

## MINUTES

### LEGISLATIVE COORDINATING COUNCIL

August 12, 2008

#### Members participating:

Speaker Melvin Neufeld, Chairperson  
President Steve Morris, Vice-Chairperson  
Representative Ray Merrick, Majority Leader  
Representative Don Dahl, Speaker Pro Tem  
Representative Dennis McKinney, Minority Leader

The meeting was called to order by Speaker Neufeld at 11:15 a.m. in Room 143-N, State Capitol.

#### CONSENT AGENDA

Representative Merrick moved that the minutes of the July 9, 2008, meeting be approved. President Morris seconded the motion and the motion carried.

#### REPORT OF SUBCOMMITTEE ON ADMINISTRATION

President Morris reported to the Council the recommendations of the Subcommittee on Administration. The subcommittee recommended that the Council:

1. Designate Audrey Dunkel, Kansas Legislative Research Department, to work with the Capitol Police to facilitate communication of security issues for the Legislature and all legislative agencies and to serve as legislative security liaison to serve as representative of the legislative branch on the Capitol Complex Security Advisory Group established for the purpose of 2008 House Bill No. 2905.
2. Approve the general instructions governing preparation of the Legislature's and legislative staff agencies' revised FY 2009 budgets, including a 2% reduction in their available budgets, and their FY 2010 budgets. Consistent with the Governor's direction to executive agencies, no step movement or base salary increase will be included in the budget request for employees. The budget request will include longevity bonus increases for eligible employees and fringe benefit rate adjustments. The requested budgets will be presented to the LCC for its approval or modification at the October LCC meeting.

3. Establish special committees as follows:

**Special Committee on Assessment and Taxation**

**Membership:** Thirteen members (eight House members, five majority party members and three minority party members, and five Senate members, four majority party members and one minority party member)

**Chairperson:** House member

**Meeting Days:** Five

**Topics:**

***Certain Tax Distributions (“Slider”) for Local Units of Government.*** Review the secondary distribution formula for slider payments by counties to other local units of government as a result of tax legislation enacted in 2006 related to business machinery and equipment tax relief. Study whether the proper distribution to local units of government is being made and if there should be additional state oversight to assure compliance with the proper distribution. Review the overall workings of the slider formula and address any equity issues that might be discovered.

***Sales Tax Refunds for Certain Telecommunications Machinery and Equipment.*** Study the expansion of refunds relative to state sales tax paid on the sale of certain telecommunications machinery and equipment. Review the equity issue of sales tax refunds on manufacturing machinery equipment and telecommunications machinery and equipment. Review the provisions of 2008 Senate Substitute for House Bill No. 2412 (enacted by the Legislature but vetoed by the Governor), which provided sales tax refunds for certain telecommunications machinery and equipment.

***Review of Existing Programs for Property Tax Relief for Seniors.*** Study the current property tax relief programs for senior citizens. The 2008 Legislature enacted a new property tax relief program (Selective Assistance for Effective Senior Relief as part of 2008 Senate Substitute for House Bill No. 2434) to help provide additional property tax relief for senior citizens, a credit which may only be claimed in lieu of the traditional Homestead Property Tax Relief Program. Review the effectiveness and equity between the two property tax relief programs. Determine if the Department of Revenue should provide annual reports to the Legislature on participation, costs, and effectiveness of the programs.

***Taxation of Watercraft.*** Study the current property tax classification of watercraft. Currently watercraft is assessed as “all other” personal property at 30% of its fair market value. Review 2008 House Concurrent Resolution No. 5015, which proposed a constitutional amendment that would have authorized the Legislature to classify watercraft for taxation purposes on a different basis from other property.

***Coalbed Methane Tax Structure.*** Review the current tax structure on coalbed methane production. Study the current property tax structure on working interest and royalty interest in coalbed methane production. Review how the Department of Revenue determines the value of income derived from coalbed methane gas production.

**Local Units of Government Bonded Indebtedness.** Study the current process for state monitoring of local units of government bonded indebtedness. Review the current amount of bonded indebtedness by local units of government. Study the amount of property tax resources pledged to satisfy the bonded indebtedness.

**Gas Severance Tax.** Respond to concerns expressed by various legislators regarding equity issues associated with the severance tax on natural gas. Explore the advisability of changing the basis of the tax in a revenue-neutral fashion such that it would be levied based on the volume of gas extracted, rather than on taxable value.

**Mill Levy Issues for Certain Tax Jurisdictions.** Study the subject matter in 2008 Senate Resolution No. 1836, especially relative to whether the Tax Reform and Relief Act of 1999 and K.S.A. 79-5040 suspended certain procedural requirements relating to the property tax levy limits of local tax subdivisions. Recommend whether additional legislation is necessary to reinforce legislative intent from 1999 that certain election and other requirements were suspended along with the fund levy limits.

**Attracting Aerospace Engineers.** Study various options to attract and retain aerospace engineers within Kansas. Review recent Oklahoma legislation that provides a state tax credit of up to \$5,000 per year for up to five years for any new aerospace engineers hired by an Oklahoma aerospace company. It also allows aerospace companies a tax credit of 10% for compensation paid to a qualified graduate during the first five years of employment if a graduate of an in-state college and 5% if a graduate of an out-of-state college or university. Finally, the Oklahoma legislation provides Oklahoma aerospace companies an opportunity to receive a tax credit in the amount of 50% of the tuition reimbursed to a new engineer graduate for the first four years of employment. (Topic also referred to the Joint Committee on Economic Development.)

**Modifying the Net Operating Loss Deduction for Kansas Income Tax Purposes.** Study 2008 House Bill No. 2992, which would modify the net operating loss deduction for Kansas income tax purposes. The bill would allow a Kansas net operating loss to be carried back three years if a net operating loss is incurred from the sale of a real asset improved by funds borrowed on both the asset and the farmland, and previously, the farmland was sold as a gain to pay off the mortgage.

### **Special Committee on Judiciary**

**Membership:** Nine members (six House members, four majority party members and two minority party members, and three Senate members, two majority party members and one minority party member)

**Chairperson:** House member

**Meeting Days:** Two

#### **Topics:**

**Kansas Open Records Act.** Review Open Records Act exemptions under K.S.A. 45-229 and Senate Bill No. 702, enacted in 2008. The Senate bill provided an extension to 14 statutory exceptions to the Open Records Act until July 15, 2009, in order for legislative reviews of each provision to be completed. In recent years,

the Legislature undertook a comprehensive review of the Open Records Act in order to determine if any statutory exceptions to the law were unnecessary and could be discontinued. 2008 Senate Bill No. 702 extended the Open Records Act exceptions for another year in order for the Legislature to review these exceptions during the 2008 interim.

***Benefits for Law Enforcement Officers Killed or Injured in the Line of Duty.***

Review 2008 House Bill No. 2902 that would compensate the families of law enforcement officers when an officer is either killed in the line of duty or severely injured to the point that he or she is unable to work.

***Victims of Identity Theft.*** Study rights of people to get a credit freeze when they fear they have become the victim of identity theft. Review options to assist individuals that are or might be victims of identity theft.

***Review of the Foster Care System.*** Review the current foster care system. Study if foster parents are being adequately compensated for their services and expenses they pay for their foster care children. Review the current responsibilities of the Department of Social and Rehabilitation Services and the Department of Health and Environment for the foster care system. Study if the movement of foster care children between foster homes can be minimized. Review current law that requires that if a child is cared for by a non-parent for more than 30 days then home needs to be licensed as a foster care facility.

### **Special Committee on Insurance**

**Membership:** Nine members (six House members, four majority party members and two minority party members, and three Senate members, two majority party members and one minority party member)

**Chairperson:** House member

**Meeting Days:** Two

**Topics:**

***Small Employer Health Insurance.*** Review health insurance legislation proposed during the 2008 Legislature, with particular attention to Senate Bill Nos. 540 and 564. Senate Bill No. 540 would create the Kansas Small Business Health Policy Committee, amend coverage requirement for dependent children and create a reinsurance pool for very small groups. Senate Bill No. 540 would create the Small Employer Health Care Act and would make amendments to specify coverage requirements in the Kansas Uninsurable Health Insurance Act and the State Employee Health Benefits Program. The bill also would establish a "qualified health insurance premium" as part of federal taxable income (subtraction modification).

***Colon Cancer Screening.*** Study requiring that colon cancer screening be included in health insurance policies. Review the benefits of colon cancer screening and the American Cancer Society's guidelines for such screening.

***Medical Liability Reform Act.*** Study 2008 House Bill No. 2782 which would have enacted the Kansas Medical Liability Reform Act. The proposed legislation would have required the collection of Kansas specific information about medical malpractice litigation costs. Review the possibility if such additional reporting requirements were enacted how they could best be coordinated with other

reporting requirements. Review and analyze relevant model acts of the National Association of Insurance Commissioners that might relate to House Bill No. 2782.

**Special Committee on the Use of Eminent Domain in Condemnation of Water Rights**

**Membership:** Nine members (six House members, four majority party members and two minority party members, and three Senate members, two majority party members and one minority party member)

**Chairperson:** Senate member

**Meeting Days:** Two

**Topics:**

***Eminent Domain in Condemnation of Water Rights.*** Study the use of eminent domain as it relates to water rights and other issues concerning water rights.

***Local Government Annexation.*** Review recent legislative proposals related to local government annexation. Study 2008 House Bill No. 2747, which deals with unilateral annexation and requiring voter approval.

4. Approve two additional meeting days for the Joint Committee on Children’s Issues, for a total of four meeting days for the interim, and assign the following topic to the committee:

***Child Care Licensing.*** Study child care licensing in Kansas. Review whether the present system is providing the flexibility to meet the needs of working parents, while protecting the safety of children in Kansas. Review the estimated need of child care slots as compared to available child care slots. Also study: (1) increasing the number of before school and after school children allowed when more than one adult provider is present; (2) adjusting regulations which apply to siblings as they contribute to the total number of children allowed over five years of age when there is more than one adult provider present; (3) increasing the number of children allowed over five years of age when there is more than one provider and one of the providers is a certified teacher or a pediatric or registered nurse; (4) encouraging the expansion of the role of schools, cities, and counties in operating child care facilities for the community if no state funds are involved; (5) expanding the role of schools, cities, and counties in operating child care facilities if they meet Kansas Department of Health and Environment standards; and (6) offering tax or other business incentives to individuals or businesses which are interested in starting child care facilities or upgrading to certain high child care standards.

5. Authorize the following number meeting days for selected commissions and task forces:

Kansas Autism Task Force (not subcommittees)	4 days
Kansas Performance Measurement Commission	4 days
Kansas Technical College and Technical School Commission	4 days
Physician Workforce and Accreditation Task force	4 days
Special Education funding Task Force	4 days

6. Authorize the payment of travel expenses and costs incurred by Professor Timothy Carr as a result of his appearance before the Special Committee on Energy and Environmental Policy on August 20, 2008.
7. Approve the recommendation of Pat Saville, Secretary of the Senate, and Janet Jones, Chief Clerk of the House, that the charge for each volume of the 2008 Senate and House Journals be fixed at \$40 plus tax and handling per volume and 250 sets of the Journals be printed.
8. Approve the recommendation of Jeff Russell, Director of Legislative Administrative Services, that the price for the document mailing packet service (calendars, journals, bills and supplemental notes) and the free distribution levels for the 2009 legislative session remain the same they were as for the 2008 session.
9. Establish those holidays designated by the governor for executive branch personnel for calendar year 2009, including one discretionary day, as holidays for legislative personnel.
10. Approve travel to the September meeting of the Energy Council in Oklahoma City by the four legislators who are members of the Executive Committee of the Council (President Steve Morris, Senator Carolyn McGinn, Representative Carl Holmes and Representative Larry Powell) and for Senator Janis Lee, ranking minority member of the Senate Standing Committee on Utilities, and Representative Annie Kuether, ranking minority member of the House Standing Committee on Energy and Utilities.

In addition the Subcommittee:

- Received a report from Mr. Russell about various cost options for printing legislator newsletters by the State Printer (current source) and various private printers.
- Received information from Mr. Russell regarding a revision of a proposed service level agreement with the Division of Information Systems and Communications (DISC) and requested further review and revision of the agreement.
- Received and accepted a summary report from Alan Conroy, Director of Legislative Research, on a 2% budget reduction in the available FY 2009 budget of the Legislature and legislative staff agencies. In general, the Legislature and legislative staff agencies will work toward the 2% reduction goal through employee vacancy or turnover savings and adjusting other operating expenditure (travel, printing, equipment) amounts. However, the goal will be to have all professional positions filled during the 2009 legislative session.
- Questioned Mr. Russell regarding the effects of changes in legislative travel policies and asked him to submit a summary of the current out-of-state travel guidelines for legislators at the next meeting of the Subcommittee.

President Morris moved that the subcommittee report be adopted. Representative McKinney seconded the motion and the motion carried.


OTHER MATTERS

The next meeting of the Legislative Coordinating Council was scheduled for September 9, 2008.

On motion, the meeting was adjourned.

Prepared by  
Mary Ann Torrence,  
Revisor of Statutes,  
as Secretary

Approved by

  
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Speaker Melvin Neufeld, Chairperson