

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 16, 2009, in Room 545-N of the Capitol.

All members were present.

Committee staff present:

Michael Steiner, Kansas Legislative Research Department
Estelle Montgomery, Kansas Legislative Research Department
Reagan Cussimano, Kansas Legislative Research Department
Amy Deckard, Kansas Legislative Research Department
Aaron Klaassen, Kansas Legislative Research Department
Jonathan Tang, Kansas Legislative Research Department
Jill Wolters, Office of the Revisor of Statutes
Daniel Yoza, Office of the Revisor of Statutes
Theresa Kiernan, Office of the Revisor of Statutes
Melinda Gaul, Chief of Staff
Shirley Jepson, Committee Assistant

Conferees appearing before the Committee:

Senator Stephen Morris, Senate President
Senator Derek Schmidt, Senate Majority Leader
Dan McLaughlin, State Fire Marshal

Others attending:

See attached list.

Introduction of proposed legislation

Senator Umbarger moved to introduce legislation concerning a comprehensive transportation plan (9rs0979). The motion was seconded by Senator Teichman. Motion carried on a voice vote.

Referral of Legislation

The Chair referred **SB 141** to the Judicial Council for review. The Committee expressed a concern if the Kansas Health Policy Authority chose to move forward on filling the position of Inspector General.

Hearing on SCR 1614 - Constitutional amendments; creating a budget stabilization fund in the state treasury; annual .25% transfer of general state revenues; transfers only under certain circumstances.

Jill Wolters, Revisor, explained that **SCR 1614** adds a new section to article 11 of the Kansas constitution establishing a budget stabilization fund in the state treasury (Attachment 1). The amendment to the constitution would require that annually .25 percent of the state revenues collected in the preceding year be transferred to the budget stabilization fund. Moneys from the fund may only be transferred by a separate act of the Legislature passed by an affirmative vote of not less than three-fifths of all members or by a separate act of the legislature whenever the amount in the fund exceeds 5.0 percent of the state revenues collected in the previous fiscal year.

Senator Stephen Morris and Senator Derek Schmidt presented testimony in support of **SCR 1614** (Attachment 2). Senator Morris stated that the legislation allows for the citizens of Kansas to decide whether the constitution should provide for a budget stabilization fund to help the state and its citizens weather difficult economic times as well as establishing good public policy. Senator Schmidt stated that the concept is widespread, noting that the majority of states have some type of "rainy day fund".

The Committee expressed concern that statutorily the state is presently committed to having a 7.5 percent ending balance and has established a number of other funds in which to set aside moneys. However, the Legislature has found ways to take money from these funds on several occasions or adjust the ending balance in statute. Senator Schmidt felt that a constitutional amendment would be a creditable tool to use in balancing the budget when the need arises. Senator Schmidt stated that the .25 percent funding for the stabilization fund

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would be on state revenues only and not involve any federal funds. The Committee also expressed a concern that there is no cap on the amount of funds to be deposited in the budget stabilization fund allowing it to grow and grow with taxpayer money.

Responding to questions from the Committee, Senator Schmidt stated that the .25 percent would be assessed on state revenues after the 7.5 percent ending balance. The Senator noted that the House passed **HB 2320** is significantly different from **SCR 1614** because it addresses the establishment of such fund in statute rather than as an amendment to the constitution. Senator Schmidt felt it is appropriate to ask the citizens of the state whether they approve of the establishment of a budget stabilization fund in which to put away funds during the good times to be used during difficult times. The Senator further stated that this legislation is not a proposal made in response to the federal stimulus package and reiterated that no federal funds are used in the calculation of funds to be deposited in the stabilization fund.

- The Committee requested a listing of the state's ending balance on June 30th for the past 9 years.

There were no other conferees to come before the Committee.

The hearing on **SCR 1614** was closed.

Senator Vratil moved to recommend **SCR 1614** favorable for passage. The motion was seconded by Senator Taddiken. Motion carried on a voice vote.

Subcommittee Report on the Kansas Arts Commission

Senator Wysong, Chair of the Subcommittee, presented the Subcommittee report on the Governor's budget recommendations for the Kansas Arts Commission for FY 2010 and moved for the adoption of the Subcommittee report on the Kansas Arts Commission for FY 2010 with notations and adjustments (Attachment 3). The motion was seconded by Senator Kelly. Motion carried on a voice vote.

Subcommittee Report on the State Library

Senator Wysong, Chair of the Subcommittee, presented the Subcommittee report on the Governor's budget recommendations for the State Library for FY 2010 with notations and adjustments (Attachment 3).

Senator Teichman moved for a review of the State Library budget for FY 2010 at Omnibus. The motion was seconded by Senator Kelly. Motion carried on a voice vote.

Senator Wysong moved for the adoption of the Subcommittee report on the State Library for FY 2010 as amended. The motion was seconded by Senator Umbarger. Motion carried on a voice vote.

Hearing on SB 306 - Kansas fireworks act; creating the fireworks and explosives fund.

Aaron Klaassen, Kansas Legislative Research Department, explained that **SB 306** would create the fireworks and explosives fund within the State Fire Marshal's office and amends existing statute to direct licensor fees to be deposited into the fund.

Dan McLaughlin, State Fire Marshal, presented testimony in support of **SB 306** (Attachment 4). Mr. McLaughlin explained that this legislation is necessary to clarify an omission made in the original legislation regarding the State Fire Marshal. The fees to be deposited in this fund are collected from distributors, wholesalers and display operators in the storage of fireworks.

There were no other conferees to come before the Committee.

The hearing on **SB 306** was closed.

Senator Kelly moved to recommend **SB 306** favorable for passage and placement on the consent calendar. The motion was seconded by Senator McGinn. Motion carried on a voice vote.

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Hearing on SB 313 - School districts; contingency reserve fund; limitations, suspension of.

Theresa Kiernan, Revisor, explained that **SB 313** would remove the limitation on the balance which may be maintained by a school district in the contingency reserve fund beginning in the current school year through school year 2011-2012 (Attachment 5).

There were no conferees to appear before the Committee on **SB 313**.

The hearing on **SB 313** was closed.

Senator Vratil stated that the legislation would allow school districts to plan ahead for when the federal stimulus funds are not longer available in 2 years.

Senator Vratil moved to recommend **SB 313** favorable for passage. The motion was seconded by Senator Masterson. Motion carried on a voice vote.

The next meeting is scheduled for March 17, 2009.

The meeting was adjourned at 11:45 a.m.