

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS.

The meeting was called to order by Chairman Kenny Wilk at 9:05 a.m. on March 12, 2001, in Room 514-S of the Capitol.

All members were present except: Representative Clark Shultz

Committee staff present: Alan Conroy, Legislative Research
Rae Anne Davis, Legislative Research
Amy Kramer, Legislative Research
Julian Efrid, Legislative Research
Leah Robinson, Legislative Research
Audrey Nogle, Legislative Research
Jim Wilson, Revisor of Statutes
Mike Corrigan, Revisor of Statutes
Nikki Feuerborn, Committee Secretary

Conferees appearing before the committee:

Others attending: See Attached

Natalie Haag, General Counsel for the Governor, requested the introduction of legislation which would transfer from the Department of Health and Environment to the KCC a program that regulates natural gas storage fields.

Representative Stone moved for the introduction of legislation which would clarify the responsibility for regulating the natural gas storage fields in Kansas. Motion was seconded by Representative Neufeld. Motion carried.

Hearing on HB 2550—Director of division of purchases, duties

Leah Robinson, Legislative Research Department, explained the bill which would extend the filing date to December 1 for the Director of Accounts and Reports to submit a report showing the financial condition of all state funds as of the preceding fiscal year. The bill would also require key state agencies who carry large accounts receivables to provide information earlier than it is normally available in order to produce the statewide report in accordance with generally accepted accounting principles.

Dale Brunton, Director of Accounts and Reports, presented testimony explaining the bill and the necessity of bringing Kansas into compliance with Generally Accepted Accounting Principles (Attachment 1). The bill will eliminate subsection (4) which relates to providing requested financial information which according to Mr. Brunton is governed by the Open Records Act.

There were no opponents and Chairman Wilk declared the hearing closed.

Hearing on HB 2551—State officers and employees; reimbursement rates for mileage and travel subsistence

Leah Robinson, Legislative Research Department, explained the bill which modifies the way in which state reimbursement rates for use of privately owned vehicles and for subsistence are established and revised.

Dale Brunton, Director of Accounts and Reports, presented testimony explaining the bill which would improve efficiencies in administering reimbursement rates for official travel by state officers and employees and provide a travel expense allowance in limited circumstances to avoid employees having to pay certain expenses out-of-pocket (Attachment 2).

There were no opponents and Chairman Wilk declared the hearing closed.

Hearing on HB 2552—State institutions; canteen and key deposit funds

Amory Lovin, Legislative Research Department, explained that the bill would provide for canteens, canteen funds, work therapy funds and key deposit funds to be administered by policies without the need to adopt rules and

regulations and to expand the state institutions covered by these statutes.

Dale Brunton, Director of Accounts and Reports, presented testimony in support of the bill (Attachment 3). There were no opponents and Chairman Wilk declared the hearing closed.

Representative Peterson, Chairman of the Tax, Judicial, and Transportation Budget Committee, presented the Budget Committee report on the Governor's budget recommendations for the Department of Revenue FY 2001 and moved for the adoption of the Budget Committee recommendations for FY 2001 with the noted adjustments (Attachment 4). Motion was seconded by Representative Hermes. Motion carried.

The Committee discussed Item 1 of the report regarding the one-time expense for information technology equipment and the necessity of supplying updated software for the processing of checks and deposits during income tax season. The option of having this expense funded through the Electronic Databases Fee Fund was explored. These fees come from open records fees.

Steve Richards, Secretary of Revenue, informed the Committee of their current detailed study regarding collections since the addition of 14 FTE's by the 2000 Legislature. Issues of the study are a) how to keep the collections up with the current staff (the state is short on auditors at this point); b) how to approach the backlog of collections; and c) how to increase the collections when they are normally collecting annually what is considered delinquent for the current year. Even though the collections have exceeded expectations, the Committee urged the Department of Revenue to continue working on lowering their Accounts Receivables. Accounts are considered delinquent after four months of attempting to collect.

Representative Peterson presented the Budget Committee report on the Governor's budget recommendations for the Department of Revenue for FY 2002 and moved for the adoption of the Budget Committee recommendations for FY 2002 with the noted adjustments (Attachment 4). Motion was seconded by Representative Hermes.

Representative Landwehr made a substitute motion to amend the report by requesting an explanation from the Department of Revenue regarding the accelerators and provisions of the current sales tax statutes including information on who must pay the accelerated tax, when it is due, and how is it enforced. The report would be due by Omnibus. Motion was seconded by Representative Light. Motion carried.

The Committee also requested the Department of Revenue furnish a short explanation of clarifying why some businesses are required to pay the sales tax in advance and others are not. The Committee also discussed an option of authorizing more FTE auditors (collectors) for the Department of Revenue in anticipation of more delinquent accounts being collected.

Representative Peterson moved for the adoption of the Budget Committee report on the Governor's budget recommendations for the Department of Revenue for FY 2002 with the noted adjustments and as amended. Motion was seconded by Representative Hermes. Motion carried.

Representative Peterson presented the Budget Committee report on the Governor's budget recommendations for the Board of Tax Appeals for FY 2001 and moved for the adoption of the Budget Committee recommendations for FY 2001 (Attachment 4). Motion was seconded by Representative Hermes. Motion carried.

Representative Peterson presented the Budget Committee report on the Governor's budget recommendations for the Board of Tax Appeals for FY 2002 and moved for the adoption of the Budget Committee recommendations for FY 2002 with notations (Attachment 4). Motion was seconded by Representative Spangler. Motion carried.

Representative Peterson presented the Budget Committee report on the Governor's budget recommendations for the Homestead Property Tax Refunds for FY 2001 and moved for the adoption of the Budget Committee recommendations for FY 2001 with adjustments (Attachment 4). Motion was seconded by Representative Spangler. Motion carried

Representative Peterson presented the Budget Committee report on the Governor's budget recommendations for the Homestead Property Tax Refunds for FY 2002 and moved for the adoption of the Budget Committee recommendations for FY 2002 (Attachment 4). Motion was seconded by Representative Spangler. Motion carried

Representative Pottorff presented the Budget Committee report on the Governor's budget recommendations for the Kansas Lottery for FY 2001 and moved for the adoption of the Budget Committee recommendations for FY 2001

with the noted recommendations (Attachment 5). Motion was seconded by Representative Stone. Motion carried.

Representative Pottorff presented the Budget Committee report on the Governor's budget recommendations for the Kansas Lottery for FY 2002 and moved for the adoption of the Budget Committee recommendations for FY 2002 with the noted recommendations (Attachment 5). Motion was seconded by Representative Stone. Motion carried.

During Committee discussion regarding the estimated "soft sales" anticipated for FY 2002, marketing ideas for increasing the number of places available for lottery sales such as restaurants and not collecting the proposed sales tax to lottery tickets were mentioned. Many business retailers do not find the lottery business to be profitable as they only make five percent of sales and this is decreased even more if the sale is via credit card.

Representative Shriver presented the Budget Committee report on the Governor's budget recommendations for the Kansas Racing and Gaming Commission for FY 2001 and moved for the adoption of the Budget Committee recommendations for FY 2001 with the noted recommendation (Attachment 5). Motion was seconded by Representative Pottorff. Motion carried.

Representative Shriver presented the Budget Committee report on the Governor's budget recommendations for the Kansas Racing and Gaming Commission for FY 2002 and moved for the adoption of the Budget Committee recommendations for FY 2001 (Attachment 5). Motion was seconded by Representative Pottorff. Motion carried.

Representative Pottorff presented the Budget Committee report on the Governor's budget recommendations for the Department of Commerce and Housing for FY 2001 and moved for the adoption of the Budget Committee recommendations for FY 2001 with the noted recommendation (Attachment 6). Motion was seconded by Representative Stone. Motion carried.

Representative Pottorff presented the Budget Committee report on the Governor's budget recommendations for the Department of Commerce and Housing for FY 2002 and moved for the adoption of the Budget Committee recommendations for FY 2002 with the noted recommendations (Attachment 6). Motion was seconded by Representative Stone.

The Committee questioned the Budget Committee's recommendation on the decreased funding for Certified Development Companies which was cut by \$75,000 when the program has enjoyed success in the small business arena. The Budget Committee explained that the CDC information was sent only to the Budget Committee chairperson and not to the rest of the Committee, thus the members did not have all the information they needed to make budgetary decisions.

Representative Spangler moved to amend the report by inserting Item 2 (funding for the Eisenhower Center) of the Senate Subcommittee Report on the Governor's budget recommendations for the Department of Commerce and Housing for FY 2002 (Attachment 6). Motion was seconded by Representative Hermes. Motion failed.

The Committee was reluctant to spread the needed funding for the Eisenhower Center over a three year period due to the negative impact this would have on the renovation project which is currently underway. They agreed to review this at Omnibus.

Committee members were provided an update on the Kansas World Trade Center in Wichita (Attachment 7).

The Committee was assured that there will be no cost to the state for the administration of Section 8 contracts which were administered by the United State Department of Housing and Urban Development (HUD). Fees generated will cover the cost of this administration. Also office space for the 13.0 FTE's who will be designated as state classified employees will be reimbursed to the state. This program will be conducted through a local housing authority in the designated community. There is also an incentive fee which will provide revenue to the State Housing Trust Fund. This will be revisited during Omnibus.

Representative Neufeld moved to amend the report by requesting language on the Department of Commerce and Housing's plan for implementing the HUD program at the state level and that a copy of said plan be delivered to the Budget Committee. Motion was seconded by Representative Pottorff. Motion carried.

Representative Neufeld moved to amend the report by declaring that the 13 FTE's to be employed for the implementation and administration of the HUD program be unclassified. Motion was seconded by Representative Bethell. Motion carried.

Representative Campbell moved to delete Items 2 and 3 from the Budget Committee report on the Governor's budget recommendations for the Department of Commerce and Housing for FY 2002 and recommend that they use the grant application process for funding. Motion was seconded by Representative Nichols.

The Chair announced that the consideration of the Budget Committee Report on the Governor's recommendations for the Department of Commerce and Housing for FY 2002 and the motion pending would be resumed at the next meeting of the Committee.

The meeting was adjourned at 11:00 a.m. The next meeting is scheduled for Tuesday, March 13, 2001.