

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE

The meeting was called to order by Chair Sharon Schwartz at 9:00 A.M. on March 26, 2008, in Room 514-S of the Capitol.

All members were present except:

Representative Lee Tafanelli - excused

Committee staff present:

Alan Conroy, Legislative Research Department
J. G. Scott, Legislative Research Department
Cody Gorges, Legislative Research Department
Audrey Dunkel, Legislative Research Department
Amy Deckard, Legislative Research Department
Nobuko Folmsbee, Revisor of Statutes
Nikki Feuerborn, Chief of Staff
Gina Bowes, Acting Committee Assistant

Conferees appearing before the committee:

Corey Peterson, Executive Vice-President, Associated General Contractors of Kansas, Inc.

Mark Hutton, President, Hutton Construction Corporation

Dan Morgan, The Builders' Association and Kansas City Chapter, AGC

Bob Totten, Public Affairs Director, Kansas Contractors Association

Judy Moler, on behalf of Randall Allen, Executive Director, Kansas Association of Counties

Joe Waters, Director of Facilities, Johnson County Board of County Commissioners

Representative Dennis McKinney

Steve Weatherford, Kansas Housing Resources Corporation

Robert and Ann Dixson, Greensburg, Kansas

Gary and Erica Goodman, Greensburg, Kansas

Marvin George, Greensburg, Kansas

Gary Goodhart, City Council Member, Greensburg, Kansas

Mary Sweet, Greensburg, Kansas

Ashley Jones, Local Incentive Support Corporation

Representative Kenny Wilk

Diane Duffy, Kansas Board of Regents

Dan Mackley, Director of Investments, Pooled Management Investment Board (PMIB)

Kevin Robertson, Kansas Dental Association

Representative Tom Sloan

Tracy Streeter, Director, Kansas Water Office

Earl Lewis, Assistant Director, Kansas Water Office

- Attachment 1 Budget Committee Report on **HB 2685**
- Attachment 2 Testimony on **SB 485** by Corey Peterson
- Attachment 3 Proposed amendment on **SB 485**
- Attachment 4 Testimony on **SB 485** by Mark Hutton
- Attachment 5 Testimony on **SB 485** by Dan Morgan
- Attachment 6 Testimony on **SB 485** by Bob Totten
- Attachment 7 Testimony on **SB 485** by Judy Moler
- Attachment 8 Testimony on **SB 485** by Joe Waters
- Attachment 9 Testimony on **SB 417** by Representative McKinney
- Attachment 10 Testimony on **SB 417** by Steve Weatherford
- Attachment 11 Testimony on **SB 417** by Robert and Ann Dixson
- Attachment 12 Testimony on **SB 417** by Mary Sweet
- Attachment 13 Testimony on **SB 417** by Ashley Jones
- Attachment 14 Written Testimony on **SB 417** by Rod and Mitzi Hesser
- Attachment 15 Testimony on **HB 2987** by Diane Duffy
- Attachment 16 Testimony on **SB 597** by Kevin Robertson
- Attachment 17 Written Testimony on **SB 597** by Teresa R. Schwab

CONTINUATION SHEET

MINUTES OF THE House Appropriations Committee at 9:00 A.M. on March 26, 2008, in Room 514-S of the Capitol.

- Attachment 18 Testimony on **HB 2986** by Representative Sloan
- Attachment 19 Testimony on **HB 2986** by Tracy Streeter
- Attachment 20 Proposed amendments to **HB 2958**

Introduction of Legislation

Representative Joe McLeland made a motion to introduce legislation regarding KAN-Ed. The motion was seconded by Representative Watkins. Motion carried.

Representative Schwartz made a motion to introduce legislation regarding participation in Taiwan Rural Health Board. The motion was seconded by Representative Bethell. Motion carried.

Budget Report on **HB 2685**

Discussion and on HB 2685 - Geriatric medicine, approved postgraduate training program for KU Medical School and doctor of osteopathy loan programs.

Representative Bethell, Chair of the Social Services Budget Committee, presented the Budget Committee Report on **HB 2685** and moved for the adoption of the Budget Committee recommendation on **HB 2685** (Attachment 1). The motion was seconded by Representative Kelsey. Motion carried.

Representative Bethell made a motion to recommend **HB 2685** favorable for passage. The motion was seconded by Representative Kelsey. Motion carried.

Hearing on Substitute for SB 485

Julian Efird, Legislative Research Department, explained that **Sub for SB 485** would establish the Alternative Project Delivery Building Construction Procurement Act. The bill would permit counties to use an alternative project delivery program that allows either a construction management at-risk or a building design-build procurement process to be used for certain projects. The bill would also allow counties to award contracts for design and construction based on a best value approach to be used in the selection process. The bill would authorize counties to determine if the alternative procurement process is appropriate and to approve contracts for such projects.

Dr. Efird noted that the bill did pass in the Senate and was supported by a number of conferees.

Representative Watkins appeared before the Committee in support of **Sub for SB 485**. Representative Watkins stated that the bill allows for competition in the bidding process.

Corey Peterson, Executive Vice-President of the Associated General Contractors (AGC), presented testimony in support of **Sub for SB 485** (Attachment 2). Mr. Peterson presented a proposed amendment to **Sub for SB 485** to include schools (Attachment 3). Mr. Peterson provided background information on the reason for the legislation, noting that the bill establishes transparent and objective criteria for counties to use during the selection of a construction manager or design building. The guidelines will prevent political influence and favoritism toward one or more companies.

Mark Hutton, President, Hutton Construction Corporation, presented testimony in support of **Substitute for SB 485** and the amendment to add schools to the bill as offered by Corey Peterson (Attachment 4). Mr. Hutton noted that there are times when an alternative delivery is appropriate for a project and this legislation allows for the process.

Dan Morgan, The Builders' Association and Kansas City Chapter, AGC, presented testimony in support of **Substitute for SB 485** (Attachment 5).

CONTINUATION SHEET

MINUTES OF THE House Appropriations Committee at 9:00 A.M. on March 26, 2008, in Room 514-S of the Capitol.

Bob Totten, Public Affairs Director, Kansas Contractors Association, presented testimony in support of **Substitute for SB 485** (Attachment 6).

Judy Moler, on behalf of Randall Allen, Executive Director, Kansas Association of counties, presented testimony in support of **Substitute for SB 485** (Attachment 7).

Joe Waters, Director of Facilities, Johnson County Board of County Commissioners, presented testimony in support of **Substitute for SB 485** (Attachment 8).

The hearing on Substitute for SB 485 was closed.

Hearing on **SB 417**

Hearing on SB 417 - Establishing a housing development grant program; waiving certain requirements for rural housing incentive district creation.

Julian Efir, Legislative Research Department, explained that **SB 417**, as amended, would provide \$4.0 million annually for housing grants, initially targeting communities that suffered recent disasters, and later expanding eligibility in 2010 to include all rural cities. The bill would allow cities located in a disaster area to designate an area as a rural housing incentive district, without conducting a public hearing or receiving approval from the Secretary of Commerce, as is required by current law. In order for the city to be eligible to receive a grant, it would have to provide matching funds of at least 10.0 percent for construction or rehabilitation of infrastructure projects as defined in the bill, and at least 50.0 percent for any other type of projects. The funding in the bill would expire on June 30, 2015.

Representative Dennis McKinney appeared before the Committee in support of **SB 417** (Attachment 9). Representative McKinney stated that **SB 417** addresses a need brought forth by every community who has a disaster. The bill provides for a grant program allowing communities to address their particular needs. Responding to a question from the Committee, Representative McKinney noted that a number of the older homes in a disaster area are not insured.

Steve Weatherford, Kansas Housing Resources Corp. presented testimony in support of **SB 417** (Attachment 10). Mr. Weatherford noted that this piece of legislation would allow houses to be rebuilt on lots in Greensburg where the infrastructure already exists.

Testimony in support of **SB 417** was also received from:

- Robert and Ann Dixson, Greensburg, Kansas (Attachment 11).
- Gary and Erica Goodman, Greensburg, Kansas
- Marvin George, Greensburg, Kansas
- Gary Goodhart, City Council Member, Greensburg, Kansas
- Mary Sweet, Greensburg (Attachment 12).
- Ashley Jones, Local Incentive Support Corp (Attachment 13).
- Written testimony only was provided by Rod and Mitzi Hesser, Greensburg, Kansas (Attachment 14).

There were no other proponents or opponents on **SB 417**.

The hearing on SB 417 was closed.

Hearing on **HB 2987**

Hearing on HB 2987 - Deferred maintenance support, pilot investment program for investment of idle funds of a state educational institution.

Audrey Dunkel, Legislative Research Department, explained that **HB 2987** authorizes a pilot

CONTINUATION SHEET

MINUTES OF THE House Appropriations Committee at 9:00 A.M. on March 26, 2008, in Room 514-S of the Capitol.

program for idle funds at one of the universities. One institution would be selected by the Board of Regents to invest their idle funds, not to exceed \$40 million and be available for 12 months. The Board of Regents has the authority to implement the program.

Representative Wilk presented testimony in support of **HB 2987**. Representative Wilk noted that the Board of Regents has had considerable input into the legislation. The bill allows the Board of Regents to have oversight.

Responding to questions from the Committee, Representative Wilk stated that the total funds in the PMIB is approximately \$300 - \$360 million. The pilot programs would run until 2013 with the possibility of expansion by the Legislature.

Diane Duffy presented testimony on behalf of Dr. Reginald Robinson, President and CEO, Kansas Board of Regents, in support of **HB 2987** (Attachment 15). Ms. Duffy stated that the bill cannot be implemented until the Board of Regents approve a specific plan between the pilot university and the alternative investment agent.

Responding to questions from the Committee, Ms. Duffy indicated that the Board of Regents' plan could be in place by mid-year. The pilot university would need to have a reserve in place and provide details as to how it would be structured. Ms. Duffy noted that no specific university has been chosen at this time for the pilot project; however, Kansas State University has shown the most interest at this time.

Dan Mackley, Director of Investment, Pooled Management Investment Board (PMIB), responded to a question from the Committee stating that an administration fee of 10 basic points is charged on all funds invested by PMIB. Mr. Mackley noted that PMIB wishes to remain neutral on **HB 2987**. Ms. Mackley stated that safety of funds is their primary objective in investing funds.

There were no other proponents or opponents to appear before the Committee.

The hearing on HB 2987 was closed.

Hearing on **SB 597**

Audrey Dunkel, Legislative Research Department, explained that **SB 597** would establish a Kansas Dentistry Bridging Loan program at the Kansas Dental Board. The program would provide incentives for dental students to locate their practices in rural areas upon completing their degrees. Rural areas are designated in the legislation. The program would offer loans to students who have completed the first year of a dental surgery program or a dental medicine program from a school approved by the Kansas Dental Board.

Kevin Robertson, Kansas Dental Association, presented testimony in support of **SB 597** (Attachment 16). Mr. Robertson noted that the Senate amended the bill to include five additional rural counties.

Responding to questions from the Committee, Mr. Robertson stated that the student has to commit to servicing in a rural area of Kansas for 3 years. Mr. Robertson indicated that the loan is for a period of 3 years with no interest paid if the student fulfills the 3-year commitment.

Written testimony was received from Teresa R. Schwab, LMSW, Oral Health Kansas, in support of **SB 597** (Attachment 17).

There were no other proponents or opponents to appear before the Committee.

The Hearing on SB 597 was closed.

CONTINUATION SHEET

MINUTES OF THE House Appropriations Committee at 9:00 A.M. on March 26, 2008, in Room 514-S of the Capitol.

Hearing on HB 2986

Hearing on HB 2986 - Sustaining reservoirs and aquifers in Kansas; creating the Kansas drinking water protection fund.

Heather O'Hara, Legislative Research Department, explained that HB 2986 would create a new fund called the Kansas Drinking Water Protection Initiative Fund and funded by a new fee levied against industrial use pursuant to a permit and water sold at retail by a public water supply system. Revenues received in the fund would be transferred to the State Water Plan fund for line-item appropriations for projects as specified in the bill.

Representative Tom Sloan presented testimony in support of HB 2986 (Attachment 18). Representative Sloan stated that water is released from Corp of Engineers' reservoirs in Kansas to float barges on the Missouri River. Representative Sloan felt that Kansas should control the waters within the state and implement programs to address the issue, particularly at Milford and Perry Reservoir.

Responding to questions from the Committee, Representative Sloan noted that there has been no discussion with cities or customers who use the water from the reservoirs. With reference to why Tuttle Creek Reservoir was not included, Representative Sloan noted that he understood that Milford and Perry Reservoirs were the only two reservoirs releasing water under the Corp of Engineer's agreement.

Tracy Streeter, Director, Kansas Water Office, presented testimony in support of HB 2986 (Attachment 19). Mr. Streeter noted that there are several technical corrections necessary to the bill if it is advanced by the Committee.

Responding to questions from the Committee, Mr. Streeter noted that all three reservoirs on the Kansas River, Milford, Perry and Tuttle Creek, are in the navigation plan, however, surplus water in the storage area or flood pool, is being used by the Corp of Engineers to comply with the navigation plan requirements. Mr. Streeter indicated that is the intent of the Kansas Water Office to use water from Milford and Perry for navigation purposes and water from Tuttle Creek will no longer be needed to fulfill the requirements. Mr. Streeter stated that once the State calls the water into service, then Kansas would assume a greater percentage of the operation and maintenance responsibilities with greater cost to the State. The estimate of the total cost would be \$304,000 at Perry and \$194,000 at Milford, annually.

Earl Lewis, Assistant Director, Kansas Water Office, responded that neither Milford or Perry have water quality pools, noting that 100 percent of the conservation pool at Milford and Perry is dedicated to water supply purposes.

The hearing on HB 2986 was closed.

Recess

The meeting was recessed at 11:00 a.m. and reconvened at 2:00 p.m.

Discussion and Action on HB 2891

Discussion and Action on HB 2891- Limitation on outstanding principal of state general fund bonded debt.

Julian Efird, Legislative Research Department, provided an overview of HB 2891.

Representative Yoder made a motion to recommend HB 2891 favorable for passage. The motion was seconded by Representative Holmes. Motion carried.

CONTINUATION SHEET

MINUTES OF THE House Appropriations Committee at 9:00 A.M. on March 26, 2008, in Room 514-S of the Capitol.

Discussion and Action on HB 2983

Discussion and Action on HB 2983 - Physician work force and accreditation task force established, reports to legislature.

Audrey Dunkel, Legislative Research Department, provided an overview of HB 2983.

Representative George made a motion to recommend HB 2983 favorable for passage. The motion was seconded by Representative Wolf.

Representative George made a substitute motion to amend HB 2983 by adding language to Section 1, line 17 (1), with reference to the two members, to designate one member to be from the Kansas City campus and one member to be from the Wichita campus. The motion was seconded by Representative Bethell. Motion carried.

Representative George renewed the motion to recommend HB 2983 favorable for passage as amended. The motion was seconded by Representative Wolf. Motion carried.

Discussion and Action on HB 2958

Discussion and Action on HB 2958 - State budget, state general fund ending balance requirements, adjustments to approved budget, economic impact statements for proposed legislation.

Jim Wilson, Revisor of Statutes, provided an overview of HB 2958.

Representative Watkins made a motion to recommend HB 2958 favorable for passage. The motion was seconded by Representative Wolf.

The Committee expressed some concern that legislators have not had time to evaluate the merits of the legislation. Jim Wilson explained amendments as proposed by Representative Colyer (Attachment 20).

Representative Watkins made a substitute motion to amend HB 2958 by incorporating the proposed amendments. The motion was seconded by Representative Wolf. The motion failed.

Representative Watkins made a motion to "table" action on HB 2958. The motion was seconded by Representative George. Motion carried.

Adjournment

The meeting was adjourned at 2:30 p.m. The next meeting of the Committee will be held on March 27, 2008, "on first adjournment of the House".

Sharon Schwartz, Chair