

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE

The meeting was called to order by Chairman Dwayne Umbarger at 2:15 P.M. on March 28, 2007, in Room 123-S of the Capitol.

All members were present except:

Senator Jim Barone- excused
Senator Donald Betts- excused
Senator Steve Morris- excused
Senator Chris Steineger- excused

Committee staff present:

Jill Wolters, Senior Assistant, Revisor of Statutes
Theresa Kiernan, Senior Assistant Revisor of Statutes
Gordon Self, First Assistant Revisor of Statutes Office
J. G. Scott, Kansas Legislative Research Department
Audrey Dunkel, Kansas Legislative Research Department
Julian Efird, Kansas Legislative Research Department
Susan Kannarr, Kansas Legislative Research Department
Heather O'Hara, Kansas Legislative Research Department
Michael Steiner, Kansas Legislative Research Department
Melinda Gaul, Chief of Staff, Senate Ways & Means
Mary Shaw, Committee Assistant

Conferees appearing before the committee:

Dr. Marcia Nielsen, Executive Director, Kansas Health Policy Authority
Senator John Vratil
Tom Stacy, University of Kansas Law School
John White, Retired District Court Judge
Debra Billingsly, State Board of Pharmacy
Nancy Zogleman, Pfizer
Julie Hein, Kansas Pharmacy Coalition
Senator Mike Petersen

Others attending:

See attached list.

Chairman Umbarger turned the Committee's attention to discussion of:

HB 2556--Postsecondary technical education authority

A letter was distributed that had been received by Richard Hoffman, Kaw Area Technical School, regarding **HB 2556 (Attachment 1)**.

Senator Teichman explained a balloon amendment that addressed committee concerns from the previous day and all of the parties involved and that had been notified of the balloon (Attachment 2). Staff distributed copies of correspondence with George Fahnstock, Chairman of the Kansas Technical College and Vocational School Commission regarding **HB 2556 (Attachment 3)** and (Attachment 4). Senator Teichman moved, with a second by Senator Emler, to adopt the balloon amendment and the Revisor incorporate technical corrections. Motion carried on a voice vote.

Senator Teichman moved, with a second by Senator Kelly, to recommend Senate Substitute for HB 2556 favorable for passage. Motion carried on a roll call vote.

Chairman Umbarger opened the public hearing on:

SB 387--Kansas health policy authority, health insurance premium assistance programs

CONTINUATION SHEET

MINUTES OF THE Senate Ways and Means Committee at 2:15 P.M. on March 28, 2007, in Room 123-S of the Capitol.

Staff briefed the Committee on the bill.

The Chairman welcomed Dr. Marcia Nielsen, Executive Director, Kansas Health Policy Authority, who testified in support of **SB 387** (Attachment 5). Dr. Nielsen addressed the 2007 Short Term and Long Term Consensus Package, Health for All Kansas Steering Committee and the Kansas Health Policy Authority Board. She explained Item No. 6 of her written testimony regarding Premium Assistance for Low Income Families - needed legislative language which is **SB 387**. Dr. Nielsen detailed the information in that the bill would create a phased-in premium assistance program in order to help low income uninsured families in Kansas to purchase private health insurance, either through their employer or through state-procured insurance plans.

There being no further conferees to appear before the committee, the Chairman closed the public hearing on **SB 387**.

Senator Teichman moved, with a second by Senator V. Schmidt, to recommend **SB 387** favorable for passage. Motion carried on a roll call vote.

Chairman Umbarger opened the public hearing on:

SB 391--Creating the Kansas criminal code recodification commission; appropriating \$200,000 to fund the commission's work

Staff briefed the committee on the bill.

The Chairman welcomed Senator John Vratil as a proponent on **SB 391**. Senator Vratil explained that **SB 391** would allow the recodification of the criminal statutes which has not been done since 1969. He noted that if the money is appropriated, this could be done in three years' time at approximately \$150,000 - \$200,000 each year. In closing, Senator Vratil mentioned that this is an effort to simplify and coordinate the statutes. (No written testimony was submitted.)

Chairman Umbarger recognized Tom Stacy, Professor at the University of Kansas Law School, who chaired the Criminal code Recodification Subcommittee of the 3R's Committee, testified in favor of **SB 391** (Attachment 6). Mr. Stacy explained that a comprehensive recodification of the criminal statutes is a valuable and needed project which the Legislature cannot accomplish itself. Since it has been over thirty years since the codes have been revised, fundamental changes such as sentencing guidelines and a new death penalty have been made.

The Chairman acknowledged John White, Retired District Court Judge, who testified in support of **SB 391** (Attachment 7). Judge White mentioned that he has been working as Reporter for the recodification subcommittee of the 3R's Committee since August of 2006. He explained that the American law institute model penal code is a model criminal code that has been used by over two-thirds of the states as a pattern for developing their criminal codes. The Kansas criminal code is partially patterned on the model penal code. In closing, Judge White mentioned that this is a model to follow in a comprehensive recodification that also provides a framework for future legislation. The Judge also requested amending **SB 391** to be effective on publication in the Kansas Register.

Written testimony in support of **SB 391** was submitted by Roger Werholtz, Secretary, Kansas Department of Corrections (Attachment 8).

There being no further conferees to appear before the committee, the Chairman closed the public hearing on **SB 391**.

Senator Teichman moved, with a second by Senator Kelly, to amend **SB 391** to be effective on publication in the Kansas Register. Motion carried on a voice vote.

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Senator Schodorf moved, with a second by Senator Emler, to recommend **Senate Substitute for SB 391** favorable for passage. Motion carried on a roll call vote.

Chairman Umbarger opened the public hearing on:

HB 2531--Pharmacy act amendments concerning durable medical equipment and wholesale drug regulation

Staff briefed the committee on the bill.

The Chairman welcomed the following conferees:

Debra Billingsly, Executive Director, Kansas State Board of Pharmacy, who testified in support of **HB 2531** (Attachment 9). Ms. Billingsly explained that the 2006 Legislature mandated that the Board of Pharmacy conduct a task force to study the issue of counterfeit drugs, pedigrees for prescription drugs, penalty aspects for violation of pedigree requirements and registration requirements of wholesale distributors. She noted that the Board determined that there was a need for changes in the prescription drug wholesale registration process in that increased requirements for registration were critical to make sure that entities met the minimum standard. In closing, Ms. Billingsly mentioned that **HB 2531** is a beginning point to combat counterfeit drugs.

Nancy Zogleman, Pfizer, Inc., testified in favor of **HB 2531** (Attachment 10). Ms. Zogleman reported that counterfeit pharmaceuticals are a growing problem. She noted that a report released by the Center for Medicines in the Public Interest, in the United States, projects counterfeit drug sales to reach US\$ 75 billion in 2010, a 92 percent increase from 2005. Ms. Zogleman suggested amending **HB 2531** to add the definition of Normal Distribution Channel.

Julie Hein, on behalf of the Kansas Pharmacy Coalition, testified as a proponent of **HB 2531** (Attachment 11). Ms. Hein mentioned that the bill will increase the requirements and provide additional safeguards for those choosing to be wholesaler of prescription drugs in Kansas. They support the conclusion of the Board of Pharmacy on that issue. Ms. Hein requested clarifying amendments and worked with the Board of Pharmacy and the amendments are included in the current version of the bill.

Written testimony was submitted by Senator Mike Petersen (Attachment 12).

There being no further conferees to appear before the committee, the Chairman closed the public hearing on **HB 2531**.

Senator V. Schmidt moved, with a second by Senator Kelly, to adopt two balloon amendments (Attachment 13) and (Attachment 14) and including authorized technical cleanup of **HB 2531** by the Revisor. Motion carried on a voice vote.

Senator Kelly moved, with a second by Senator Teichman, to recommend **Senate Substitute for HB 2531** favorable for passage. Motion carried on a roll call vote.

Senator Vicki Schmidt expressed her thanks to Chairman Umbarger and Revisor Jill Wolters for all their work regarding **HB 2531**.

Subcommittee report on:

Kansas Public Employees Retirement System Issues, March 28, 2007 Report (Attachment 15)

Senator David Wysong, Member, Subcommittee on Kansas Public Employees Retirement System Issues, reported that the original report was presented to the Senate Ways and Means Committee on March 12, 2007, and the report was adopted and three bills listed below were recommended favorably:

CONTINUATION SHEET

MINUTES OF THE Senate Ways and Means Committee at 2:15 P.M. on March 28, 2007, in Room 123-S of the Capitol.

SB 180 – Clarify the income tax exemption for certain lump-sum payments at retirement from KPERS and certain amounts received as payments from the state board of regents retirement plan

SB 335--Investment and divestment standards and procedures for the board of trustees of the Kansas Public Employees Retirement System with regard to the KPERS fund related to direct or indirect holdings of companies with certain operations in Sudan

SB 371--Purchase of participating service credit under KPERS for service as law enforcement personnel in support of a mission administered by the united nations

All three bills were passed by the Senate. Due to the House not taking any action, the Subcommittee recommends that the provisions of each bill listed in the subcommittee report be amended into:

HB 2457--KPERS, investment standards and divestment procedures, service credit purchases, exemption from taxation of benefits and disability benefits:

Senator Wysong moved, with a second by Senator Teichman, to amend the provisions of SB 180, SB 335 and SB 371 into HB 2457 and recommend Senate Substitute for HB 2457 favorable for passage. Motion carried on a roll call vote.

Senator Vicki Schmidt expressed her thanks to Chairman Umbarger and Revisor Jill Wolters and all the Staff for all their hard work.

Chairman Umbarger expressed his thanks and appreciation both to the Committee and all the Staff for their hard work during the 2007 Legislative Session. He noted that the Committee will meet again for the Omnibus Session beginning on Wednesday, April 18, 2007, at 8:30 a.m.

The meeting adjourned at 4:00 p.m. The next meeting is scheduled for April 18, 2007, the Omnibus Session.