MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS.

The meeting was called to order by Chairperson Dave Kerr at 11:00 a.m. on March 14, 1996 in Room 123-S of the Capitol.

All members were present except:

Committee staff present: Alan Conroy, Legislative Research Department

Kathy Porter, Legislative Research Department

Norman Furse, Revisor of Statutes Michael Corrigan, Revisor of Statutes Judy Bromich, Administrative Assistant Ronda Miller, Committee Secretary

Conferees appearing before the committee:

Dr. Bill Wolfe, Principal Analyst, Kansas Legislative Research Department

Susan Duffy, Department of Revenue

Walt Darling, fiscal manager for Kansas Highway Patrol

Marlin Rein, legislative liaison for the University of Kansas Medical Center

Others attending: See attached list

The Chairman announced that there would be no hearing on SB 741 as scheduled because the House of Representatives had rejected Executive Reorganization Order #27.

The Chairman told members that the 1996 Claims Bill (HB 2701) had not progressed through the House of Representatives yet, but the purpose of the meeting today would be for the Ways and Means Committee to review the bill as amended by the House Committee and make recommendations based on the contemplation that the bill would be referred to the Senate Ways and Means Committee when it was advanced from the House. Following the review, the Chairman would ask for a motion to amend the Committee's recommendations into the bill when it is referred to Senate Ways and Means.

Dr. Bill Wolfe appeared before the Committee to review the claims against the state that had been approved by the Joint Committee on Special Claims Against the State and recommended by the House Appropriations Committee for payment. Those issues which were the subject of some discussion were the following:

Sec. 2 and 3 -- Members discussed whether there were incidents of repeated violations for late filings and whether there was a policy to discourage late filings. Dr. Wolfe stated that he had not reviewed past claims bills, but it is likely that there are some. He noted that an administrative fee of \$15.00 or 10% of the claim is deducted from the repayment in order to motivate prompt filings.

Sec. 4 -- Dr. Wolfe told members that the claimant disputes the penalty of \$84 that is attached to the reissuance of the warrant and was able to persuade the Joint Committee to reissue the warrant for the full amount. He noted that last year's legislation prohibits the Joint Committee from addressing warrants issues, and this recommendation is out of context with that prohibition.

Sec. 8 -- Dr. Wolfe pointed out that the House Committee amended the bill to direct payment of the contested mayoral election claim from the Judicial Branch instead of from the State General Fund. Senator Lawrence, the chairperson of the Judicial Branch subcommittee, noted that the subcommittee had recommended that this claim be paid from the State General Fund in order to not set a precedent (see item 8 of the FY 97 Judicial Branch subcommittee report on SB 721). Senator Lawrence moved, Senator Burke seconded, that the Senate Committee adopt a recommendation to amend a provision that the House Committee included in Sec. 8 of HB 2701 to authorize payment of the claim of \$26.19 for inspector fees in the election contest for mayor of Formoso, KS from the State General Fund. The motion carried on a voice vote.

Sec. 12 -- The Chairman inquired why the number of claims approved by the Joint Committee on Claims for the Department of Corrections was fewer than in previous years. Dr. Wolfe noted that the Claims Committee has been less sympathetic to issues inmates raise in regard to claims, that payments approved are based on a policy implemented by the Ombudsman that there must be negligence on the part of the agency,

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS, Room 123-S Statehouse, at 11:00 a.m. on March 14, 1996.

and, further, the Ombudsman has tried to resolve claims before they reach the Committee. He noted that the Ombudsman of Corrections investigates each claim under \$500. and that the Claims Committee has generally not recommended for payment any claim that the Ombudsman did not approve. He added that there is currently a bill that would increase the authority of the Department to address claims that receive less scrutiny which might also reduce the number of claims that are recommended for payment.

Members noted that the 1995 Claims Bill is still in conference, noted that this year's Claims Bill is still in the House, and noted that this year's Claims Bill does not contain any of the items that were included in the 1995 Claims Bill. It was also noted that two issues, a claim related to circumstances surrounding the murder of the daughter of Mr. and Mrs. Bob Keller and a claim for court costs associated with the Jones-Shriver contested House election, have held the bill in conference.

It was moved by Senator Salisbury and seconded by Senator Petty that the Senate Committee adopt a recommendation to include a section from 1995 SB 95 which provided for \$100,000 from the State General Fund for the death of Brenda Keller. Upon request, Dr. Wolfe reviewed details surrounding the claim and responded to questions, noting that the Claims Committee had not recommended payment of the claim, but the House Appropriations Committee had amended this item into the 1995 Claims Bill. In answer to a question, Dr. Wolfe stated that counsel for the Keller family believed that the issue could only be brought before the Joint Committee on Claims because all participants are statutorily precluded from being held accountable. The motion failed on a voice vote. A division was called for. The motion failed on a show of hands.

Senator Moran moved and Senator Burke seconded that the Senate Committee adopt a recommendation to include the Senate version of 1995 SB 95, and that any technical amendments necessary to address withdrawn claims and changes of addresses, etc. be approved. It was the consensus of the Committee that claims from both 1995 and 1996 should be paid, and members discussed the approach by which that could be accomplished. The Chairman noted that it would be his intention to have a conference committee meeting on 1995 SB 95. Senator Salisbury stated that she opposed the amendment because the 1995 Claims Bill does not include an issue which she believes should be paid. The motion carried on a voice vote.

The Chair requested that members offer a motion to amend the Senate Committee's recommendations into <u>HB</u> 2701 once it is referred to the Senate Ways and Means Committee. No motion was offered.

SB 723: Medical student loan program, approved postgraduate residency training programs

Members reviewed provisions of the bill and the proposed balloon offered by the Kansas Medical Society (Attachment 1). It was moved by Senator Vancrum and seconded by Senator Burke that SB 723 be amended by inclusion of the balloon and by technical amendments deemed necessary by the revisor. The motion carried on a voice vote.

Marlin Rein, legislative liaison for the University of Kansas Medical Center, noted that the bill as introduced was written to address a specific person. He explained that the specific general surgeon for whom the bill was written participated in the loan program and her obligations are dictated by the statutes that were in effect when she signed the agreement. Currently that surgeon is out of compliance, and adding general surgery to the list of approved residency programs does not put her in compliance. He noted that exceptions have been granted over the years to grant specific persons eligibility without making the whole bill retroactive. Senator Morris moved, Senator Moran seconded, that the bill be conceptually amended to allow the specific general surgeon in Beloit, KS to qualify under the provisions of the bill, but that no other retroactive provisions be included. The motion failed on a voice vote.

Senator Lawrence moved, Senator Moran seconded that SB 723 as amended be recommended favorably for passage. The motion carried on a roll call vote.

SB 662: Certificate of title fees, disposition

The Chairman noted that representatives from the Kansas Highway Patrol and the Department of Revenue had met with him at his request to propose a compromise on the proposal for the use of title fees. He reviewed the recommendation of those two parties (<u>Attachment 2</u>), noting that the Department of Revenue has the authority to raise some fees for the CAMA and VIPS needs and that this proposal would generate ongoing revenues to maintain CAMA and VIPS. Senator Vancrum expressed concern about one county and inquired how the counties get monies from the Electronics Database Fee Fund within the Department of Revenue. Susan Duffy, Department of Revenue, said that the counties will not receive dollars directly, but will get program modifications including hardware and software which will be purchased at the state level. She stated that all counties would be sized for their needs and will be paid for the amount that is needed in each county. In

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS, Room 123-S Statehouse, at 11:00 a.m. on March 14, 1996.

answer to Senator Vancrum, she added that the \$400,000 in anticipated revenues from the first year would not cover costs associated with maintenance and upgrade of the CAMA and VIPS programs; the Department will have to increase fees on references which they now charge. Senator Salisbury noted that the subcommittee on the Department of Revenue had recommended that the counties be encouraged to participate to some extent. Senator Kerr mentioned that the estimate for expenses associated with VIPS has been reduced. The Chairman stated that the bill would be held until a later date to give members time to review the joint recommendation and to clarify concerns with the parties involved.

SB 736: Sale of certain state land

The Chairman distributed a balloon which addressed concerns of members regarding appraisal prior to the sale of property to a governmental entity or nonprofit corporation which is exempt from federal income taxation and regarding concern that the cities have input in the decision making process (Attachment 3). Senator Morris stated that he believed the Joint Committee on Building Construction should be given the authority to approve or disapprove the proposed disposition of the property. It was moved by Senator Morris and seconded by Senator Karr that the balloon be conceptually amended to provide the Joint Committee on Building Construction the authority to approve the proposed disposition of the property (that this authority not be extended to the city but allow the city to have input as written in the balloon) and that the balloon as amended be adopted. The motion carried on a voice vote.

Senator Karr expressed concern that the property could be sold for any price regardless of the appraised value. It was noted that the Joint Committee on Building Construction would have to give approval prior to a sale.

It was moved by Senator Salisbury and seconded by Senator Lawrence that SB 736 as amended be recommended favorably for passage. The motion carried on a roll call vote.

It was moved by Senator Salisbury and seconded by Senator Burke that bill draft 5 RS 2481 as requested by Senator Praeger be introduced. The motion carried on a voice vote.

It was moved by Senator Salisbury and seconded by Senator Rock that the minutes of the March 12 meeting be approved. The motion carried on a voice vote.

The Chairman adjourned the meeting at 12:25 P.M.

The next meeting is scheduled for March 15, 1996.

SENATE WAYS AND MEANS COMMITTEE GUEST LIST

DATE: March 14, 1996

NAME	REPRESENTING			
Scott Alisoglu	Div. of Budget			
Hay Ridgway Walt Darling	Den Rock			
Walt Darling	Highway Patrol			
Jerry Sloan	SJA			
Paul Shelby	OJA			
LINOR McGILL	PMA			
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SENATE BILL No. 723

By Committee on Ways and Means

2-19

AN ACT concerning the medical student loan act; relating to approved postgraduate residency training programs; amending K.S.A. 1995 Supp. 76-381 and repealing the existing section.

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

Section 1. K.S.A. 1995 Supp. 76-381 is hereby amended to read as follows: 76-381. As used in K.S.A. 1995 Supp. 76-380 through 76-386 and amendments thereto:

- (a) "Act" means the medical student loan act;
- (b) "approved postgraduate residency training program" means a residency training program in general pediatrics, general internal medicine, general surgery, family medicine, family practice or emergency medicine;
- (c) "service commitment area" means (1) any community within any county in Kansas other than Douglas, Johnson, Sedgwick, Shawnee or Wyandotte county, (2) any state medical care facility or institution, (3) any medical center operated by the veterans administration of the United States, or (4) the full-time faculty of the university of Kansas school of medicine in family medicine or family practice; and
- (d) "state medical care facility or institution" includes, but is not limited to, the Kansas state school for the visually handicapped, the Kansas state school for the deaf, any institution under the secretary of social and rehabilitation services, as defined by subsection (b) of K.S.A. 76-12a01 and amendments thereto or by subsection (b) of K.S.A. 76-12a18 and amendments thereto, the Kansas soldiers' home and any correctional institution under the secretary of corrections, as defined by subsection (d) of K.S.A. 75-5202 and amendments thereto, but shall not include any state educational institution under the state board of regents, as defined by subsection (a) of K.S.A. 76-711 and amendments thereto, except as specifically provided by statute.
 - Sec. 2. K.S.A. 1995 Supp. 76-381 is hereby repealed.
- Sec. 3. This act shall take effect and be in force from and after its publication in the Kansas register.

or (5) for persons who complete an approved postgraduate residency training program in general surgery, any incorporated city of this state of less than 12,000 population based upon the most current legal census, excluding any such incorporated cities located in Douglas, Johnson, Sedgwick, Shawnee or Wyandotte counties;

Joint Recommendation to the Senate Ways and Means Committee

By
The Department of Revenue

and The Kansas Highway Patrol

To accommodate the needs of both Departments, it is requested that SB 662 be amended. It is requested that the amendments include the following:

- 1. Amend the bill to establish the title fee at \$7.
- 2. Amend the bill to reduce the title fee in FY 1997 for the Highway Patrol by \$.50 per title (approximately \$400,000) and dedicate that revenue to the Electronic Databases Fee Fund (identified in HB 3076) in the Department of Revenue for VIPS.
- 3. Amend the bill for FY 1998 and thereafter to provide that of the \$7 title fee, \$1 per title fee (approximately \$800,000) would be credited to the Electronic Databases Fee Fund. Maintain the current provision in SB 662 of \$2.50 per title fee (\$2 million) to be credited to the Kansas Highway Patrol Motor Vehicle Fund.

These adjustments will provide the Highway Patrol with additional financing to continue its car program and will provide the Department of Revenue with part of the financing to initiate VIPS and CAMA improvements and to make future hardware and software replacements as they are needed.

The monies generated from the Title Fee cannot provide sufficient financing to solve both agency's problems. However, by sharing the revenues available within the existing \$7.00 fee structure and by establishing the provisions in HB 3076, both agencies will be able to react to the immediate concerns. The budget process and the legislative process will provide for the annual review of these programs to ensure the interests of the state are fulfilled.

To respond to the lower revenues, the Kansas Highway Patrol requests that it be released from the earlier agreement that it sell its cars at 70 percent of the original purchase price and remove its cars from the road at a 45,000 mile maximum. Instead, the KHP requests greater flexibility to sell the used vehicles at the maximum the market will allow within a reasonable time-frame to ensure stable cashflow. Also, instead of a 45,000 mile limit, the KHP will increase the maximum to whatever limit is necessary within the financing available during a fiscal year, understanding that a limit in excess of 50,000 will be strenuously avoided. This change will reduce the resale value in some years. Should the program fail to maintain an adequate balance between revenues and expenditures, the agency will return to the Legislature and request that the program be further adjusted.

Senate Ways + Means March 14, 1996 Attachment 2

Kansas Highway Patrol Car Program Revised Five-Year Cashflow Analysis

Assumptions:

Market Rate for Resale Price Increased to an Avg. of 75% of Original Purchase Price Title Fee Rate for FY 1997 Reduced to \$3.00 Annual Title Fees Issued = 800,000

KHP Title Fee Portion	FY 1994 \$3.50	FY 1995 \$3.50	FY 1996 \$3.50	FY 1997 \$3.00	FY 1998 \$2.50	FY 1999 \$2.50	FY 2000 \$2.50
Beginning Balance	0	545,540	313,802	8,652	20,052	190,367	285,477
Title Receipts	2,991,131	3,074,945	2,800,000	2,400,000	2,000,000	2,000,000	2,000,000
Sale of Vehicles	382,795	665,521	1,111,440	1,925,600	3,574,935	3,823,950	4,053,465
Misc.	18,665	1,377	0	0	0	0	0
Total Receipts	3,392,591	4,287,383	4,225,242	4,334,252	5,594,987	6,014,317	6,338,942
Total Expenditures	2,847,051	3,973,581	4,216,590	4,314,200	5,404,620	5,728,840	6,072,560
Balance Forward	545,540	313,802	8,652	20,052	190,367	285,477	266,382
Price Per Vehicle	13,585	15,816	18,333	19,610	20,787	22,034	23,356
Vehicles Purchased		271	230	220	260	260	260
Miles Driven	10,800,000	11,200,000	12,446,800	12,446,800	12,446,800	12,446,800	12,446,800
Mile-out Point			54,117	56,576	47,872	47,872	47,872
Est. Avg. Resale Amt.		2,456	4,832	8,753	13,750	14,708	15,590

SENATE BILL No. 736

By Committee on Ways and Means

3-4

AN ACT concerning certain state land; authorizing the sale or lease by the secretary of administration; amending K.S.A. 75-3307, 75-3315 and 75-3316 and repealing the existing sections.

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

New Section 1. (a) As used in this section, "property" means all stateowned land and improvements in the city of Topeka which is in the area bounded by west sixth street on the south, MacVicar Avenue on the east, interstate 70 on the north and Oakley Avenue on the west, including the adjacent state-owned land west of Oakley Avenue and all state-owned land and improvements in the city of Winfield and Cowley county located in the southwest quarter of section 14, the southeast quarter of section 15 and part of the northwest quarter of section 15 east of the center of Timber Creek, all located in township 32 south, range 4 east of the 6th P.M. The secretary of administration is hereby authorized on behalf of the state of Kansas to sell all or part of the above-described property pursuant to subsection (b) or to lease all or part of such property pursuant to subsection (c). The approval of the appropriate state agency head is also required if the sale or lease involves portions of the property which are being used by the department of agriculture, department of corrections or the department of social and rehabilitation services.

(b) (1) (A) Before any portion of the property described in subsection (a) is sold, other than a sale pursuant to paragraph (b)(2), the real estate shall be appraised by three disinterested appraisers as provided in K.S.A. 75-3043a and amendments thereto. Upon receipt of the appraisal, the secretary of administration shall advertise for sealed bids on the appraised real estate for not less than three consecutive weeks by publication in the Kansas register. Subject to the approval of the governor, such sale shall be made to the highest responsible bidder whose bid is submitted within 30 days after the last publication of such notice. The secretary or governor may reject any and all bids, and in case all bids are rejected, bids may be called for again as in the first instance. Each bid shall be accompanied by a certified check in the amount of 5% of such bid, which sum may be forfeited in case of default by the bidder whose bid is accepted. In no event shall such real estate be sold for less than

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the appraised value.

- (B) Upon acceptance of any such bid, a deed conveying such real estate shall be executed and duly acknowledged by the secretary of administration before an officer authorized by law to take acknowledgements. Such deed shall be approved by the attorney general as to form and shall contain a recital of all proceedings in compliance with this act, and such recital shall be prima facie evidence that the proceedings were had in the form and manner recited.
- (C) When such real estate is sold under this subsection, the proceeds thereof, after deduction of the expenses of the sale and the cost of the survey and appraisal of the real estate, shall be paid into the state treasury to the credit of the state general fund.
- (2) (A) If the property described in subsection (a) is sold to a govemmental entity or nonprofit corporation which is exempt from federal income taxation pursuant to section 501(c)(3) of the federal internal revenue code of 1986, or a developer of a private sector project involving a housing or other development project approved by the department of commerce and housing the sale shall not be subject to the provisions of K.S.A. 75-3043a, and amendments thereto. The secretary of administration may sell the property for a purchase price to be negotiated and agreed upon by the secretary and the purchaser except that if the purchaser is the developer of a private sector project that is not a governmental entity or nonprofit corporation exempt from federal income taxation pursuant to section 501(c)(3) of the federal internal revenue code of 1986, the secretary shall conduct such sale by convening a procurement negotiating committee and conducting negotiations pursuant to K.S.A. 75-37,102 and amendments thereto. The proceeds of the sale, after deduction of any expenses, shall be paid into the state treasury to the credit of the state general fund.
- (B) The deed conveying the property described in subsection (a) shall be executed and duly acknowledged by the secretary of administration before an officer authorized by law to take acknowledgments. The deed shall be approved as to form by the attorney general.
- (c) (1) Before any portion of the property described in subsection (a) is leased to the private sector, other than a lease pursuant to paragraph (c)(2), the secretary of administration shall solicit proposals, convene a procurement negotiating committee and conduct negotiations pursuant to K.S.A. 75-37,102 and amendments thereto.
- (2) The secretary of administration may lease all or part of the property described in subsection (a) to any governmental entity or nonprofit corporation which is exempt from federal income taxation pursuant to section 501(c)(3) of the federal internal revenue code of 1986, subject to such terms and conditions as may be negotiated by the secretary of ad-

such property shall be appraised pursuant to K.S.A. 75-3043a and

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ministration. Such a lease shall not be subject to the provisions of K.S.A. 75-3739 through 75-3740a and amendments thereto, or K.S.A. 75-37,102 and amendments thereto.

- (3) The secretary of administration may lease all or part of the property described in subsection (a) to any state agency, or in accordance with K.S.A. 75-3765 and amendments thereto, may assign any state agency to space which is part of such property. Such a lease or assignment shall not be subject to the provisions of K.S.A. 75-3937 through 75-3740a and amendments thereto, or K.S.A. 75-37,102 and amendments thereto.
- (d) Prior to selling or leasing any of the property described in subsection (a) other than leasing or assigning such space to a state agency, the secretary of administration shall present to the joint committee on state building construction information regarding the proposed disposition of the property.
- (e) Subject to the approval of the secretary of administration and any procedures prescribed by the secretary, state agencies having personal property located on the land described in subsection (a) are authorized to lease, sell or dispose of such personal property. Any such disposition shall not be subject to the state surplus property act or other procurement or disposition statutes.
- Sec. 2. K.S.A. 75-3307 is hereby amended to read as follows: 75-3307. All deeds or other documents pertaining to titles to real estate in connection with institutions as defined in K.S.A. 76-12a01 and amendments thereto shall be placed and remain in the custody of the secretary of state. Except as provided in section 1, the secretary of social and rehabilitation services shall have custody and control of such land and the same shall belong to the state of Kansas. The secretary of social and rehabilitation services may enter into lease agreements for real estate surplus to the immediate or long term need of any such institution.
- Sec. 3. K.S.A. 75-3315 is hereby amended to read as follows: 75-3315. Except as provided in section 1, any property, real or personal, acquired under the provisions of K.S.A. 76-12a08 or 75-3314 and amendments thereto may be sold and title thereto conveyed to the purchaser by the secretary of social and rehabilitation services when the same is approved by concurrent resolution, appropriation act or other act of the legislature. Before any such sale of real estate, or any interest therein, shall be made, such secretary shall cause the interest in said the real estate proposed to be sold to be appraised by three disinterested persons, acquainted with land values in the county where said the land is located. Such appraisement shall be in writing and filed with the secretary. Thereafter, the secretary shall solicit sealed bids by public notice inserted in one publication in a newspaper of general circulation in the county where said the land is situated located, and authorized by law to publish legal

to the joint committee on state building construction and to the city council or city commission of the city in which the proposed disposition is located.

notices.

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Said The sale shall be made to the highest responsible bidder who submits his or her a bid within thirty 30 days after publication of such notice, except that in no case shall said the real estate be sold for less than three-fourths of the appraised value thereof. The secretary may reject any and all bids, and, in any case, new bids may be called for as in the first instance. When a bid has been accepted, the acceptance thereof shall be made a part of the records of the secretary. Upon acceptance of any such bid, a deed conveying such real estate shall be executed by the secretary, and duly acknowledged by him or her the secretary before any officer authorized by law to take acknowledgements. Said The deed shall contain a recital of all proceedings in compliance with this act, and said the recital shall be prima facie evidence that said the proceedings were had in the manner and form recited.

Sec. 4. K.S.A. 75-3316 is hereby amended to read as follows: 75-3316. Except as provided in section 1, all moneys, and the proceeds from the sale, lease, or use of any property, acquired under K.S.A. 75-3314 and amendments thereto, for the benefit of a particular institution, without restriction as to use, shall be deposited in the state treasury to the credit of the fee fund of said such institution. Any grant of money or property made subject to conditions imposed by the donor, grantor, or testator, may be accepted by the secretary and in accordance with K.S.A. 76-12a08 and amendments thereto used or expended in the manner required or under the conditions of the gift, grant or bequest.

Sec. 5. K.S.A. 75-3307, 75-3315 and 75-3316 are hereby repealed.

Sec. 6. This act shall take effect and be in force from and after its

27 publication in the statute book.

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