

Approved: 3/23/10
Date

MINUTES OF THE HOUSE GENERAL GOVERNMENT BUDGET COMMITTEE

The meeting was called to order by Chairman Jeff Whitham at 1:30 p.m. on March 4, 2010, in Room 159-S of the Capitol.

All members were present.

Committee staff present:

Jill Wolters, Office of the Revisor of Statutes
Christina Allen, Kansas Legislative Research Department
Dylan Dear, Kansas Legislative Research Department
Reagan Cussimano, Kansas Legislative Research Department
Leah Robinson, Kansas Legislative Research Department
Ellen Martinez, Committee Assistant

Conferees appearing before the Committee:

Don Jarrett, General Counsel, Board of Commissioners of Johnson County
Dorothy Stucky Halley, Attorney General's Office
Philip Bradley, KS Assn. Of Licensed Beverages, KS Vinticulture & Farm Winery Assn., and
Craft Brewers Assn.
John Peterson, Visa Inc
Jerry Sloan, Budget and Fiscal Director, State Judicial Branch
Whitney Damron, Ink
Jamie Corkhill, SRS

Others attending:

See attached list.

The hearing on **SB 461 - Supplemental salary of district magistrate judge paid by the county** was opened. Jill Wolters, Office of the Revisor of Statutes, provided the committee with an overview of the bill.

Sen. John Vratil, Kansas State Senate (Attachment 1), a proponent of the bill, provided written testimony only. Don Jarrett, General Counsel, Board of Commissioners of Johnson County (Attachment 2), a proponent, provided written testimony for the issue that mainly concerns Johnson County. This bill will hold the state harmless for the cost of processing, which will be covered by Johnson County. Jerry Sloan, Budget and Fiscal Director, State Judicial Branch (Attachment 3), proponent, indicated that this bill includes the 9th Judicial District.

Questions and answers followed

There being no further conferees to testify, Chairman Whitham closed the hearing on **SB 461**.

The hearing on **SB 326 - Increasing allowed transfer from crime victims compensation fund to crime victims assistance fund; from \$100,000 to \$300,000** was opened. Leah Robinson, Kansas Legislative Research Department, provided the committee with an overview of the bill.

Sen. Laura Kelly, Kansas State Senate (Attachment 4), a proponent of the bill, provided written testimony only. Dorothy Stucky Halley, Attorney General's Office (Attachment 5), a proponent, testified on the break down of the assistance funds and where they originate.

Questions and answers followed.

There being no further conferees to testify, Chairman Whitham closed the hearing on **SB 326**.

The hearing on **SB 410 - State agencies; acceptance of payment by debit card** was opened. Jill Wolters, Office of the Revisor of Statutes, provided the committee with an overview of the bill.

Philip Bradley, KS Assn. Of Licensed Beverages, KS Vinticulture & Farm Winery Assn., and Craft Brewers Assn (Attachment 6), a proponent, asked the committee to amend the bill so that either everyone or no one

CONTINUATION SHEET

Minutes of the House General Government Budget Committee at 1:30 p.m. on March 4, 2010, in Room 159-S of the Capitol.

charge a fee to use credit or other cards for fees paid to the state.

John Peterson, Visa Inc (Attachment 7), a proponent, asked the committee to modernize this law by including debit cards.

Jamie Corkhill, SRS, appeared before the committee to stand for questions on how this bill would impact SRS recipients and asked that the committee not remove the exemption for SRS to charge a service fee for using a debit card.

Questions and answers followed.

There being no further conferees to testify, Chairman Whitham closed the hearing on **SB 410**.

The hearing on **HB 2691 - Biennial budgeting for Kansas home inspectors registration board** was opened.

There was a motion by Rep. Dillmore and seconded by Rep. Hineman to report HB 2691 favorably for passage. Motion carried.

The next meeting is scheduled for March 8, 2010.

The meeting was adjourned at 03:00 p.m.

GENERAL GOVERNMENT BUDGET COMMITTEE

GUEST LIST

DATE: 3-4-10

NAME	REPRESENTING
Jamie Corkhill	SRS
Kim Fowler	Judicial Branch
Jenny Sloan	Judicial Branch
Whitney Dawn	FIC
Berend Koops	Hein Law Firm
Lisa Jones	KIC
Amy Bondstra	KS CAs
Dede Brally	KLBA
Dodie Wellshear	KCSOV

State of Kansas



Vice President
Kansas Senate

COMMITTEE ASSIGNMENTS

VICE CHAIR: EDUCATION
WAYS AND MEANS
MEMBER: JUDICIARY
ORGANIZATION, CALENDAR
AND RULES
INTERSTATE COOPERATION
KANSAS CRIMINAL
CODE RECODIFICATION
COMMISSION

JOHN VRATIL
SENATOR, ELEVENTH DISTRICT
JOHNSON COUNTY
LEGISLATIVE HOTLINE
1-800-432-3924

Testimony Presented to
The House General Government Budget Committee
By Senator John Vratil
March 4, 2010
Concerning Senate Bill 461

Good afternoon! Thank you for the opportunity to appear before the House General Government Budget Committee in support of Senate Bill (SB) 461. Currently, some counties supplement the salary of local magistrate judges.

Senate Bill 461, as amended in the Senate Ways and Means Committee, provides a process through which the counties would be required to deposit the supplemental funding in the state treasury where it would be credited to the District Magistrate Judge Supplemental Compensation Fund. Additionally, participating counties would be required to remit all employer contributions and payments associated with the magistrate's conventional salary to the Fund. These payments would include applicable withholding or other taxes, retirement or other employer contributions and any authorized payroll deductions. The Chief Justice of the Kansas Supreme Court would approve all magistrate payrolls and all salary and other compensations would be considered to be provided by law for services as a district magistrate judge for all purposes under law.

Senate Bill 461 does not carry a fiscal note to the state. It defines a process to provide supplemental salary to some magistrate judges.

I ask you to support SB 461.

A handwritten signature in black ink that reads "John Vratil".

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General Government Budget Com.
Attachment 1
Date 3-4-10

TESTIMONY IN SUPPORT OF SENATE BILL 461

PRESENTED TO

HOUSE GENERAL GOVERNMENT BUDGET COMMITTEE

THURSDAY MARCH 4, 2010

BY DONALD JARRETT

CHIEF COUNSEL

ON BEHALF OF

BOARD OF COUNTY COMMISSIONERS

OF JOHNSON COUNTY, KANSAS

General Government Budget Com.
Attachment 2-1
Date 3-4-10

Chairman and Members of the Committee, my name is Don Jarrett. I am the Chief Legal Counsel for Johnson County and I appear here today on behalf of the Board of County Commissioners in support of SB 461.

We certainly appreciate the opportunity to appear before the Committee on this important legislation.

Senate Bill 461 is being proposed as a solution to some legal and administrative issues related to the payment of supplemental compensation for Magistrate Judges.

In 2004, the Legislature enacted an amendment to K.S.A. 75-3120k, which permitted counties to supplement the compensation for Magistrate Judges. The amendment was proposed by Judges of the Tenth Judicial District (Johnson County) and supported by the Board of County Commissioners. Following adoption of that legislation, Johnson County has provided supplemental compensation to the Magistrates in Johnson County (there are now 4 such Magistrates).

At the time that the legislation was passed in 2004, we did work with the Office of Judicial Administration to establish a payment process, but there was no readily available means for the County to pay the supplement through the State. The County then paid the money directly to the Magistrates and reported that payment to the Internal Revenue Service on form 1099, based upon advice of retained counsel, since the Magistrates by state law were not employees of the County.

Last year, the IRS audited Johnson County and, amongst other findings, concluded that the payments to the Magistrates were, for federal tax purposes, salary that must be reported on form W-2. While the County does not necessarily agree with the IRS determination, we are not in a position to contest it.

However, the County is very reluctant to issue directly, the W-2 forms for the payments, to the Magistrates since they are not County employees for any purposes, and treating them as such for payroll reporting may raise other issues related to benefits and liability. It is therefore more prudent for the County to remit the supplemental payments to the State and have the State process those payments together with the statutory state wage. In order for the State to effectively process those payments, the mechanisms structured under SB 461 are necessary.

This legislation creates a fund through which the State can receive and process the payments. The legislation is drafted to ensure that the State does not incur additional payroll related costs and the County is required to pay the State for the withholding and other payroll deductions or contributions attributable to the supplemental compensation.

There are three drafting issues that we would raise. First, on line 30, page 1, following the words "payable under law, we would add the words "including employer contributions required pursuant to K.S.A. 20-2605, and amendments thereto, related to the retirement system for judges," and we would delete the wording, on line 32, page 1, that states "in the same manner and under the same conditions and requirements as compensation payable pursuant to subsection (b)." That change will accomplish the same result but will remove the potentially confusing reference back to subsection (b) of the statute. We believe that this reference is confusing and unnecessary. Second, we would then suggest that the amendment made, starting at the end of line 37 and running through line 43 on page 1 could be deleted since the prior language change covers the retirement contributions and the language related to "employee contributions could be interpreted to require the counties to pay those contributions on behalf of the Magistrate Judges, which is not the intent.

Finally, we would request a drafting change on lines 7 through 10 on page 2 to again remove the reference back to subsection (b) and eliminate potential confusion with that unnecessary reference. The amendments requested by the County are contained on the attached, marked-up, version of the Bill.

Johnson County does appreciate the cooperation from the State in addressing this issue, and we ask that you support passage of SB 461 and recommend it for favorable consideration.

As Amended by Senate Committee
Session of 2010
SENATE BILL No. 461
By Committee on Ways and Means
1-26

AN ACT concerning district magistrate judges; relating to compensation thereof; amending K.S.A. 2009 Supp. 75-3120k and repealing the existing section.

Be it enacted by the Legislature of the State of Kansas:

Section 1. K.S.A. 2009 Supp. 75-3120k is hereby amended to read as follows: 75-3120k. (a) The annual salary of district magistrate judges shall be paid in equal installments each payroll period in accordance with this section.

(b) Subject to the provisions of subsection (c) and except as otherwise provided in K.S.A. 75-3120l and amendments thereto, the annual salary of district magistrate judges shall be \$59,059.

(c) Within the limits of the appropriations therefor, the county or counties comprising the judicial district may supplement the salary of, or pay any compensation to, any district magistrate judge. ~~Any such supplemental salary or compensation shall be deposited in the state treasury in accordance with the provisions of K.S.A. 75-4215, and amendments thereto, and shall be credited to the district magistrate judge supplemental compensation fund. Any associated employer contributions and payments with respect to such supplemental salary or compensation that are made payable under law including employer contributions required pursuant to K.S.A. 20-2605, and amendments thereto, related to the retirement system for judges, shall be paid by the county or counties providing such supplemental salary or compensation, in addition to such supplemental salary or compensation, in the same manner and under the same conditions and requirements as compensation payable pursuant to subsection (a).~~ All such associated employer contributions and payments shall be remitted for deposit in the state treasury and shall be credited to the district magistrate supplemental compensation fund at the same time and in the same manner as such supplemental salary or compensation.

~~As used in this section, employer contributions shall include, and the county or counties shall be required to contribute, employer contributions required pursuant to K.S.A. 20-2605, and amendments thereto, and employee contributions required pursuant to K.S.A. 20-2603, and amendments thereto, for any district magistrate judge who is a member of the retirement system for judges.~~

(d) There is hereby established in the state treasury the district magistrate judge supplemental compensation fund.

(e) All moneys credited to the district magistrate judge supplemental compensation fund shall be paid to, or on behalf of, the district magistrate judge or district magistrate judges for whom such moneys were remitted by the county or counties subject to the same

conditions or restrictions imposed or prescribed by law as the salary or other compensation payable under subsection (b) to each district magistrate judge or district magistrate judges, including any applicable withholding or other taxes, associated retirement or other employer contributions and authorized payroll deductions.

(f) All expenditures from the district magistrate judge supplemental compensation fund shall be made in accordance with appropriation acts and upon warrants of the director of accounts and reports issued pursuant to payrolls approved by the chief justice of the Kansas supreme court or by a person or persons designated by the chief justice.

(g) All salary or other compensation under this section shall be considered to be compensation provided by law for services as a district magistrate judge for all purposes under law.

Sec. 2. K.S.A. 2009 Supp. 75-3120k is hereby repealed.

Sec. 3. This act shall take effect and be in force from and after its publication in the Kansas register.



State of Kansas

Office of Judicial Administration

Kansas Judicial Center

301 SW 10th

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House Budget Subcommittee
on General Government

Jerry Sloan, Judicial Branch Budget and Fiscal Officer

March 4, 2010

I appear today on SB 461. The provisions of SB 461 are necessary in order for the State to include county-funded supplements to District Magistrate Judges in the State payroll process.

During a meeting on December 4, 2009, Johnson County informed the Judicial Branch and the Department of Administration that the Internal Revenue Service began an audit of Johnson County in 2008, reviewing in part supplemental payments to the district magistrate judges. While the 2004 legislature amended K.S.A. 75-3120k and gave counties the authority to supplement the salary of district magistrate judges, Johnson County's payments were non-payroll and the income was reported on a Form 1099. The IRS issued a determination that under I.R.C. § 3401(d), the supplemental compensation must be reported on a W-2 either by Johnson County or the State of Kansas. Johnson County prefers that the payments be processed by the State.

A bill was to be drafted which allowed the State to process the payments, but it would also be drafted in a way that ensured no State funds would be expended in doing so. The counties participating in the supplements would deposit enough funds to cover the supplement as well as any additional employer fringe associated with the supplement.

The Senate Ways and Means Budget Subcommittee had a hearing on SB 461 on February 5, 2010. The Committee directed the Revisor to make needed technical amendments. The amended bill however includes the following language:

As used in this section, employer contributions shall
county or counties shall be required to contribute, em

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House Budget Committee on General Government

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required pursuant to K.S.A. 20-2605, and amendments thereto, **and employee contributions** required pursuant to K.S.A.20-2603, and amendments thereto, for any district magistrate judge who is a member of the retirement system for judges. [emphasis added]

Currently, both the State and the employee pay a percentage towards retirement. As amended, the county would pay both the employer and employee share of retirement that is associated with the supplemental pay. It is my impression from the Department of Administration that modifications to the payroll system would be required in order to allow such processing. This amendment would also create a situation where there is a taxable fringe benefit paid to the district magistrate judges. With these added complications and potential programming costs, this process would no longer be without cost to the State. By deleting the language that requires the counties to pay for the employee contributions to KPERS, the supplements processed by the State would be funded by the counties.

TESTIMONY SCHEDULE

Bill No. SB 326

Hearing Date 4 March 2010

Concerning: Increasing allowed transfer from crime victims compensation fund to crime victims assistance fund; from \$100,000 to \$300,000

PROPONENTS

1. Sen. Laura Kelly- written testimony
2. Attorney General's office
3. _____
4. _____
5. _____
6. _____
7. _____
8. _____
9. _____
10. _____

OPPONENTS

1. _____
2. _____
3. _____
4. _____
5. _____
6. _____
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10. _____

NEUTRAL

1. _____
2. _____
3. _____
4. _____
5. _____

LAURA KELLY
 SENATOR, 18TH DISTRICT
 WABAUNSEE AND SHAWNEE COUNTIES



TOPEKA

SENATE CHAMBER

COMMITTEE ASSIGNMENTS

RANKING MINORITY: WAYS AND MEANS

MEMBER: JUDICIARY
 PUBLIC HEALTH AND WELFARE
 JOINT COMMITTEE ON STATE
 BUILDING CONSTRUCTION
 JOINT COMMITTEE ON HEALTH
 POLICY OVERSIGHT
 JOINT COMMITTEE ON PENSIONS,
 BENEFITS AND INVESTMENTS
 LEGISLATIVE BUDGET COMMITTEE
 KANSAS CAPITOL RESTORATION
 COMMISSION

Testimony in Support of SB 326
 House General Government Budget Committee
 March 4, 2010

Mr. Chair and members of the General Government Budget Subcommittee, thank you for allowing me to submit testimony in support of SB 326. Currently, the Attorney General's Office has the authority to transfer up to \$100,000 from the agency's Crime Victims Compensation Fund to the agency's Crime Victims Assistance Fund. SB 326 would increase the internal transfer limit to \$300,000. If enacted, the Attorney General has committed to distribute up to \$150,000 of this newly available money to domestic violence and sexual assault programs and Child Advocacy Centers in the form of grants.

Passage of this bill is necessary, because without it, domestic violence prevention programs and Child Advocacy Centers will suffer from lack of funding. Grants to these programs in the budget of the Office of the Governor have been reduced by \$688,325 or 13.1 percent, since FY 2009. The \$150,000 made available by this bill would help mitigate those losses.

The Crime Victim's Assistance Fund is intended to provide funds for on-going operating expenses of programs, providing temporary emergency shelter for victims of child abuse and neglect; counseling and assistance to those victims; or educational services. The remainder of moneys credited to the fund shall be used for the purpose of supporting the operation of state agency programs which provide services to the victims of crime and making grants to existing programs or to establish and maintain new programs providing services to the victims of crime. The Office of the Attorney General already distributes funding in the form of grants to DV and SA programs and Child Advocacy Centers. The Crime Victims Compensation Fund is intended to provide compensation directly to crime victims pursuant to K.S.A. 74-7301 *et seq.*, and amendments thereto, and for state operations of the board.

Transfers have been made in the past to assure that the Victim Services Division can grant as much money as possible to victim service programs throughout the state while continuing to meet the compensation needs of Kansas victims.

Senate Bill 326 was introduced last session by the Attorney General and was passed unanimously by the Senate. I encourage the Committee to help provide needed funding to domestic violence prevention programs and Child Advocacy Centers by recommending SB 326 favorably for passage.

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SENATE OFFICE

STATE CAPITOL ROOM 162-E

PHONE: () General Government Budget Com.
 Attachment 4
 E-F Date 3-4-10

Kansas Coalition Against Sexual and Domestic Violence



634 SW Harrison Topeka, Kansas 66603
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House General Government Budget Committee
March 4, 2010
SB 326

Chairman Whitham and Members of the Committee:

SB 326, originally introduced during the 2009 session, now plays an additional role than it was originally intended to do.

Recognizing that sexual and domestic violence programs and child advocacy centers provide critical public safety services and that budget cuts during the past 2 years have diminished these programs in a time when demand for services has increased, both the House and the Senate have expressed interest in ensuring that these programs are funded at the 2010 level of funding.

In a greatly appreciated effort to cover a portion of the funding losses, the Senate and House have agreed to transfer funds from the Crime Victims Compensation Fund for the same purpose as the SGF - operations and outreach services. SB 326 provides a vehicle for doing so in addition to its original purpose of transferring funds for the operations of the Attorney General's Crime Victims Division.

The gap that is being filled is as follows:

1. Domestic and sexual violence services

FY 2008	\$ 4.65 million
FY 2010	\$ 4,419,753 (after 5% rescission by legislature)
	\$ 3,953,629 (after allotments)
Governor's Rec. for 2011	\$ 3,684,762
Gap	\$268,867
<u>2.5% proposed rescission</u>	<u>\$ 92,119</u>
DV/SA Services Gap	\$360,986

2. Child Advocacy Centers

FY 2008	\$1 million
FY 2010	\$ 950,000 (after 5% rescission by legislature)
	\$ 934,591 (after allotments)
Governor's Rec. for 2011	\$ 930,781
Gap	\$ 3810
2.5% proposed rescission	\$ 23270
CAC Gap	\$ 27,080

The total gap to bring these services to the hold harmless FY 2010 level of funding is \$ 380,066
SB 326 will allow \$150,000 to be directed toward filling this gap, leaving a gap of \$230,066

General Government Budget Com.

Member Programs Serve All 105 Counties in the State of

Attachment 5

Date 3-4-10



*Kansas
Licensed
Beverage
Association*

Testimony on SB 410
March 4, 2010

House General Government Budget Committee

Mr. Chair, and Members of the Committee,

I am Philip Bradley representing the Kansas Licensed Beverage Assn. (KLBA). Thank you for the opportunity to speak today and I will be brief. And in respect for your time I am also speaking for the Kansas Viticulture and Farm Winery Assn. (KVFWA) and the Craft Brewers Guild of KS (CBGK) in combined testimony.

We all ask and urge you to amend HB 410!

We support the addition of debit cards as a payment option for use by our citizens. We even support that they be treated the same as other payment options. We object to the fact that the government is not treated the same as other sellers. We understand the state and counties charges a fee to use credit and other card for renewals and other fees paid. We ask that **everyone or no one** be subjected to this statute.

There are undoubtedly further issues and questions that will arise as these are read therefore I am available for your questions today and at your convenience.

Again thank you for your attention and consideration.

Philip Bradley

KLBA – Kansas Licensed Beverage Assn. represents the interests of the men and women in the hospitality industry, who own, manage and work in Kansas bars, breweries, clubs, caterers, hotels, and restaurants. These are the places you frequent and enjoy with the tens of thousands of employees that are glad to serve you.

*KVFWA – Kansas Viticulture and Farm Winery Assn: We began our Association in 2004 but our journey began decades ago. Our mission is the promotion of the production of wine from Kansas grapes, the science and practice of viticulture in the State of Kansas, and the development of Kansas Farm Wineries. We include farm wineries (such as **Blue Jacket, Davenport, Holy-Field, Stone Pillar and White Tail Run**) and numerous growers of fine grapes*

CBGK-Craft Brewers Guild of Kansas is the microbrewers and craft brewers of Kansas. We are a diverse group that embraces the commercial operations and the home hobby artist brewer.

Philip Bradley
CEO

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General Government Budget Com.
Attachment 6
Date 3-4-10

STATEMENT

By

John Peterson, Visa Inc.

In Support of SB 410

House General Government Budget Committee

March 4, 2010

Mr Chairman and Committee members, my name is John Peterson and I am appearing on behalf of Visa Inc. in support of SB 410.

Visa is an electronic payments network linking consumers with thousands of financial institutions worldwide, including 313 in Kansas. Visa is not a bank or a credit union, it doesn't issue credit or debit cards; financial institutions do that, what Visa provides is the secure network these cards ride on.

SB 410 will update current Kansas law to include debit cards as well as credit cards in the law prohibiting surcharging of consumers. When the statute was written debit cards did not exist. They now they have become an important part of our system of commerce. In fact, Kansas provides debit cards to citizens receiving unemployment benefits, public assistance and child support. States save millions of dollars every year utilizing debit card disbursements. In addition, merchants receive huge benefits from credit and debit cards. They do have a choice and can simply proceed on a cash and check basis. But by utilizing credit and debit cards they get instant, guaranteed payments, they avoid bad check losses and don't have to worry about theft from the cash register.

SB 410 prohibits a potential consumer fee that the 95 percent of American households that use credit and debit cards care about. Debit card surcharges could affect the citizens of this state who are most unable to afford what would essentially be a new consumer tax on users of debit cards. Kansas enacted its surcharge prohibition on credit cards to protect consumers and we would encourage you to modernize this law by including debit cards.

Thank you for this opportunity to present this statement.

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