

## MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE

The meeting was called to order by Chairman Jay Emler at 10:30 a.m. on March 12, 2009, in Room 545-N of the Capitol.

All members were present.

Committee staff present:

J. G. Scott, Kansas Legislative Research Department  
Michael Steiner, Kansas Legislative Research Department  
Estelle Montgomery, Kansas Legislative Research Department  
Reagan Cussimano, Kansas Legislative Research Department  
Amy Deckard, Kansas Legislative Research Department  
Julian Efird, Kansas Legislative Research Department  
Cody Gorges, Kansas Legislative Research Department  
Heather O'Hara, Kansas Legislative Research Department  
Jonathan Tang, Kansas Legislative Research Department  
Jarod Waltner, Kansas Legislative Research Department  
Jill Wolters, Office of the Revisor of Statutes  
Daniel Yoza, Office of the Revisor of Statutes  
Gordon Self, Office of the Revisor of Statutes  
Melinda Gaul, Chief of Staff  
Shirley Jepson, Committee Assistant

Conferees appearing before the Committee:

Ron Gaches, on behalf of Goodyear Tire & Rubber and Topeka Chamber of Commerce  
Glenn Deck, Executive Director, Kansas Public Employees Retirement System (KPERS)

Others attending:

See attached list.

### **Introduction of proposed legislation**

Ron Gaches, on behalf of Goodyear Tire & Rubber Company and the Topeka Chamber of Commerce, appeared before the Committee to request introduction of legislation to allow the Topeka Goodyear plant to compete for an investment in off-road tire business with other plants worldwide. The legislation would allow the state of Kansas to partner financially with Goodyear. The bill allows for the issuance of bonds by the state of Kansas with a minimum of \$125 million investment on the part of Goodyear Tire & Rubber. The bonds would be paid off over a 20-year period by a withholding tax generated on current Goodyear employees.

Senator Umbarger moved to introduce legislation to allow the state to partner with Goodyear Tire & Rubber for an investment in off-road tire business (9rs0964). The motion was seconded by Senator Kelly. Motion carried on a voice vote.

### **Hearing on HB 2219 - Kansas performance measurement commission; extend sunset; other.**

Jill Wolters, Revisor, explained that **HB 2219** would extend the sunset of the Kansas performance measurement commission and the date of the annual reporting from July 1, 2009 to July 1, 2010 (Attachment 1). It would further allow the Commission to review the effectiveness of a pilot project within the Department of Social and Rehabilitation Services (SRS).

There were no conferees to come before the Committee.

### **The hearing on HB 2219 was closed.**

- Senator Lee requested permission to submit a list of questions concerning **HB 2219** and receive responses to her questions.

### **Subcommittee Report on Kansas Public Employees Retirement System (KPERS) Budget**

## CONTINUATION SHEET

Minutes of the Senate Ways and Means Committee at 10:30 a.m. on March 12, 2009, in Room 545-N of the Capitol.

Senator Vratil, Chair of the Subcommittee, presented the Subcommittee report on the Governor's budget recommendation for KPERS budget for FY 2010 and moved for the adoption of the Subcommittee Report on the KPERS budget for FY 2010 with notations and adjustments (Attachment 2). The motion was seconded by Senator Masterson. Motion carried on a voice vote.

### **Subcommittee Report on KPERS Issues**

Senator Wysong, Chair of the Subcommittee, presented the Subcommittee report on KPERS Issues, including **SB 146**, **SB 259** and **HB 2073** (Attachment 3).

Responding to questions from the Committee with regard to the KPERS statutory and actuarial rates, Glenn Deck, Executive Director, KPERS, explained that there are two groups, a state group of KPERS employees and a school district group of KPERS employees. The actuarial determines a rate of contribution; however, the state has a cap on the actuarial rate. The state group has reached the cap on the actuary rate for the first time this year. Mr. Deck stated that the purpose of the legislation is to use the statutory KPERS state and school employer contribution rate, rather than the lower actuarial rate, for the state KPERS group, in FY 2010 and subsequent fiscal years.

The Subcommittee stated that a major factor in the recommendation proposes is that if the KPERS liability is funded in part from state agencies, federal funds could be used to pay a portion of the liability and not all necessarily would be funded from the State General Fund (SGF).

Gordon Self, Revisor, presented a proposed amendment to **SB 146** to clarify the procedures for employee furloughs (Attachment 4). Mr. Self also presented a proposed amendment to **SB 259** which would change the 1 year provision as recommended by the Governor and make it permanent. In addition the amendment would use a combined employer rate of contribution certified to the state as opposed to a separate rate of contribution (Attachment 5).

Senator Teichman moved to adopt the balloon on **SB 146** and include as part of the Subcommittee report on KPERS Issues for FY 2010. The motion was seconded by Senator Vratil. Motion carried on a voice vote.

Senator Teichman moved to adopt the balloon on **SB 259** and include as part of the Subcommittee report on KPERS Issues for FY 2010. The motion was seconded by Senator Vratil. Motion carried on a voice vote.

Senator Wysong moved to adopt the Subcommittee Report on KPERS Issues for FY 2010 as amended. The motion was seconded by Senator Vratil. Motion carried on a voice vote.

Senator Wysong moved to recommend **SB 146** favorably for passage as amended. The motion was seconded by Senator Kelly. Motion carried on a voice vote.

Senator Wysong moved to delete the provisions in **HB 2219**, insert the provisions of **SB 259** as amended, and **HB 2073**, as adopted in the KPERS Issues Subcommittee report, into **Senate Substitute for HB 2219** and recommend **S Sub for HB 2219** bill favorably for passage. The motion was seconded by Senator Kelly. Motion carried on a voice vote.

### **Subcommittee Report on Department of Agriculture, Animal Health Department and Kansas State Fair**

Senator Taddiken, Chair of the Subcommittee, presented the Subcommittee report on the Governor's budget recommendations for the Department of Agriculture for FY 2010 (Attachment 6).

The Subcommittee stated that the Animal Health Department will be charged for the information technology aid given by the Department of Agriculture. With reference to the Legislative Post Audit report outlining a savings if the Animal Health Department was physically moved to the Department of Agriculture, the Subcommittee noted that the Animal Health Department would be charged a higher rate of rent than at their present location, causing it to be more costly to the Animal Health Department.

## CONTINUATION SHEET

Minutes of the Senate Ways and Means Committee at 10:30 a.m. on March 12, 2009, in Room 545-N of the Capitol.

Senator Kelly moved to amend the Subcommittee report on the Department of Agriculture for FY 2010 by adding language to direct the agency to evaluate the feasibility of cross training inspectors in the various inspection areas and report back to the Senate Ways and Means Committee and House Appropriations Committee during the 2010 Legislative Session. The motion was seconded by Senator Lee. Motion carried on a voice vote.

Senator Taddiken moved for the adoption of the Subcommittee report on the Department of Agriculture for FY 2010 as amended. The motion was seconded by Senator McGinn. Motion carried on a voice vote.

Senator Taddiken presented the Subcommittee report on the Governor's budget recommendations for the Animal Health Department for FY 2010 and moved for the adoption of the Subcommittee report on the Animal Health Department for FY 2010 with notations and adjustments (Attachment 6). The motion was seconded by Senator Lee. Motion carried on a voice vote.

Senator Taddiken presented the Subcommittee report on the Governor's budget recommendations for the Kansas State Fair for FY 2010 and moved for the adoption of the Subcommittee report on the Kansas State Fair for FY 2010 with notations and adjustments (Attachment 6). The motion was seconded by Senator Kelly. Motion carried on a voice vote.

### **Discussion and Action on SB 141**

Jill Wolters, Revisor, explained a proposed amendment, requested by Senator Vicki Schmidt, to **SB 141** which would move the Inspector General (IG) from the Kansas Health Policy Authority to the Department of Administration rather than the Division of Legislative Post Audit as proposed in the original **SB 141** (Attachment 7). The amendment would direct the Governor to appoint the IG, the position would be a "classified" and stipulates that if the IG found criminal evidence, the IG would report directly to the Attorney General.

Senator Schmidt requested that the words "inefficiency, mismanagement, misconduct or waste" be deleted from all language in the amendment presented on **SB 141**.

Senator Schmidt moved to adopt the amendment to **SB 141**. The motion was seconded by Senator McGinn.

Senator Schodorf made a substitute motion to revise the language to direct that the IG be placed in the Attorney General's Office. The motion was seconded by Senator Kelly. Motion carried on a 6-5 vote.

The Committee voiced concerns with political aspects in placing the IG in either the Department of Administration or the Attorney General's Office and would be less political if placed in the Division of Legislative Post Audit as directed in the original bill.

Senator Wysong made a motion to table further action on **SB 141** until March 16, 2009. The motion was seconded by Senator Vratil. Motion carried on a vote of 6-5.

### **Distribution of Committee requested information**

Information, as requested, on **SB 252** from the Department of Corrections was distributed to the Committee (Attachment 8). Additional information on Hospital Organizational Structure and Utilization, as collected from the 2007 Kansas Hospital Survey, is available from the Kansas Legislative Research Department.

### **Adjournment**

The next meeting is scheduled for March 13, 2009.

The meeting was adjourned at 12:05 p.m.