

Approved:

April 30, 2012

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(Date)

### **MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE**

The meeting was called to order by Chairperson Marc Rhoades at 9:08 AM on Wednesday, April 25, 2012 in 346-S of the Capitol.

All members were present except:

Kasha Kelley - excused

Committee staff present:

J.G. Scott, Chief Fiscal Analyst, Legislative Research Department

Dylan Dear, Senior Fiscal Analyst, Legislative Research Department

Michael Wales, Fiscal Analyst, Legislative Research Department

Jill Wolters, Senior Assistant Revisor, Office of Revisor of Statutes

Nobuko Folmsbee, Senior Assistant Revisor, Office of Revisor of Statutes

Cindy O'Neal, Administrative Assistant

Kathy Holscher, Committee Assistant

Others in attendance:

See attached list.

Chairman Rhoades called the meeting to order and opened discussion on **HB 2790** –**Allowing DOC to sell real estate by the Hutchinson correctional facility in Reno County to Reno County for law enforcement purposes.**

*Representative Crum made a motion to remove the contents of **House Sub for SB 39** by Committee on Judiciary; creating the classification of "aggravated sex offender" and establishing residency restrictions, and add the provisions of **HB 2790- Allowing DOC to sell real estate by the Hutchinson correctional facility in Reno County to Reno County for law enforcement purposes. The motion was seconded by Representative Mast. The motion carried.***

Chairman Rhoades opened discussion on **Substitute for House Sub for SB 39** - **Allowing DOC to sell real estate by the Hutchinson correctional facility in Reno County to Reno County for law enforcement purposes.**

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Representative Mast made a motion for favorable passage of **Substitute for House Sub for SB 39**. The motion was seconded by Representative Crum.

Discussion followed by committee members. Jill Wolters, Office of the Revisor of Statutes, noted technical changes that include by to be and purchasing to selling.

Representative Mast renewed the motion to include the technical amendments, as noted above.

Representative DeGraaf made a substitute motion to include the language contained in the **Kansas Public Retirees System regarding the sale of property (Attachment 1)**. The motion was seconded by Representative Brown.

Discussion followed by committee members. It was noted that this language was contained in **HB 2194 - Senate Substitute for HB 2194 by Committee on KPERS Select -- Increased employee and employer contribution rates and benefit formula multiplier**.

Representative DeGraaf renewed the substitute motion. The motion carried.

Chairman Rhoades opened discussion on **SB 427 – Kansas housing loan deposit program; expanding the program to include the building or rehabilitation of adult care homes**.

Scott Gates, General Council, State Treasurer's Office, provided an overview of the Kansas Housing Loan Deposit Program (no written material was provided), and he responded to questions from committee members. He stated that this bill would expand the program to include Adult Home Health Care Facilities. This allows for the duration of the loan to extend to 20 years and re-rates every six months. The interest rate is 2 percent less than the current market rate with a guaranteed minimum the Treasurer's Office would get back from the bank of 0.5 percent. The note adjusts every six months to match the maturity of the certificate of deposit. The state receives interest payments monthly and principal payments on an annual basis, and the bank determines rating and lending decisions, he added. Originally, the program was designed for individual or single family homes based on income to determine the value of the home, and in 2010 the program changes included four unit homes, federal benchmarks and averaged home prices. The program allows for \$2 million per building project, and the fund has a limit of \$60

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million for adult care facilities, he noted. An overview of the Agriculture Revolving Loan Program was provided. By statute any certificates of deposits placed with a bank would be secured with United States treasury bonds. Bank requirements are no more than 2 percent higher than the state's rate, he added.

Chairman Rhoades closed discussion on the bill.

Phyllis Gilmore, Secretary, Social and Rehabilitation Services, presented audit information on the Centers for Independent Living (Attachment 2), and responded to questions from committee members. She stated that upon review of the submitted documentation in some instances the recordkeeping was unprecise and did not follow normal procedures. Upon completion of the audit, more information and recommendations will be provided to Secretary Sullivan. As requested, a copy of comments made during the presentation will be provided to committee members.

Michael Donnelly, Director, Kansas Rehabilitation Services, provided an overview of the Centers for Independent Living Chronology of Audit and Audit Approach (Attachment 3), and responded to questions from committee members. He stated that beginning in 2010, each center was required to have an annual audit that is conducted by an independent auditor. Action plans are to be developed for any corrective actions that are identified through the audit procedure. The administrative pay and performance expectation is determined by the board, he added.

Jill Wolters, Office of the Revisor of Statutes, reviewed the 12RS conflicts bill. This bill introduction is requested by the Office of the Revisor of Statutes on a yearly basis, and would clear conflict in the event that two statutes were passed in two different bills and signed by the governor after the Legislative session ended that made conflicting changes in Kansas statutes.

Representative Mast made a motion to introduce the conflict reconciliation bill. The motion was seconded by Representative Kleeb. The motion carried.

Chairman Rhoades reviewed the agenda for tomorrow's committee meeting.  
The meeting adjourned at: 10:05 a.m.

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