees present

Others in attendance:

[See Attached List](#)

Opening Remarks

Chairman Ryckman opened the committee meeting and stated that members have received a copy of the Operating Fee Schedule for the Department of Credit Unions([Attachment 1](#)) , and Allotment Impact by Regent's Institution ([Attachment 2](#)) .

Introduction of proposed legislation

Representative Macheers made a motion to introduce legislation regarding Worker's Compensation and AMA Addition Guidelines. Representative Barker seconded the motion.

Discussion followed by committee members regarding the motion brought forward to the Appropriations Committee. This reverts from the sixth addition to the fourth additions of the guidelines, Representative Macheers noted.

Representative Macheers renewed the motion. Motion failed.

Representative Grosserode made a motion to introduce legislation regarding the Tech Ed incentive bill. Representative Schwartz seconded the motion. Motion carried.

Budget Committee Report on:

Representative Hoffman, Chair, Agriculture and Natural Resources Budget Committee, presented the FY 2015 Kansas Department of Commerce Budget Report ([Attachment 3](#)) . The Governor's recommendation is an all funds decrease of \$571,59 attributable to reduced Kansas Public Employees Retirement System (KPERS)

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employer rate contribution, reduction for the Global Trade Services program, reduction from the Economic Development Initiative Fund (EDIF) for decreased administrative expenditures in the Governor's allotment plan, and a reduction from EDIF for the Innovation Growth Program. The Budget Committee concurred with the Governor's recommendation with the following notation: recommended a decrease of \$3 million in the Rural Opportunity Zones and \$250,000 in the operating grant from EDIF, and noted that the EDIF ending balance is decreasing and with the current appropriations there would be a negative balance in FY 2017. It was noted that the agency is heavily funded by federal grants.

Discussion followed by committee members regarding the Global Trade Services. It was noted that this a one-year program that has a carryover balance of \$5,000. Additional information will be forthcoming regarding small balance funds that have ended programs and no longer request funding.

Representative Hoffman made a motion to approve the FY 2015 Budget Report for the Kansas Department of Commerce. Representative Carlin seconded the motion. Motion carried.

Representative Hoffman, Chair, Agriculture and Natural Resources Budget Committee, presented the FY 2016 Budget Report for the Kansas Department of Commerce (See Attachment 3). The Governor's recommendation is a reduction of \$1 million for the Affordable Airfare Program and funding shift from State General Fund (SGF) to the State Highway Fund., the addition of \$100,000 from Economic Development Initiative Fund (EDIF) for the Military Base Program, addition of \$500,000 from EDIF for Public Broadcasting Grants, a reduction of \$548,000 from EDIF for agency operating grant, and a reduction of \$170,900 for reduced employer contributions for health insurance. The Budget Committee concurred with the Governor's recommendation with the following adjustment: add \$1 million from the Affordable Airfares Fund, and add \$100,000 from EDIF for Public Broadcasting program expenditures.

Discussion followed by committee members. It was noted that the Budget Report reflects the actions previously taken by the KDOT Budget Committee for the Affordable Airfares Fund.

Representative Grosserode made a motion to delete \$100,000 for Public Broadcasting program expenditures in the Budget Report. Representative Claeys seconded the motion.

Discussion followed by the committee members regarding the motion. The importance of rural broadcasting was emphasized. It was noted that in order to receive federal funding some state funding would be required. The universities with public broadcasting stations that are on site do not fund or offer educational programs with the broadcasting stations, Representative Hoffman stated.

Representative Claeys made a substitute motion to reduce the Public Broadcasting program expenditures by \$100,000. Representative Grosserode seconded the motion.

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Discussion followed by committee members regarding the substitute motion. It was noted that the impact of this motion would result in programming cuts, and is the only broadcast system that reaches several counties throughout the state. The impact on federal funding was not known.

Representative Claeys renewed the substitute motion. Motion failed.

Representative Grosserode renewed the motion. Motion carried.

Representative Hoffman made a motion for an amendment that would include the following language regarding the Affordable Airfares Fund that such grant from such fund shall be in the same amount as was received in fiscal year FY 2015 (Attachment 4) . Representative Schwartz seconded the motion. Motion carried.

In response to a committee members question, Jill Wolters, Office of Revisor of Statutes, stated that the amendment was drafted as a balloon that will be added as a point in the report that will go into the bill.

Representative Hoffman made a motion to approve the FY 2016 Budget Committee Report for the Department of Commerce as amended. Representative Carlin seconded the motion. Motion carried.

Representative Hoffman, Chair, Agriculture and Natural Resources Budget Committee, presented the FY 2017 Department of Commerce Budget Report (See Attachment 3). The Governor's recommendation was an all funds decrease \$2.1 million attributable to a \$2 million reduction for funding the Affordable Airfare Program from SGF to State Highway Funds, a reduction of \$548,000 from EDIF for an operating grant, and a reduction of \$173,516 from EDIF due to reduced employer health insurance. The Governor's recommendations included the addition of \$100,000 from EDIF for the Military Base Program, and the addition of \$500,000 from EDIF for Public Broadcasting. It was noted, there are grants transitioning from the Department of Administration to the Department of Commerce.

Representative Grosserode made a motion for an amendment to delete \$100,000 for Public Broadcasting program expenditures. Representative Peck seconded the motion. Motion carried.

Representative Hoffman made a motion to approve the FY 2017 Budget Report for the Department of Commerce as amended. Representative Carlin seconded the motion. Motion carried.

Budget Committee Report on:

Representative Waymaster, Chair, General Government Budget Committee, presented the FY 2015, FY 2016 and FY 2017 Budget Reports for the Board of Barbering (Attachment 5) . For FY 2015, the Governor recommended an increase of \$2,938 about the approved 2014 Legislature for operating expenditures, above the agency's request. The Governor reduced the fee fund by \$3,985 for health insurance for an inspector position during half of FY 2015, and a reduction of \$1047 attributable to the

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reduced KPERS employer contribution rate. **House Sub for Senate Bill 4** adjustment deletes \$3,985 from the fee fund for health insurance for an inspector position for half of FY 2015. The Budget Committee concurred with the Governor's recommendations with the following: add \$3,985 for the fee fund to fund the inspector's health insurance, and expressed concern regarding the inability to levy fines. A report was requested that would identify changes that would allow the agency to enforce and levy fines, which would be reviewed prior to Omnibus.

For FY 2016, the Governor recommended a decrease of \$2,382 below the agency's request attributable to reduced employer contributions for health insurance, and an increase from 10 percent to 20 percent from fee fund revenues to reimburse the State for administrative services. The Budget Committee concurred with the Governor's recommendations.

Discussion followed by committee members. It was noted that if the regulation changes, there will be an increase in barbering schools.

J.G. Scott provided clarification regarding the Omnibus Bill. He stated that technically the last Appropriations Bill that passes is the Omnibus Bill, which is also the final Conference Committee Report.

Representative Waymaster made a motion to approve the FY 2015, FY 2016 and FY 2017 Budget Reports for the Board of Barbering. Representative Wolfe Moore seconded the motion. Motion carried.

Budget Committee Report on:

Representative Waymaster, Chair, General Government Budget Committee, presented the FY 2015, FY 2016 and FY 2017 Budget Reports for the Board of Cosmetology (See Attachment 5). For FY 2015, the Governor recommended a decrease of \$5,774 below the 2014 Legislative approved amount, attributable to the reduced KPERS employer contribution rate. The Budget Committee concurred with the Governor's recommendations.

Representative Waymaster made a motion to approve the FY 2015 Board of Cosmetology Budget Report. Representative Wolfe Moore seconded the motion. Motion carried.

For FY 2016, the Governor recommended a decrease of \$51,206 below the agency's request attributable to reduced employer contribution rate for health insurance, the Governor did not recommend funding the agency's enhancement request, and an increase from 10 percent to 20 percent fee fund withholdings to reimburse the State for administrative services. The Budget Committee concurred with the Governor's recommendations.

Representative Waymaster made a motion to approve the FY 2016 Board of Cosmetology. Representative Wolfe Moore seconded the motion. Motion carried.

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For FY 2017, the Governor recommended a reduction of \$6,770 from the fee fund attributable to the reduced employer contributions for health insurance, did not recommend funding the agency's enhancement request, and increased the amount withheld from the fee fund for administrative services reimbursement to the State. The Budget Committee concurred with the Governor's recommendations.

Representative Waymaster made a motion to approve the FY 2017 Budget Report for the Board of Cosmetology. Representative Wolfe Moore seconded the motion. Motion carried.

Budget Committee Report on:

Representative Waymaster, Chair, General Government Budget Committee, presented the FY2015, FY 2016 and FY 2017 Budget Reports for the Kansas Insurance Department (See Attachment 5).

For FY 2015, the Governor recommended a decrease of \$80,592 below the agency's request attributable to reduced KPERS employer contributions, and recommended a transfer of \$3 million from the Workers Compensation Fund to SGF. The Budget Committee concurred with the Governor's recommendation with the following adjustment: delete the \$3 million transfer and noted that the agency is encouraged to reduce fees for the Service Regulation Fund, so that the balance aligns closer to the yearly expenditures.

Discussion followed by committee members regarding the Service Regulation Fund.

Representative Kleeb made a motion for an amendment that would remove the Budget Committee recommendation regarding the agency's consideration of reducing the amount of fees collected for the Service Regulation Fund. Representative Claeys seconded the motion.

Discussion followed by committee members regarding the motion.

Representative Kleeb renewed the motion. Motion carried.

Representative Waymaster made a motion to approve the FY 2015 Budget Report for the Kansas Insurance Department as amended. Representative Wolfe Moore seconded the motion. Motion carried.

For FY 2016, the Governor recommended a decrease of \$89,202 below the agency's request, attributable to reduced employer contributions for health insurance, and recommended the transfer of \$8 million for the Service Regulation Fund to the SGF. The Budget Committee concurred with the Governor's recommendation with the adjustment to add language to process \$8 million transfer from the Service Regulation Fund to SGF would take place over four quarterly transfers of \$2 million each.

Representative Waymaster made a motion to approve the FY 2016 Budget Report for the Kansas Insurance Department. Representative Wolfe Moore seconded the motion. Motion carried.

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For FY 2017, the Governor recommended a decrease of \$91,056 below the agency's request attributable to reduced employer contributions for employer health insurance, and recommended a transfer of \$8 million from the Service Regulation Fund to the SGF. The Budget Committee concurred with the Governor's recommendation with the adjustment to add language that the transfer for the Service Regulation Fund to SGF would take place over four quarterly transfers of \$2 million each.

Discussion followed by committee members. It was noted that a majority of the Service Regulation Funds are from insurance companies fee charges for operational costs for the Kansas Insurance Department.

Representative Waymaster made a motion to approve the FY 2017 Kansas Insurance Department Budget Report. Representative Wolfe Moore seconded the motion. Motion carried.

Possible action on bills previously heard

Chairman Ryckman opened discussion on **HB 2135**.

Discussion was held by committee members regarding the late filings on motor fuel tax refunds. It was noted that due to bill cycles on fuel tax there are late accounting procedures, which is an acceptable practice.

J.G. Scott, Legislative Research Department, responded that there are no penalties for late filings. The total claim is \$43,961, of which \$41,278 is the motor fuel tax portion.

Representative Schwartz made a motion for favorable passage of **HB 2135**. Representative Henry seconded the motion. Motion carried.

Closing remarks

Chairman Ryckman reviewed the agenda for the next committee meeting. Committee members received additional information, as requested, from the Office of the Securities Commissioner ([Attachment 6](#)) .

Meeting adjourned: 10:24 a.m.