

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE

The meeting was called to order by Chairman Jay Emler at 10:30 a.m. on February 24, 2009, in Room 545-N of the Capitol.

All members were present.

Committee staff present:

Alan Conroy, Kansas Legislative Research Department
J. G. Scott, Kansas Legislative Research Department
Michael Steiner, Kansas Legislative Research Department
Estelle Montgomery, Kansas Legislative Research Department
Cody Gorges, Kansas Legislative Research Department
Dylan Dear, Kansas Legislative Research Department
Aaron Klaassen, Kansas Legislative Research Department
Heather O'Hara, Kansas Legislative Research Department
Jill Wolters, Office of the Revisor of Statutes
Daniel Yoza, Office of the Revisor of Statutes
Melinda Gaul, Chief of Staff
Shirley Jepson, Committee Assistant

Conferees appearing before the committee:

Jean Krahn, Executive Director, Kansas Guardianship Program
Tracy Streeter, Director, Kansas Water Office
Don Paxson, Vice-Chairman, Kansas Water Authority
Dennis Schwartz, Kansas Rural Water Association
Herbert Graves, Jr., Executive Director, State Association of Kansas Watersheds
Pat Lehman, Executive Director, Kansas Association of Conservation Districts
Darci Meese, Governmental Affairs Coordinator, Water District No. 1, Johnson County
Leslie Kaufman, Executive Director, Kansas Cooperative Council
Mike Beam, on behalf of the Kansas Livestock Association
Mary Jane Stankiewicz, Kansas Agribusiness Retailers Association
Steve Swaffar, Director of Natural Resources, Kansas Farm Bureau

Others attending:

See attached list.

Introduction of Legislation

Senator Kelly moved to introduce legislation concerning colorectal cancer screening. The motion was seconded by Senator Schmidt. Motion carried on a voice vote.

Senator Kelly noted that a companion bill, **HB 2075**, is being worked in the House.

Senator Vratil moved to introduce legislation concerning the Kansas Universal Service Fund related to Kan-ED funding (9rs0872). The motion was seconded by Senator Teichman. Motion carried on a voice vote.

Senator Apple appeared before the Committee to request the introduction of legislation regarding 3rd party administration for energy efficiencies.

Senator Lee moved to introduce legislation concerning energy efficiency and conservation programs (9rs0515). The motion was seconded by Senator Kultala. Motion carried on a voice vote.

Stimulus Package

Chairman Emler informed the Committee that it is not known at this time the effect the stimulus package will have on the Mega budget bill and will be addressed during Omnibus. The Committee voiced a concern with the effect the stimulus package would have on education and delaying decisions until Omnibus would create a problem for school administrators who need to notify teachers by May 1, if they will be offered contracts for the following year.

CONTINUATION SHEET

Minutes of the Senate Ways And Means Committee at 10:30 a.m. on February 24, 2009, in Room 545-N of the Capitol.

Subcommittee Report on Department of Administration (Including Public Broadcasting)

Senator Teichman, Chair of the Department of Administration Subcommittee, presented the Subcommittee report on the Governor's budget recommendations for the Department of Administration (Including Public Broadcasting) for FY 2010 and moved for the adoption of the Subcommittee recommendations on the Department of Administration (Including Public Broadcasting) with notations and adjustments for FY 2010 (Attachment 1). The motion was seconded by Senator Lee. Motion carried on a voice vote.

Senator Teichman stated that the Subcommittee applied a 10.0 percent reduction in State General Fund (SGF) funding to the FY 2010 budget, which incorporates the additional 1.25 percent reduction taken on FY 2009 budgets.

Subcommittee Report on Kansas Guardianship Program

Senator Schodorf, Chair of the Kansas Guardianship Program Subcommittee, presented the Subcommittee report on the Governor's budget recommendations for the Kansas Guardianship Program for FY 2010 and moved for the adoption of the Subcommittee recommendations on the Kansas Guardianship Program with notations and adjustments for FY 2010 (Attachment 2). The motion was seconded by Senator Kultala.

The Committee voiced concern with the reduction of the stipend for volunteers.

Responding to a question from the Committee regarding the transfer of two employees from the Kansas Guardianship Program health insurance program to Medicare, Jean Krahn, Executive Director, Kansas Guardianship Program, indicated that the agency has received conflicting information since their presentation before the Subcommittee and may need to review the health insurance issue before making a final recommendation.

Senator Schodorf moved to amend the Subcommittee report on the Kansas Guardianship Program for FY 2010 by deleting Item 4(iii) and Item 5(a). The motion was seconded by Senator Kelly. Motion carried on a voice vote.

Senator Schodorf moved for the adoption of the Subcommittee report on the Kansas Guardianship Program for FY 2010 as amended with a review health insurance issue at Omnibus. The motion was seconded by Senator Kultala. Motion carried on a voice vote. Senator Vratil requested to be recorded as voting "no".

Hearing on SB 165 - State water plan fund increases.

Heather O'Hara, Legislative Research Department, explained that **SB 165** would increase the fees imposed on certain agricultural and water customers within the state. Ms. O'Hara further explained a balloon to **SB 165** as requested by the Kansas Water Office (Attachment 3).

Proponents:

Tracy Streeter, Director of the Kansas Water Office, presented testimony in support of **SB 165** (Attachment 4). Mr. Streeter stated that the proposed fee increases contained in the corrected version of **SB 165** are necessary to address an estimated revenue shortfall of \$9.2 million or 34.6 percent when compared to FY 2009 appropriations. It is anticipated that the fee increase would produce approximately \$4.7 million.

Don Paxson, Vice-Chairman, Kansas Water Authority, presented testimony in support of **SB 165** (Attachment 5). Mr. Paxson stated that the benefit of the fee increase is both short-term and long-term, noting that the conservation and protection of the vital resource is important.

Dennis Schwartz, Kansas Rural Water Association, presented testimony in support of **SB 165** (Attachment 6).

Herbert Graves, Jr., Executive Director of the State Association of Kansas Watersheds (SAKW), presented testimony in support of **SB 165** (Attachment 7).

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Pat Lehman, Executive Director, Kansas Association of Conservation Districts, presented testimony in support of **SB 165** (Attachment 8).

Responding to questions from the Committee, Mr. Streeter noted that the fee increase in **SB 165** is the first fee increase since 1989. Mr. Streeter stated that the \$9.2 million revenue shortfall, mainly in SGF funding to the State Water Plan Fund, will result in an approximate 35 percent reduction in revenues between FY 2009 and FY 2010.

- The Committee expressed a concern with the language in **SB 165** on Page 3, Lines 18 - 31 with reference to the fee amount per registered agricultural chemical and how the fee is calculated. The Committee requested clarification.

Opponents:

Darci Meese, Governmental Affairs Coordinator, Water District No.1 of Johnson County, presented testimony in opposition to **SB 165** (Attachment 9). Ms. Meese stated that the fee increase would be passed on directly to the consumer and felt the increase will place an additional burden on the consumer during the economic downturn.

Leslie Kaufman, Executive Director, Kansas Cooperative Council, presented testimony in opposition to **SB 165** (Attachment 10). Ms. Kaufman stated that they oppose the legislation because they feel the agribusiness and agriculture industry are already paying their fair share. It is felt that the increase should be applied to recreational users who are receiving benefits from water plan projects and programs.

Mike Beam, on behalf of the Kansas Livestock Association, presented testimony in opposition to **SB 165** (Attachment 11). Mr. Beam noted significant economic losses to several sectors of the agricultural industry and feels that the fee structure disproportionately targets the agricultural sector. Mr. Beam suggested there should be a broader source of revenue for meeting the state's water infrastructure needs.

Mary Jane Stankiewicz, Kansas Agribusiness Retailers Association, presented testimony in opposition to **SB 165** (Attachment 12). Ms. Stankiewicz felt that the state water plan fund relies too heavily on segmented industry groups.

Steve Swaffar, Director of Natural Resources, Kansas Farm bureau, presented testimony in opposition to **SB 165** (Attachment 13).

Written testimony in opposition to **SB 165** was received from John Donley, President, Kansas Agricultural Alliance (Attachment 14).

The Committee requested the following:

- Information on recreational groups where fees could be applied.
- Yearly revenues of Water District No. 1 of Johnson County.
- A spreadsheet on Kansas Water Plan expenditures for the past 5 years.

The hearing on SB 165 was closed.

Adjournment

The next meeting is scheduled for February 25, 2009.

The meeting was adjourned at 12:10 p.m.