

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE

The meeting was called to order by Chairman Marc Rhoades at 9:06 a.m. on January 19, 2011, in Room 346-S of the Capitol.

All members were present

Committee staff present:

Jim Wilson, Office of the Revisor of Statutes
Nobuko Folmsbee, Office of the Revisor of Statutes
Alan Conroy, Kansas Legislative Research Department
J.G. Scott, Kansas Legislative Research Department
Jarod Waltner, Kansas Legislative Research Department
Shirley Morrow, Kansas Legislative Research Department
Cindy O'Neal, Administrative Assistant, Appropriations Committee
Kathy Holscher, Committee Assistant, Appropriations Committee

Others attending:

See attached list.

- Attachment 1 Department of Commerce Overview
- Attachment 2 Department of Revenue Overview

Chairman Rhoades welcomed committee members and reviewed the committee agenda.

Representative Brown made a motion to introduce legislation regarding school districts and an act of uniformed financial accounting. The motion was seconded by Representative DeGraaf. Motion carried.

Lana Oleen, Interim President, Mid-Western Higher Education Compact (MHEC), introduced Bob Downer, Chairman, MHEC, Pam Shutt, Director of Governmental Relations, MHEC, and Chris Howe, Director for Purchasing, State of Kansas. An overview of the organization followed by Interim President Oleen. (Contact Midwestern Higher Education Compact, 1300 South Second Street, Suite 130, Minneapolis, MN 55454 or by phone at (612) 626-8288 to obtain a copy of all of the material distributed to committee members.) She noted that there are 12 states in the Midwest that form the compact, all of which have the same legislation to form the compact. The core functions include cost savings and cost containment, student access and success, and policy research and analysis. A review of the cumulative cost savings chart followed. The compact addresses needs through program development offering the best pricing, support and contract terms. Programs include property insurance, computer hardware and software. A new program, e-Transcript, has been added through a federal grant, she added. A review of the workforce demands, current levels of education and financial variables identified for college qualified students who did not enroll in a four-year institution followed.

Interim President Oleen responded to questions from committee members in regards to bridging the gap between high schools and higher education in order to better communicate expectations, and student aid dollars as compared to increased tuition costs. Chris Howe, Director of Purchasing, explained the process involved in negotiating contracts with vendors. Chairman Downer discussed retention and completion within four year institutions and public universities remedial course requirements.

Pat George, Acting Secretary, Department of Commerce, presented a budget overview of the department, (Attachment 1). He stated that the majority of the department is funded by federal dollars for Workforce Development, and that other funding sources include Special Revenue Funds and Economic Development Initiatives Funds (EDIF). The department's goal is to develop and execute a plan that would grow all sectors of the economy, create an environment to encourage job growth through expansion of existing companies, and the creation of new businesses for our state.

Acting Secretary George responded to questions from committee members. He stated that the department is working closely with the Department of Revenue to develop a business plan to increase job opportunities, and the importance of securing our position within the aviation industry. The department will be working with the Travel and Tourism program of the Department of Wildlife and Parks to enhance recreational opportunities. Workforce Development encourages vocational training and two year educational programs to meet the changing needs of businesses today, he added. The information technology component of the department and the impact of technology based industries was discussed.

CONTINUATION SHEET

Minutes of the House Appropriations Committee at 9:06 a.m. on January 19, 2011, in Room 346-S of the Capitol.

Nick Jordan, Acting Secretary, Department of Revenue, presented an overview of the Kansas Department of Revenue, (Attachment 2). He stated that this administration has clearly identified the need for the administration and legislature to work collaboratively on a comprehensive tax policy which would benefit the citizens of Kansas as well as grow businesses and attract new businesses to our state. The Expensing process for business' tax returns, to help grow businesses, was discussed. Acting Secretary Jordan reviewed the Rural Opportunities Zones, which involves approximately 40 counties that have experienced a 20% or more decline in population, and incentives to attract new residents and businesses from out-of-state. He reviewed the regulatory enforcement areas within the department and noted an additional 30 staff positions will be eliminated due to budget shortfalls. He noted that the department has been run very effectively and efficiently.

Acting Secretary Jordan responded to questions from committee members. As requested, he will provide a list and map of the counties included in the Rural Opportunities Zones for committee members, which will include current census data. He stated that 80% of tax returns are filed electronically. Copies of tax forms are available at local libraries or additional information is available by contacting the department. Collection practices were reviewed. In FY 2010, \$156 million in back taxes were collected and \$11.6 million in FY 2010. The collection of back taxes will be an on-going effort, and delays in tax refunds should not be a problem this year, he added.

Representative Mast presented Chairman Rhoades with a monogram gavel on behalf of the committee.

Chairman Rhoades reviewed the committee agenda for tomorrow's meeting.

The meeting was adjourned at 10:42 am.

Marc Rhoades, Chairman