

MINUTES OF THE HOUSE COMMERCE AND LABOR COMMITTEE

The meeting was called to order by Chairman Don Dahl at 9:00 A.M. on January 17, 2006 in Room 241-N of the Capitol.

All members were present except:

John Grange- excused
Patricia Kilpatrick- excused

Committee staff present:

Jerry Ann Donaldson, Kansas Legislative Research Department
Norm Furse, Office of Revisor of Statutes
Renaë Jefferies, Office of Revisor of Statutes
June Evans, Committee Secretary

Conferees appearing before the committee:

Dr. W. Bartley Hildreth, Regents Distinguished Professor of Public Finance Center, Wichita State University, Wichita, KS

Others attending:

See attached list.

The Chairman stated the meetings would start promptly at 9:00 a.m. out of courtesy to the speakers and members of the committee. The rules were distributed and the Chairman stated they were the same as last year. If there are any questions regarding the rules, bring them to the attention of the Chairman for clarification.

The Chairman asked if there were any bill introductions.

The Kansas Chamber of Commerce requested introduction of two bills: (1) Concerning how administrative law judges are picked and paid and (2) Claim closed in workers compensation.

The bill introductions were accepted.

The Chairman stated that bill introductions would be accepted all week.

The Chairman introduced the guest speaker, Dr. W. Bartley Hildreth, Wichita State University.

Dr. W. Bartley Hildreth, Regents Distinguished Professor of Public Finance, Wichita State University, briefed the committee on the 2005 Debt Affordability Report. The purpose of debt affordability analysis was: (1) to provide Kansas policy makers with information to set capital financing policies so that every bond issuance proposal is considered against total State debt affordability, (2) to safeguard the credit quality of the State's debt instruments, and (3) to ensure the sustainability of the State's financial position.

The total debt outstanding as of June 30, 2005 is \$4.0 billion. The outstanding debt has continued to increase since 1992. The total debt outstanding will decrease if there is no new debt. The Kansas Department of Transportation has incurred 48% of the outstanding debt. Excluding transportation, the general government's share of debt is 37%. Comparing Standard and Poor's total tax-supported debt per capita calculation with estimates to 2010, it is estimated the debt will increase until 2006, then it is estimated the debt will slightly decrease. Tax supported debt as a percent of personal income from 1992 to 2004 has increased.

Comparing Standard and Poor's total tax-supported debt as a percent of personal income calculations peak in 2006 with estimates declining in 2010.

The following are recommendations:

Adopt a set of debt policies to guide state debt issuance and management.

Prepare and publish a multi-year capital improvements plan as a way to manage capital asset construction and

CONTINUATION SHEET

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acquisition with scarce resources.

Monitor the State's debt using all the listed debt affordability ratios.

Prepare an annual debt affordability study prior to the legislative session.

Require every debt issuance proposal to be evaluated against its impact on future debt affordability (Attachment 1).

After discussion the meeting adjourned at 10:05 a.m. and the next meeting will be January 18, 2006.