

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE

The meeting was called to order by Chairman Jay Emler at 10:30 a.m. on March 5, 2009, in Room 545-N of the Capitol.

All members were present.

Committee staff present:

Alan Conroy, Kansas Legislative Research Department
J. G. Scott, Kansas Legislative Research Department
Michael Steiner, Kansas Legislative Research Department
Estelle Montgomery, Kansas Legislative Research Department
Reagan Cussimano, Kansas Legislative Research Department
Amy Deckard, Kansas Legislative Research Department
Cody Gorges, Kansas Legislative Research Department
Aaron Klaassen, Kansas Legislative Research Department
Jonathan Tang, Kansas Legislative Research Department
Jill Wolters, Office of the Revisor of Statutes
Daniel Yoza, Office of the Revisor of Statutes
Melinda Gaul, Chief of Staff
Shirley Jepson, Committee Assistant

Conferees appearing before the Committee:

Diane Gjerstad, Wichita Public Schools
Bob Vancrum, Blue Valley Unified School District No. 229
Dave Holtwick, Overland Park Chamber of Commerce
Bill Reardon, Representing Kansas City KS Public Schools
Mark Tallman, Kansas Association of School Boards (KASB)

Others attending:

See attached list.

Introduction of Proposed Legislation

Duane Goossen, Secretary, Department of Administration, appeared before the Committee to request the introduction of legislation to merge the Kansas Technology Enterprise Corporation (KTEC) with Department of Commerce. This implements a recommendation of the FY 2010 Governor's budget and Kansas, Inc.

Senator Teichman moved to introduce legislation concerning merging KTEC and Kansas, Inc. with the Department of Commerce. The motion was seconded by Senator Lee. Motion carried on a voice vote.

Senator Lee moved to introduce two bills - (1) FY 2010 MEGA budget bill including Governor's Budget Amendment No. 1, and (2) FY 2009/FY 2010 capital improvements. The motion was seconded by Senator Teichman. Motion carried on a voice vote.

Distribution of Information

Information was distributed to the Committee with regard to the Community Development Block Grant (CDBG) funding contained in the federal stimulus package (Attachment 1).

Subcommittee Report on Kansas Bureau of Investigation and Commission on Peace Officer Standards and Training (CPOST)

Senator Teichman, Chair of the Subcommittee, presented the Subcommittee report on the Governor's budget recommendations for the Kansas Bureau of Investigation (KBI) for FY 2010 and moved for the adoption of the Subcommittee recommendations on the Kansas Bureau of Investigation for FY 2010 with notations and adjustments (Attachment 2). The motion was seconded by Senator Kultala. Motion carried on a voice vote.

The Committee noted that there could be some flexible spending funds available through the federal stimulus package directed through the Department of Corrections which the agency could use for technology.

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Senator Teichman, Chair of the Subcommittee, presented the Subcommittee report on the Governor's budget recommendations for the Commission on Peace Officer Standards and Training (CPOST) for FY 2010 and moved for the adoption of the Subcommittee recommendations on CPOST for FY 2010 with notations and adjustments (Attachment 2). The motion was seconded by Senator Schmidt. Motion carried on a voice vote.

Subcommittee Report on State Fire Marshal and Emergency Medical Services (EMS)

Senator Masterson, Chair of the Subcommittee, presented the Subcommittee reports on the Governor's budget recommendations for the State Fire Marshal with notations and adjustments for FY 2010 and Emergency Medical Services (EMS) with notations and adjustments for FY 2010 (Attachment 3).

Senator Masterson explained that the Subcommittee has addressed additional information since the development of the Subcommittee report on the State Fire Marshal. The Subcommittee is proposing that instead of taking a 10 percent reduction in the budgets of the State Fire Marshal, EMS and all fee boards, legislation be introduced to raise the cap on the amount of fees contributed to the State General Fund (SGF) each fiscal year. Currently, statute directs that the transfer to the SGF is set at 20.0 percent with a cap of \$200,000. This regulation has been in place for a number of years. The Subcommittee is proposing that the cap be raised from \$200,000 to \$350,000 to allow for the transfer of additional funds to the SGF. The Subcommittee indicated that this will eliminate the need to "sweep" of funds from fee funded agencies to the SGF.

Responding to questions from the Committee, the Subcommittee stated that this is not a policy change but a recommendation to raise the cap on the transfer, a policy already in place. The Subcommittee also noted that it appeared during deliberations that the fee-funded agencies were in support of raising the cap to \$350,000.

Senator Masterson moved to delete Item No. 3 and Item No. 7 from the Subcommittee report on the State Fire Marshal for FY 2010. The motion was seconded by Senator Kultala. Motion carried on a voice vote.

Senator Masterson moved to introduce legislation to raise the cap on the transfer by fee funded agencies to the State General Fund from the current statutory cap of \$200,000 to \$350,000. The motion was seconded by Senator Kultala. Motion carried on a voice vote.

Senator Masterson moved to introduce legislation to change how the State General Fund statutory administrative services fee is assessed to the levy on fire insurance premiums in order to make it the responsibility of the three agencies the levy supports rather than the full responsibility of the State Fire Marshal. The motion was seconded by Senator Kelly. Motion carried on a voice vote.

The Subcommittee explained of the total 1.25 percent levy on fire insurance premiums, the Board of Emergency Medical Services receives 0.25 percent of the levy, the KU Fire and Rescue Training Institute receives 0.20 percent, and the Office of the State Fire Marshal receives the remaining 0.80 percent of the levy. Currently the statutory administrative services fee is taken from the portion received by the State Fire Marshal. This legislation would allow for the administrative services fee to be assessed to the entire levy.

Senator Masterson moved for the adoption of the Subcommittee report on the State Fire Marshal for FY 2010 as amended. The motion was seconded by Senator Lee. Motion carried on a voice vote.

Senator Masterson moved to delete Item No. 4 from the Subcommittee report on EMS. The motion was seconded by Senator Kultala. Motion carried on a voice vote.

Senator Masterson moved for the adoption of the Subcommittee report on EMS as amended. The motion was seconded by Senator Kultala. Motion carried on a voice vote.

Subcommittee Report on the Highway patrol, Adjutant General (including the Civil Air Patrol)

Senator Masterson, Chair of the Subcommittee, presented the Subcommittee reports on the Governor's budget recommendations for the Kansas Highway Patrol (KHP) for FY 2010 with notations and adjustments and the

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Adjutant General for FY 2010 with notations and adjustments (Attachment 3).

The Committee voiced concern that the agencies' budget reduction priority lists were not included with the Subcommittee report.

Senator Taddiken moved to request that a list of the agencies' budget reduction priorities be attached to the Subcommittee report on the Kansas Highway Patrol. The motion was seconded by Senator Masterson. Motion carried on a voice vote.

Senator Masterson moved for the adoption of the Subcommittee report on the Kansas Highway Patrol for FY 2010 as amended. The motion was seconded by Senator Kultala. Motion carried on a voice vote.

Senator Masterson moved to amend the Subcommittee report on the Adjutant General by adding the agency's list of budget reduction priorities. The motion was seconded by Senator Kultala. Motion carried on a voice vote.

Senator Masterson moved for the adoption of the Subcommittee report on the Adjutant General for FY 2010 as amended. The motion was seconded by Senator Lee. Motion carried on a voice vote.

Discussion and Action on SB 205 - Prohibiting the development finance authority from refunding any bonds for any state agency unless specifically approved by an act of the legislature.

Jill Wolters, Revisor of Statutes, provided an explanation of the bill.

Senator Vratil presented a proposed amendment to **SB 205** (Attachment 4).

Because of Committee concerns, it was requested that action on the amendment and the bill be delayed until the Committee meeting on March 9th, to allow adequate time for the Committee to review the language in the amendment.

Hearing on SB 21 - School districts; special capital outlay levy for insurance and utility services.

Jill Wolters, Revisor of Statutes, provided an explanation of **SB 21**, stating that the legislation would authorize school districts to create a special capital outlay fund and to levy up to two mills annually to pay the costs of insurance and utility services (Attachment 5).

Senator Vratil presented testimony in support of **SB 21** and noted that the legislation would allow school districts to place the revenue generated by the tax proposed in a special capital outlay fund which would be used to pay the costs of the school district's utility services and insurance (Attachment 6).

The Committee expressed concern that the legislation would produce an inequity between the larger and smaller school districts because of the equalization process.

Diane Gjerstad, Wichita Public Schools, presented testimony in support of the concept of **SB 21** (Attachment 7). Ms. Gjerstad noted that although the School District supports an alternative funding measure for fixed costs of insurance and utilities, the legislation sets up a temporary two-year mechanism for a new mill levy that would be both protestable and unequalized.

Robert Vancrum, Government Affairs Specialist, Blue Valley USD 229, presented testimony in support of **SB 21** (Attachment 8). Mr. Vancrum stated that he supports the legislation; however, has a concern with the legislation in that it will only be in effect for two years.

Dave Holtwick, Overland Park Chamber of Commerce, provided testimony in support of **SB 21** (Attachment 9). Mr. Holtwick noted that the Chamber supports additional flexibility for school districts to assist them in challenging times.

Bill Reardon, representing Kansas City KS Public Schools, appeared before the Committee in opposition to **SB 21** (Attachment 10). Mr. Reardon noted that the legislation creates a separate 2 mill Capital Outlay Fund

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mill levy that is not equalized, providing advantage to high wealth school districts.

Mark Tallman, Kansas Association of School Boards (KASB), presented testimony in opposition to **SB 21** (Attachment 11). Mr. Tallman stated that the legislation would be subject to a protest petition and shift more expense to the local tax payer.

The hearing on SB 21 was closed.

The next meeting is scheduled for March 6, 2009.

The meeting was adjourned at 12:10 p.m.