

## MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE

The meeting was called to order by Chair Sharon Schwartz at 9:00 A.M. on March 18, 2008, in Room 514-S of the Capitol.

All members were present except:

Representative Richard Kelsey - excused

Committee staff present:

Alan Conroy, Legislative Research Department  
J. G. Scott, Legislative Research Department  
Reed Holwegner, Legislative Research Department  
Cody Gorges, Legislative Research Department  
Julian Efir, Legislative Research Department  
Leah Robinson, Legislative Research Department  
Jim Wilson, Revisor of Statutes  
Nobuko Folmsbee, Revisor of Statutes  
Nikki Feuerborn, Chief of Staff  
Shirley Jepson, Committee Assistant

Conferees appearing before the committee:

Julienne Maska, Administrator, Governor's Grants Program  
Joan Wagon, Secretary, Department of Revenue  
Ed Klump, Kansas Association of Chiefs of Police  
Dr. Barry Poulson, Economist, University of Colorado  
Karl Peterjohn, Kansas Taxpayers Network  
Trent Sebits, Americans for Prosperity  
Tracy Taylor, President, K-TECH  
Marc Galbraith, Deputy State Librarian

Others attending:

See attached list.

- Attachment 1 Overview of Governor's Grants Program
- Attachment 2 Fiscal Note on **HB 2890**
- Attachment 3 Testimony on **HB 2890** by Secretary Wagon
- Attachment 4 Testimony on **HB 2890** by Ed Klump
- Attachment 5 Written testimony on **HB 2890** by Mark Schemm, Smith County Treasurer
- Attachment 6 Written testimony on **HB 2890** by Nancy Weeks, Haskell County Treasurer
- Attachment 7 Fiscal Note on **HB 2891**
- Attachment 8 Testimony on **HB 2891** by Representative Yoder
- Attachment 9 Testimony on **HB 2891** by Dr. Barry Poulson
- Attachment 10 Testimony on **HB 2891** by Representative Wilk
- Attachment 11 Testimony on **HB 2891** by Trent Sebits
- Attachment 12 Testimony on **HB 2891** by Karl Peterjohn
- Attachment 13 Fiscal Note on **HB 2884**
- Attachment 14 Testimony on **HB 2884** by Marc Galbraith
- Attachment 15 Written testimony on **HB 2884** from Jim Dahmen, General Manager, Columbus Telephone Company

### Introduction of Legislation

Representative Sawyer made a motion to introduce legislation concerning annexation and local government. The motion was seconded by Representative Masterson. Motion carried.

Representative Tafanelli made a motion to introduce legislation concerning a Board of Regents pilot program on investment of funds. The motion was seconded by Representative Wolf. Motion carried.

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Representative Schwartz made a motion to introduce legislation concerning stand-by power. The motion was seconded by Representative Carlin. Motion carried.

### **Subcommittee on Kansas Public Employees Retirement System (KPERs)**

Chairman Schwartz appointed the following members to a House Appropriations Subcommittee on KPERs: Representative Jo Ann Pottorff, Chair; Representative Kevin Yoder and Representative Harold Lane. The Chair noted that the purpose of the Subcommittee is to review and make recommendation on **HB 2077** and requested that the subcommittee report back to the full House Appropriations Committee on March 20<sup>th</sup>.

### **Governor's Grants Program**

Juliene Maska, Administrator, Governor's Grants Program, presented an overview of the Governor's Grants Program (Attachment 1). Ms. Maska stated that the Governor's Grant Program administers federal and state grants as well as staffing boards and councils focused on improving and supporting public safety, drug and violence prevention, crime intervention, treatment, information technology, the criminal justice system and crime victim services. Ms. Maska noted that every county within the state profits from the grants. Ms. Maska provided information on possible federal grant program cuts for FFY 2008 and 2009. Ms. Maska also noted that the President's FFY 2009 budget proposes the combining of some of the grants into one discretionary grant. Each state would compete for funding and less than half of all funds would be available.

Responding to questions from the Committee, Ms. Maska indicated that 10 staff members administer the programs - 7 full-time and 3 part-time staff members, with some outside assistance. Some of the grants are awarded by the Kansas Criminal Justice Coordinating Council, several are reviewed by outside grant review teams, and other grants are awarded using a formula process.

Ms. Maska stated that strategic planning is progressing to address possible federal funding cuts, looking for duplication of services and if there are programs that could be eliminated. Grantees are being made aware of the possible cuts and are being asked to look for local funding sources to sustain services. Ms. Maska noted that grants are usually not prolonged funding sources and are not guaranteed. Most entities receive the grant funding to start a program and look for other funding sources to sustain the program after the grant expires.

Committee requests for additional information included:

- Information on crimes against pregnant women within the State.
- Additional information on overhead costs and discretionary spending in each grant.

### **Hearing on HB 2890**

#### **Hearing on HB 2890 - Division of vehicles modernization surcharge.**

Jim Wilson, Revisor of Statutes, explained that the General Government Budget Committee had a hearing on **HB 2890**, amended the bill and recommended the bill for passage before it was re-referred to the House Appropriations Committee. Mr. Wilson noted that the bill would create the Division of Vehicles Modernization Fund and be funded by a \$5 surcharge on vehicle registration. The General Government Budget Committee amended the bill to reduce the surcharge from \$5 to \$4 per vehicle registration. The surcharge would be effective for a 4-year period, starting on January 1, 2009, and expiring on January 1, 2013. All moneys would be used by the Department of Revenue only for the purpose of funding the replacement of computer hardware and software associated with the Division's functions relating to vehicles.

The fiscal note on **HB 2890** was distributed to the Committee (Attachment 2).

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### Proponents:

Joan Wagon, Secretary, Department of Revenue, testified in support of **HB 2890** (Attachment 3). Secretary Wagon stated that the present system is antiquated. An integrated vehicle system is needed to support all licensing, titling, registration and inventory management for the Division of Vehicles. Cost the system is estimated at \$40 million to be spread over a period of 5 years, with funding to be derived from the surcharge on vehicle registration. Software is available "off-the-shelf" and would not need to be written specific to the State.

Responding to questions from the Committee, Secretary Wagon stated that it is anticipated that the surcharge would produce \$10 million each year for 4 years. The Secretary noted that a new software application would give law enforcement an important tool in public safety.

- The Committee requested information on the ranking of vehicle registration fees in Kansas against other states.
- The Committee requested a copy of the final feasibility report from the Joint Committee on Information Technology.

Ed Klump, Kansas Association of Chiefs of Police, testified in support of **HB 2890** (Attachment 4). Mr. Klump felt it is important to upgrade the vehicle management system as a tool to be used by all law enforcement.

Written testimony in support of **HB 2890** was received from:  
Mark Schemm, Smith County Treasurer (Attachment 5).  
Nancy Weeks, Haskell County Treasurer (Attachment 6).

### Opponents:

Karl Peterjohn, Kansas Taxpayers Network, spoke in opposition to **HB 2890**. Mr. Peterjohn indicated that Kansans are already paying too much in taxes and should not be asked to pay any more. Responding to a question from the Committee, Mr. Peterjohn felt that funding for the computer upgrade should be derived from highway moneys or other sources of funding rather than additional taxing of state citizens.

There were no other proponents or opponents to appear before the Committee.

**The hearing on HB 2890 was closed.**

## Hearing on **HB 2891**

**Hearing on HB 2891 - Limitation on outstanding principal of state general fund bonded debt.**

The fiscal note on **HB 2891** was distributed to the Committee (Attachment 7).

### Proponents:

Representative Yoder presented testimony in support of **HB 2891** (Attachment 8). Representative Yoder noted that the legislation would create a debt ceiling on bonds that can be authorized by the Kansas Legislature. He noted that although revenues continue to rise, there does not seem to be that much new funding available for state programs or many times is already obligated. Representative Yoder indicated that state debt continues to rise and will place a burden on future generations.

Dr. Barry Poulson, Economist, University of Kansas, presented testimony in support of **HB 2891** (Attachment 9). Dr. Poulson noted that there has been an unprecedented increase in the debt burden imposed by the state on Kansas citizens. Dr. Poulson indicated that while Kansas has been raising taxes, surrounding states have pursued more prudent tax policies.

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### **Meeting Recessed and Reconvened**

The meeting was recessed at 10:40 a.m., reconvened at 11:30 a.m. and continued the hearing on **HB 2891**.

- The Committee requested a listing of all items considered "off-budget" with regard to the State budget.

Representative Wilk presented testimony in support of **HB 2891** (Attachment 10). Representative Wilk stated that tax credits are never accounted for and constitute millions of dollars flowing out of the budget for tax credits. Representative Wilk noted that the per person debt is increasing at an alarming rate and felt that **HB 2891** is a step in the right direction to develop policy on restricting debt for the state.

Trent Sebits, Americans for Prosperity, presented testimony in support of **HB 2891** (Attachment 11). Mr. Sebits reported that Kansas has twice as much debt as the surrounding states and ranks 16<sup>th</sup> highest in the nation on the amount of debt. Mr. Sebits noted that state debt has accelerated since the early 1990's. Mr. Sebits stated that the Kansas Constitution forbids the state from going into debt for more than a million dollars without a vote of the citizens from a general obligation standpoint. The state has avoided this by incurring debt that is not general obligation bonds.

Karl Peterjohn, Kansas Taxpayers Network, presented testimony in support of **HB 2891** (Attachment 12).

There were no other proponents or opponents to appear before the Committee.

**The hearing on HB 2891 was closed.**

### **Hearing on HB 2884**

**Hearing on HB 2884 - Kansas technology enterprise corporation; Kansas broadband initiative and the rural broadband grants program.**

The fiscal note on **HB 2884** was distributed to the Committee (Attachment 13).

Reed Holwegner, Legislative Research Department, explained that **HB 2884** would authorize the Kansas Technology and Enterprise Corporation (KTEC) to establish a broadband initiative within the agency that would expand broadband investment and use, especially in rural areas of the state. The bill would create a 12 member board, who would administer the rural broadband program that would support locally lead education outreach programs. Eligible entities would include non-profit local units of government. Grant funds would be used on \$1 to \$1 match for local planning workshops. The bill appropriates funding of \$600,000 in FY 2009 from the Economic Development Initiatives Fund (EDIF) to KTEC.

The Committee noted concern that funding and services for broadband are being by KAN-ED and DISC and did this bill provide a duplication of services. It was noted that the development of broadband in rural communities is progressing; however, the grant funding in the legislation would assist with the application process.

Tracy Taylor, President, K-TECH, presented testimony in support of **HB 2884**. Mr. Taylor stated that the Board authorized by the legislation would administer the grant program, establish the locally lead education and outreach effort of bringing the benefit of broadband to rural households and businesses.

Responding to a question from the Committee, Mr. Taylor stated that this is a ongoing grant and the legislation does not have a sunset.

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Representative Gatewood noted that KAN-ED funding was directed at the implementation of broadband and this legislation would assist with the development and application process of broadband in rural areas of the state.

Marc Galbraith, Deputy State Librarian, presented testimony in support of **HB 2884** (Attachment 14).

Written testimony from Jim Dahmen, General Manager, Columbus Telephone Company, was distributed to the Committee (Attachment 15).

There were no other proponents or opponents to appear before the Committee.

**The hearing on HB 2884 was closed.**

### Adjournment

The meeting was adjourned at 12:20 p.m. The next meeting of the Committee will be held at 9:00 a.m. on March 20, 2008.

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Sharon Schwartz, Chair