

SESSION OF 2014

**CONFERENCE COMMITTEE REPORT BRIEF  
SENATE BILL NO. 263**

As Agreed to May 1, 2014

**Brief\***

SB 263 would establish the Military Honors Funeral Fund in the State Treasury; establish an alternative death gratuity payment arrangement with the Kansas Adjutant General; revise provisions of the State Use Law to give preference to disabled veterans; make technical adjustments to 2014 Sub. for HB 2681 as signed by the Governor, which abolished the Kansas Commission on Veterans Affairs, replacing it with the Kansas Commission on Veterans Affairs Office; and make technical changes to 2014 Senate Sub. for HB 2506.

***Military Honors Fund***

Under the provisions of the bill, the Military Honors Fund is to be administered by the Adjutant General. Any gifts, grants, donations, and bequests for the purpose of providing military honors at funerals would be deposited in the new fund. Expenditures would be subject to appropriations by the Legislature. Interest would be credited to this fund.

***Death Gratuity Payment***

The bill would require the Adjutant General to pay a death gratuity of \$100,000 for any eligible Kansas military service member during the course of a federal government shutdown, beginning on or after January 1, 2015, if federal

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funds were not available. Funding for the alternative death gratuity payment would be loaned by the Pooled Money Investment Board (PMIB) to the Adjutant General. Further, the bill would require the Adjutant General to develop and implement procedures on or before January 1, 2015, to secure such federal reimbursements after the government reopens. The bill also would create the Adjutant General Death Gratuity Payment Facilitation Fund in the State Treasury for these transactions.

Under the provisions of the bill, the PMIB would be authorized and directed to use moneys in the operating accounts, investment accounts, or other investments of the State of Kansas to provide the funds for the death gratuity payments. Additionally, the loans would be interest free and not considered to be an indebtedness or debt of the State of Kansas.

#### ***State Use Law and Preference to Disabled Veterans***

The bill would revise provisions of the State Use Law as it pertains to bidding preferences for state contracts, certified businesses, and procurement negotiating committees by adding definitions for “disabled veteran” and “disabled veteran business.”

The bill would establish a new preference for awarding state job or service contracts to disabled veteran businesses in Kansas. The Secretary of Administration would have the goal to award at least 3.0 percent of all state contracts to disabled veteran businesses. By October 1, 2015, the Secretary of Administration would file with the Kansas Commission on Veterans Affairs Office a report of the number of contracts awarded to disabled veteran businesses during FY 2015 and the number of such businesses that responded to state bids. “Disabled veteran” would mean a person verified by the Kansas Commission on Veterans Affairs Office to have served in the armed forces of the United States and who is entitled to compensation for a service-connected

disability or loss, or permanent loss of use of one or both feet or one or both hands, or for permanent visual impairment. "Disabled veteran business" means a business certified annually by the Department of Administration that is a sole proprietorship, partnership, association or corporation domiciled in Kansas, or any corporation, even if a wholly owned subsidiary of a foreign corporation, and is verified by the Kansas Commission on Veterans Affairs Office.

### ***Kansas Commission on Veterans Affairs Office***

Included in the provisions of the bill are technical changes to 2014 Sub. for HB 2681, as signed by the Governor, which abolished the Kansas Commission on Veterans Affairs and created the Kansas Commission on Veterans Affairs Office.

### ***Education Funding***

Included in the provisions of the bill are technical changes that would allow school districts on military reservations in Kansas to receive school facilities weighting if the district commences operation of a new school facility in school year 2013-2014 or 2014-2015, the construction of such facility was financed primarily with federal funds, and the school is located on a military reservation. School facilities weighting may be assigned to enrollment of the district only in the school year in which operation of a new school facility is commenced and in the next succeeding year.

### **Conference Committee Action**

On April 3, 2014, the Conference Committee agreed to remove the provisions of the bill that dealt with the abolition of the Kansas Commission on Veterans Affairs and reorganization into the Kansas Commission on Veterans Affairs Office.

The Conference Committee agreed to add the provisions of HB 2656 that dealt with the death gratuity payment administered by the Kansas Adjutant General.

The Conference Committee agreed to add the provisions of HB 2675, which dealt with State Use Law and included preferences for awarding state job or service contracts to disabled veteran businesses in Kansas. The Conference Committee also made technical changes relating to the definition of “disabled veteran” and “disabled veteran business.”

The Conference Committee also made technical changes to 2014 Sub. for HB 2681, as signed by the Governor, which abolished the Kansas Commission on Veterans Affairs and created the Kansas Commission on Veterans Affairs Office. Sub. for HB 2681 was signed into law on April 17, 2014. The technical changes would include the clarification that the Veterans Claims Assistance Program Advisory Board shall advise the Director of the Kansas Commission on Veterans Affairs Office on “all veterans services, including” the Veterans Claims Assistance Program. Additionally, the bill would update references relating to the duties of the deputy director of veterans services.

The Conference Committee made technical changes to 2014 Senate Sub. for HB 2506 that would allow school districts on military reservations in Kansas to receive school facilities weighting.

## **Background**

**SB 263.** The Military Honors Funeral Fund was requested by the Adjutant General’s Department. The State Command Sergeant Major of the Kansas Army National Guard appeared in support of the legislation that would allow the receipt and expenditure of funds in support of the activities of the Kansas Army National Guard’s Military Funeral Honors program, which provides military honors at

veterans' funerals. The State Coordinator for Kansas Military Funeral Honors also spoke in favor of the bill. Due to recent federal budget cuts, fewer veterans' funeral services can be provided, and payments for those services help support the provision of military honors; the new funding source would help maintain the military funeral honors program by the Honor Guard unit, he said. Last fiscal year 1,131 veterans' funeral services were supported by the program.

A representative of the Kansas Funeral Directors Association also provided testimony in support of this bill that would allow collection of private donations to continue honoring deceased veterans in this manner.

The fiscal note provided by the Division of the Budget on the underlying bill was unable to estimate the revenues that would be generated by this bill. *The Governor's FY 2015 Budget Report* included a no-limit line item for the new fund, as reported during the Senate Committee hearing.

The House Committee on Veterans, Military and Homeland Security inserted the contents of Sub. for HB 2681 into SB 263 and made several amendments.

**HB 2656** was introduced by the House Committee on Veterans, Military and Homeland Security. A representative of the Kansas American Legion spoke in favor of the bill. Also testifying in favor of the bill was a private citizen. There was no neutral or opponent testimony.

According to the fiscal note provided by the Division of the Budget, the fiscal effect is difficult to determine as it is difficult to anticipate when a federal government shutdown would occur. The Kansas Adjutant General notes no Kansas military service members were killed during the most recent government shutdown. The PMIB indicates any money paid to the Kansas Adjutant General for the purpose of the death gratuity payment would be otherwise invested as part of the Pooled Money Investment Portfolio.

**HB 2675.** Proponents of the bill included Representative Crum and representatives of not-for-profit organizations and

certified businesses. The proponents state the legislation would clarify and broaden the applicability of the Bidder Preference Program. There was no neutral or opponent testimony.

The House Committee on Commerce, Labor, and Economic Development amended the bill by deleting the term “wholesaler,” which was proposed to be included in the “certified business” definition, and inserting the term “distributor” in its place.

The House Committee of the Whole amended the bill to:

- Include a bidding preference for disabled veteran businesses in Kansas, equal to 3 percent of all contracts awarded; and
- Require the results of the bidding preference during FY 2015 to be reported to the Veterans Affairs Commission by October 1, 2015.

No fiscal note was available at the time the House Committee of the Whole amended the bill.

**Senate Sub. for HB 2506** would make appropriations for both K-12 and higher education. The bill also would make a number of policy revisions, mostly for K-12 education.

### ***Phase-Out of the School Facilities Weighting***

The bill would limit use of the school facilities weighting to only those districts that have adopted a local option budget (LOB) of at least 25 percent of the amount of state financial aid for which and the contractual bond obligations incurred by the district were approved by voters on or before July 1, 2014.

military; adjutant general; honors funeral; veteran; death gratuity; Pooled Money Investment Fund

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