

Approved: April 26, 2012

(Date)

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE

The meeting was called to order by Chairperson Carolyn McGinn at 10:30 a.m. on Thursday, March 8, 2012 in 548-S of the Capitol.

Senators Taddiken, Schodorf, Emler and Masterson were excused.

Committee staff present:

Jan Lunn, Committee Assistant
Melinda Gaul, Chief of Staff, Senator McGinn's Office
Eli Johns, Intern, Senator McGinn's Office
J. G. Scott, Chief Fiscal Analyst, Legislative Research Department
Michael Steiner, Senior Analyst, Legislative Research Department
Bobbi Mariani, Fiscal Analyst, Legislative Research Department
Jill Wolters, Office of the Revisor of Statutes
David Wiese, Office of the Revisor of Statutes
Daniel Yoza, Office of the Revisor of Statutes

Conferees:

Peter Jasso, Director, Kansas Film Commission
Linda Browning-Weis, Chairman of the Kansas Arts Commission
Sara Fizell, Kansas Citizens for the Arts
Vicki Buening, Member, Board of Directors, Kansas Citizens for the Arts
Gail Parsons, Junction City Arts Council
Henry Schwaller, Past Chair and current Kansas Arts Commission Board Member
Mary Kennedy McCabe, Executive Director, Mid-America Arts Alliance
Jeanine McKenna, President/CEO, Emporia Area Chamber of Commerce
John Divine, private citizen, Salina, Kansas

Others in attendance:

See attached list.

Hearing on **SB 440—Creating the creative arts industries commission; abolishing the arts commission and the film commission**

Daniel Yoza, Office of the Revisor of Statutes, briefed committee members on **SB 440 (Attachment 1)**, which abolishes the Kansas Arts Commission and the Kansas Film Commission and replaces them with the Kansas Creative Arts Industries Commission within the Department of Commerce. Mr. Yoza described the commission and its composition, powers and duties, and language added to provide clarity and consistency.

Peter Jasso, Director of the Kansas Film Commission, described the Film Commission's purpose and staffing. He indicated that with successful passage of **SB 440** and the creation of the

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Creative Arts Industries Commission, the scope of current services would be broadened. (Attachment 2)

In response to a questions concerning staffing, Mr. Jasso indicated that he is the only FTE in the Film Commission; he described his job as to fulfill the duties required with the resources provided. Mr. Jasso confirmed that other resources within the Department of Commerce provide additional support.

Linda Browning Weis, Chairman of the Kansas Arts Commission, spoke in support of **SB 440** indicating that with passage, a solid platform for the meaningful support of existing arts and cultural programs and economic development opportunities in Kansas would be created. Ms. Weis described several concerns, which would need to be addressed by the newly established Commission. She reported that the members of the Kansas Arts Commission voted overwhelmingly to support **SB 440**. (Attachment 3)

Sarah Fizell, Kansas Citizens for the Arts, indicated a functional state arts agency along with adequate arts funding is required to create a successful Creative Arts Industries Commission in Kansas. (Attachment 4) Three components are necessary:

- Appropriate funding for the new Commission;
- The governing board of the new Commission must reflect interests of all Kansans; and
- The Commission must have qualified, professional staff.

Ms. Fizell discussed previous State General Fund appropriations to the Kansas Arts Commission as well as federal funding matching eligibility requirements.

In response to questions, Ms. Fizell indicated.

- Funding appropriated by the Governor in his FY 2013 recommendation is \$200,000; \$110,000 of that amount is targeted for the Film Commission and \$90,000 is targeted for the Arts.
- **SB 440** is modeled after a similarly-functioning agency in Colorado. The move of the Commission to the Department of Commerce can be supported with a higher appropriation of funding.
- The grant in FY 2011 to the Symphony in the Flint Hills was \$14,000.
- While the Department of Commerce's mission is to develop jobs, it is believed that with the Creative Arts Industries Commission as a part of that agency, arts and economic development can be achieved.

Vicki Buening, Board Member of Kansas Citizens for the Arts, spoke in support of **SB 440**, subject to appropriate funding being provided. With the addition of sufficient funding, the Kansas Creative Arts Industries Commission would be able to hire the staff needed to qualify for federal matching dollars and provide important support to communities and programs throughout the state. (Attachment 5)

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Gail Parsons, Junction City Arts Council, discussed the economic impact that the arts has generated in Junction City:

- \$7.5 million in total annual economic activity
- 143 full-time equivalent jobs were created

She reported that Junction City's investment in arts and cultural commerce has enabled it to harness significant economic rewards. ([Attachment 6](#))

Henry Schwaller, Past Chair and current Kansas Arts Commission Arts Board member, described the Colorado Creative Industries model and its mission, which is focused on economic development. He indicated the Colorado Commission operates with a staff of three. Mr. Schwaller compared the Colorado and Kansas models, defined objectives for the Kansas Creative Industries Commission, and emphasized the importance of strategy prioritization. ([Attachment 7](#))

In response to questions, Mr. Schwaller indicated:

- The Colorado budget is approximately \$2 million for arts and film.
- In 2010, the Kansas Arts Commission (KAC) planned to raise approximately \$5 million to restore the Dillon House. Plans called for KAC to keep offices in the house and to use the house for exhibits, seminars, workshops, film screenings, musical performances, literary events, receptions and an artist in residence. The current Commission is unfamiliar with the previous plan and while the leadership has performed admirably, the current KAC is struggling with focusing on basic tasks and programming.

John Divine, Salina, Kansas, (in the audience) requested to speak to **SB 440** (no written testimony). He indicated that, according to his knowledge, the Colorado Arts Industries budget is closer to \$4 million. While the Colorado Commission does focus on jobs creation, tourism is a small part of their mission. The organization has expanded its scope by encouraging organizations to recruit creative employees, develop creative jobs, and creative concepts.

Mary McCabe, Executive Director, Mid-America Arts Alliance (M-AAA), spoke from a neutral position. She presented information concerning the timeline that must be met to establish a Kansas Creative Arts Industries Commission partnership with the National Endowment for the Arts (NEA) as well as the M-AAA. ([Attachment 8](#)) Ms. McCabe encouraged language is added to **SB 440**, which relates to paid, professional staffing at the newly established Commission.

Chairperson McGinn called attention to written testimony in support of **SB 440** submitted by: Megan Keller, Miss Wichita's Outstanding Teen, ([Attachment 9](#))

Jeanine McKenna, President/CEO, Emporia Chamber of Commerce ([Attachment 10](#))

Emily Hunter, Executive Director of the Symphony in the Flint Hills ([Attachment 11](#))

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Robert Lynch, President and CEO, Americans for the Arts ([Attachment 12](#))

Jonathan Katz, PhD, Chief Executive Officer, National Assembly of State Arts Agencies ([Attachment 13](#))

Senator McGinn closed the hearing on **SB 440**.

Subcommittee Report on Capital Improvements ([Attachment 14](#)):

Senator Umbarger reported that for the following agencies, the Subcommittee concurred with the Governor's FY 2013 capital improvements recommendations:

- Department of Administration
- Department of Commerce
- Department on Aging
- Kansas Insurance Department
- Kansas Commission on Veterans' Affairs
- Kansas State School for the Deaf
- State Historical Society
- Department of Corrections
- Juvenile Justice Authority
- Department of Transportation
- Kansas Bureau of Investigation
- Kansas Highway Patrol
- Social and Rehabilitation Services

Senator Umbarger reported that for the Department of Labor, the Subcommittee concurred with the Governor's FY 2012 recommendation with the following adjustment:

1. Concur with the Joint Committee on State Building Construction and delete \$5,824, all from special revenue funds from general rehabilitation and repair expenditures, as a technical correction to the agency's budget in FY 2012.

Senator Umbarger reported that for the following agencies, the Subcommittee concurred with the Governor's FY 2013 recommendations with the following adjustments:

Department of Labor:

1. Concur with the Joint Committee on State Building Construction and delete \$5,998, all from special revenue funds from general rehabilitation and repair expenditures, as a technical correction to the agency's budget for FY 2013.

School for the Blind:

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1. Concur with the Joint Committee on State Building Construction and add \$59,120, all from the State Institutions Building Fund, for costs associated with the replacement of the roof at the Health Center on campus for FY 2013.

Board of Regents – Pittsburg State University:

1. Concur with the Joint Committee on State Building Construction and add \$24 million in bonding authority, with the debt service to be paid from special revenue funds, for three projects: the expansion/renovation of the Student Center, partial funding for the renovation of Weede Physical Education Building and construction of a new indoor event center, and partial funding for the Fine and Performing Arts Center. The total cost for these projects is estimated at \$54.1 million. The balance of the project costs will be paid from private gifts and student fees.

Adjutant General:

1. Concur with the Joint Committee on State Building Construction and add \$304,520, all from the Expanded Lottery Act Revenues Fund for roof replacements which include: replacement of the Hiawatha Armory Drill Hall Roof (\$221,200), and replacement of Building 303's roof (\$83,320).
2. Concur with the Joint Committee on State Building Construction and add \$392,396, all from the Expanded Lottery Act Revenues Fund (ELARF), for the Liberal Motor Vehicle Storage Compound Expansion.

Kansas State Fair:

1. Delete \$696,916, all from ELARF, for FY 2013 to reduce the payment on the 2001 W-3 series bond for the State Fair.

Department of Wildlife, Parks and Tourism:

1. Delete the language limiting expenditures from the Cabin Revenue Fund for capital improvement expenditures. This will allow the agency to complete cabin site preparation and construction as funds are available.
2. The Subcommittee notes that the agency has deferred maintenance projects due to budget restrictions during past fiscal years. The agency depends on user fees for a portion of funding and having a well maintained infrastructure is important to retaining and increasing wildlife and parkers users. Lack of funding for rehabilitation and repair, now and in the future will create a compounding problem where reduced attendance lowers fee revenue; lower revenue creates more deferred maintenance, more reliance on State General Fund appropriations, or letting of bonds to pay for maintenance projects.

Judicial Branch:

1. Delete \$199,499, all from the state General Fund, for FY 2013 to build a new Judicial Suite for the 14th State General Fund, for FY 2013 to build a new Judicial Suite for the 14th

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Court of Appeals Judge in the event **HB 2746** or other legislative act delaying the implementation of the 14th Court of Appeals judge is adopted.

A committee member inquired whether the improvements to the Rainbow facility should be included in the Social and Rehabilitation Services Subcommittee Report. Senator Umbarger clarified that \$1.5 million addition was included in the supplemental bill; therefore there was no need to include in the Subcommittee Report.

Jarod Waltner, Legislative Research Department (KLRD), distributed a memo (Attachment 15) describing the proposed adjustments to the 2001 W-3 State Fair bonds by Ways and Means Subcommittees. He indicated that when reconciliation by KLRD occurs, the proposed adjustments will be listed appropriately.

Senator Umbarger moved adoption of the Capital Improvements Subcommittee Reports; Senator Kelly seconded the motion, which carried on a voice vote.

Department of Administration Subcommittee Report:

Senator Teichman moved adoption of the Department of Administration Subcommittee Report; Senator Francisco seconded the motion, which carried on a voice vote.

Hearing on: SB 311-- concerning appropriations for fiscal years ending June 30, 2012, and June 30, 2013

Jill Wolters, Office of the Revisor of Statutes, discussed a proposed amendment to **SB 311** for FY 2012, which would add language in the Department of Commerce 2012 budget that would require 50.0 percent of all expenditures from the **Air Service Incentive** be directed to Topeka and Shawnee County for air passenger service. In addition, the language directs the Secretary of Commerce to conduct an independent review of the financial reports submitted by the organization representing Topeka and Shawnee County.

Senator Vratil moved to authorize the Revisor of Statutes Office to include additional language in the proposed amendment for a reporting provision for the organization representing Topeka and Shawnee County; Senator Kelly seconded the motion, which carried on a voice vote.

Senator Schmidt moved favorable passage of **SB 311**, as amended; Senator Kelly seconded the motion, which carried on a roll call vote.

The meeting was adjourned at 12:02 p.m.