

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE

The meeting was called to order by Chairman Rhoades called the meeting to order at 9:06 a.m. on May 4, 2011, in Room 346-S of the Capitol.

All members were present except
Representative Donohoe - excused

Committee staff present:

Jim Wilson, Office of the Revisor of Statutes
Nobuko Folmsbee, Office of the Revisor of Statutes
Alan Conroy, Kansas Legislative Research Department
J.G. Scott, Kansas Legislative Research Department
Jarod Waltner, Kansas Legislative Research Department
Shirley Morrow, Kansas Legislative Research Department
Cindy O'Neal, Administrative Assistant, Appropriations Committee
Kathy Holscher, Committee Assistant, Appropriations Committee

Others attending:
See attached list

- Attachment 1 **HB 2409** – Amendments, Office of the Revisor of Statutes
- Attachment 2 Substitute Bill Draft, Office of the Revisor of Statutes

Chairman Rhoades welcomed committee members and reviewed the meeting agenda.

Representative Pottorff made a motion to approve the committee minutes for March 14, 15, 16, 18, 21, 23, 28 and 29. The motion was seconded by Representative Mast. Motion carried.

HB 2409: An act concerning the issuance of bond; relating to the national bio and agro defense facility

Chairman Rhoades stated that this is an informational hearing on **HB 2409**, as this bill will be referred to the Appropriations Committee.

Jim Wilson, Office of the Revisor of Statutes, provided an overview of **HB 2409** (Attachment 1), and he responded to questions from committee members. He stated that this would amend a statute enacted in FY 2008 and bonds issued shall be approved by the Department of Administration.

Landon Fulmer, Policy Director, Office of the Governor, presented testimony as a proponent of **HB 2409**, (no written testimony was provided). He provided an overview of the commitment Kansas made with the federal government in the amount of \$105 million regarding the joint investment for construction of the National Bio and Agro Defense Facility (NBADF).

Landon Fulmer responded to questions from committee members. He responded that the bill reaffirms and clarifies the state's commitment, and separates the possibility of public perception that there is a connection to a criminal investigation involving NBADF, when that is not the case and separates NBADF from the Kansas Bio Science Authority.

Dave Vranicar, Interim Chief Executive Officer, Kansas Bio Science Authority, provided testimony as a proponent of **HB 2409**, (no written testimony was provided). He provided an overview of the development for the proposal to construct the facility. The agency will fully cooperate with the implementation of this bill, he added.

Dave Vranicar responded to questions from committee members. He stated that the projected benefit to Kansas over a twenty year period was approximately between \$2 to \$3 billion. Following the completion of the facility continued funding for the facility would come from the federal government, he noted.

Chairman Rhoades closed the hearing on **HB 2409**.

CONTINUATION SHEET

Minutes of the House Appropriations Committee at 9:06 a.m. on May 4, 2011, in Room 346-S of the Capitol.

Meeting recessed at 9:50 a.m.

The meeting reconvened at: 4:09 p.m.

Chairman Rhoades called the meeting to order and reviewed the procedure for working **HB 2409** which includes working a **Substitute Bill for HB 2409** and a motion to fold the **Substitute Bill for HB 2409** into **SB 154**.

Jim Wilson, Office of the Revisor of Statutes, provided an overview of the **Substitute Bill for HB 2409** (**Attachment 2**). He noted that the amendment adds an additional step prior to the issuance of bonds that would also include a review by the Kansas Development Finance Authority and subject to approval by the State Finance Council and appropriation by the Legislature. He reviewed the composition of the financial council.

Representative Pottorff made a motion to combine the contents of **Substitute Bill for HB 2409** into **SB 154**. The motion was seconded by Representative Mast.

Discussion followed by committee members regarding the need for legislative involvement prior to issuance of bonds, which was agreed upon by the House and Senate Leadership.

Representative Pottorff withdrew the motion, with the approval of the second to the motion.

Representative Schwartz made a motion to amend **HB 2409** with the substitute language that prior to issuance of bonds by the Kansas Development Finance Authority and subject to approval of the State Finance Council and appropriation by the Legislature is required. The motion was seconded by Representative DeGraaf. Motion carried.

Representative Kelley made a motion to move the contents of **HB 2409** as amended into **SB 154**. The motion was seconded by Representative Gordon.

Discussion continued by committee members. This motion involves the Department of Administration and the State Financial Council in regards to issuance of bonds. Concerns were expressed regarding refinancing of bonds and establishing policy in other areas.

Jim Wilson, Office of the Revisor of Statutes, provided clarification for refinancing existing bonds.

Representative Henry made a substitute motion for an amendment that would include language that refinancing of bonds would be approved by the State Financial Council. The motion was seconded by Representative Crum.

Discussion continued by committee members regarding the impact of refinancing bonds.

Representative Henry withdrew the substitute motion with the approval of the second to the motion.

The motion to fold the contents of **HB 2409** as amended into **SB 154**. Motion carried.

Representative DeGraaf made a motion for an amendment to remove the contents of **SB 154** from **HB 2409**. The motion was seconded by Representative Pottorff. Motion carried.

Representative DeGraaf made a motion to move **SB 154** favorable for passage as amended. The motion was seconded by Representative Pottorff. Motion carried.

Meeting adjourned at: 4:50 p.m.

Marc Rhoades, Chairman