Approved: January 21, 2016

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE

The meeting was called to order by Chairperson Ron Ryckman at 9:00 am on Thursday, January 14, 2016, 112-N of the Capitol.

All members were present except:
Representative Mark Kahrs – Excused

Committee staff present:
Kathy Holscher, Kansas Legislative Committee Assistant
David Fye, Legislative Research Department
Jennifer Ouellette, Legislative Research Department
Jill Wolters, Office of Revisor of Statutes
Daniel Yoza, Office of Revisor of Statutes
J.G. Scott, Legislative Research Department
Melinda Gaul, Administrative Assistant

Conferees appearing before the Committee:
Judge Daniel Creitz, Chief Judge of the Thirty-First Judicial District
Stephanie Bunten, Office of Judicial Administration

Others in attendance:
See Attached List

Staff Introductions

Chairman Ryckman called the meeting to order. Introductions of Appropriations, Legislative Research Department (Attachment 1) and Office of the Revisor of Statutes staff followed.

Hearing and possible action on: HB2449 — Repealing the nonseverability clause in 2015 House Bill No. 2005 and providing for the severability of the provisions of such bill, concerning the judicial branch.

Chairman Ryckman opened the hearing on **HB 2449.**

Jill Wolters, Office of the Revisor of Statutes, provided an overview of **FY 2015 HB 2005**, FY 2014 **HB 2338**, and **HB 2449**, which repeals the nonseverability clause of 2015 **HB 2005 ,** and declares that the remainder of the provisions shall remain in force (Attachment 2) .

Jill Wolters responded to questions from committee members. It was noted that the judiciary operating budget for FY 2016 and FY 2017 would remain in tact. The disposition of docket fees and the selection of chief judges by the Supreme Court was discussed. She noted that a trailer bill would be needed to resolve the 2013 laws that conflict with the 2015 laws. Chairman Ryckman stated that the 2014 bill was declared unconstitutional, as **HB 2005** placed the nonseverability clause back in the bill. **HB 2449** removes the nonseverability clause and current funding stays with the 2015 appropriation for FY 2016 and FY 2017. The contents of the 2014 bill is unconstitutional and will be discussed in a trailer bill at a later date.

Judge Daniel Creitz provided testimony as a proponent of the bill (Attachment 3) , and introduced Dan Duncan, Wyandotte County and Cheryl Rios, Topeka, board members of the Kansas District Judges Association. He discussed the impact of budget reductions which would result in court closures. A review of current court cases followed. He added that the passage of **HB 2449** ensures that the courts will remain open, as well as the adjustments needed in the 2014 bill, which has a March 15th deadline as presented by the Attorney General's Office and granted by the district court.

Judge Creitz responded to questions from committee members. Chairman Ryckman stated that **HB 2449** does not impact the funding of the courts. As the courts' budget is 97% salaries, any budget reductions would result in court closures, Judge Creitz stated. Discussion continued regarding the impact of court closures.

Stephanie Bunten, Office of Judicial Administration, presented testimony as a proponent of the bill (Attachment 4) . She discussed the impact of the 2014 nonseverability clause contained in **HB 2338,** which is tied to other revenue provisions.

Chairman Ryckman closed the hearing on the bill.

Representative Barker made a motion for favorable passage of ***HB 2449.*** *Representative Macheers seconded the motion. Motion carried.*

Briefing by staff on:
Chris Courtwright, Legislative Research Department, presented the State General Fund (SGF) estimates for FY 2016 and FY 2017(Attachment 5) , and an overview of the consensus revenue estimating process. FY 2016 revenue estimates decreased by $159.1 million below the previous estimate. The revised estimate for FY 2017 is $194.5 million below the previous estimate. A review of the Economic Forecast for Kansas, personal income, Kansas individual income tax, employment, agriculture, oil and gas, inflation rate and interest rates followed. He noted that the majority of the FY 2016 tax law changes will not materialize until later in this fiscal year. The individual income tax for FY 2016 is $850 million less than what the tax laws of 2012 would have remained in place, and $920 million less for FY 2017. In regards to the monthly tracking reports, sales tax receipts are down from the November estimates by approximately $35 million, he added.

Mr. Courtwright and J.G. Scott, Legislative Research Department, responded to questions from committee members. It was noted that additional information will be forthcoming regarding the economic modeling software purchase by the Department of Revenue, and a chart reflecting the impact of the 2012 tax law changes for FY 2013, FY 2014 and FY 2015. Discussion followed regarding the impact on the tax policy with internet sales, retail sales tax and consumer spending. He stated that these are issues that are continually discussed and reviewed, as well as other factors that impact revenue estimates. Chairman Ryckman noted that Alveraz and Marsal is including in their study best practices comparative data with other states as related to interstate compact sales.

Bobbi Mariani, Legislative Research Department, provided an overview of the Fall 2015 Human Services Consensus Caseload Estimates for FY 2016 and FY 2017 (Attachment 6) . The FY 2016 estimate is $3 billion from all funding sources and $1.1 billion from State General Funds (SGF). This is an increase of $48.9 million from all funding sources as compared to the approved FY 2015 legislative budget. The estimate for FY 2017 is $3 billion from all funding sources and is an increase of $82.2 million from the FY 2017 approved budget. The Governor's Budget fully funds the caseloads, she noted. The caseloads for Temporary Assistance for Families remains the same as the FY 2016 approved amount and is a decrease of $523,068 for FY 2017. The FY 2016 estimate for foster care is an increase of $6.8 million from all funding sources and a decrease of $3.5 million from SGF, and an increase of $6.7 million for FY 2017. The Out of Home Placements for the Department of Corrections is unchanged for FY 2016 and FY 2017. The KDADS non-KanCare reflects an increase of $2 million in FY 2016, and an increase of $2.1 million for FY 2017 in all funds. The KanCare Medical estimate is $2.8 billion from all funding sources, which is an increase of $40.1 million from all funding sources for FY 2016 and $2.8 billion for FY 2017.

Chairman Ryckman reviewed the next committee meeting agenda.

Meeting adjourned at: 10:32 a.m.