

MINUTES OF THE HOUSE SELECT COMMITTEE ON
REVENUE AMORTIZATION POLICY

The meeting was called to order by Chairperson Ray Cox at 10:00 a.m. on April 1, 2003 in Room 527-S of the Capitol.

All members were present except:

Committee staff present: Julian Efird, Legislative Research
Paul West, Legislative Research
Jim Wilson III, Revisor of Statues
Maggie Breen, Committee Secretary

Conferees appearing before the committee: Howard Fricke, Department of Administration
Steve Weatherford, Kansas Development Finance Authority

Others attending: See Attached List

Chairman Cox asked Julian Efird to give the committee an overview of the bill. Julian presented the committee with a copies of: the bill with a bill brief(Attachment 1), the Governor's Budget Amendment No. 2: Item 5 - Unallocated Tobacco Revenue Accelerator (Attachment 2), and Bonded and Other Governmental Issued Indebtedness in Kansas (Attachments3).

Chairman Cox opened the hearing on **HB 2466 - State finance, bonds for department of administration for department of transportation capital improvement projects, transfers to state general fund.**

Howard Fricke, Kansas Secretary of Administration, spoke in favor of the bill. Under this proposal, \$175 million of bonds would be sold and that amount returned to the State General Fund in fiscal year 2003. The bonds would be repaid with the unallocated portion of income from the state's tobacco settlement receipts. The proposal accelerates the unallocated revenue from the tobacco settlement revenue in fiscal years 2005 thru 2018 for use in FY2003. The statutory transfer amounts to the Children's Initiative Fund are not affected. In order for the bonds to be tax-exempt, they must be spent on capital improvement projects. To accomplish this, the Kansas Development Finance Authority would issue the bonds on behalf of the Department of Administration. The proceeds would be used to pay for capital improvement projects (highways) in the Kansas Department of Transportation. An amount equal to the proceeds would then be transferred from the State Highway Fund to the State General Fund. By accelerating the unallocated tobacco funds, we are simply receiving the present value of a future stream of revenue. (Attachment 4)

Steve Weatherford, President, Kansas Development Finance Authority,(K DFA) also spoke in favor of the Governor's proposal. He covered a handout which illustrated the sources and uses of the funds and showed what effect an interest rate change would have. He also covered a cash flow statement. (Attachment 5) He then covered a State General Fund planning report which puts the proposal set forth in **HB 2466** into the budget and shows how it plays through fiscal years 2003 and 2004. (Attachment 6)

Chairman Cox closed the hearing on **HB 2466** and asked what the committee's pleasure was.

Unless specifically noted, the individual remarks recorded herein have not been transcribed verbatim. Individual remarks as reported herein have not been submitted to the individuals appearing before the committee for editing or corrections.

CONTINUATION SHEET

MINUTES OF THE HOUSE FINANCIAL INSTITUTIONS COMMITTEE at 3:30 p.m. on April 1, 2003 in Room 527-S of the Capitol.

Rep. Doug Mays made a motion to pass out **HB 2466** without recommendation. Rep. Kenny Wilk seconded the motion.

Rep. Joe Shriver made a substitute motion to pass out **HB 2466** favorably. Rep. Minor seconded the motion. The motion failed.

A vote was taken on the original motion to pass out the bill without recommendation. The motion passed.

The meeting adjourned at 11:38 a.m.

There is no plan for the committee to meet again. Minutes were approved by consensus on April 4, 2003.

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