

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS.

The meeting was called to order by Chair Melvin Neufeld at 9:00 a.m. on March 21, 2003, in Room 514-S of the Capitol.

All members were present except: Representative Barbara Ballard - excused
Representative Rocky Nichols - excused

Committee staff present: J. G. Scott, Legislative Research Department
Julian Efird, Legislative Research
Robert Waller, Legislative Research
Leah Robinson, Legislative Research
Amy Deckard, Legislative Research
Paul West, Legislative Research
Becky Krahl, Legislative Research
Jim Wilson, Revisor of Statutes
Mike Corrigan, Revisor of Statutes
Nikki Feuerborn, Administrative Analyst
Shirley Jepson, Committee Secretary

Conferees appearing before the committee: Representative Kenny Wilk
Representative John Edmonds
Representative Eric Carter
Joyce Cussimano, Children's Cabinet
John Wood, First Albany Corporation
Colonel Adam King, Adjutant General's Office
Alan Cobb, Coalition for Opportunity
Janet Chubb, Secretary of State's Office

Others attending: See attached

- Attachment 1 **HB 2412** Testimony by Representative Kenny Wilk
- Attachment 2 **HB 2412** Testimony by Representative John Edmonds
- Attachment 3 **HB 2412** Testimony by Representative Eric Carter
- Attachment 4 **HB 2412** Testimony by Joyce Cussimano, Children's Cabinet
- Attachment 5 **SB 240** Testimony by Colonel Adam Cobb, Adjutant General
- Attachment 6 **SB 223** Testimony by Alan Cobb, Coalition for Opportunity
- Attachment 7 **HB 2128** Amendment
- Attachment 8 **HB 2128** Testimony by Janet Chubb, Assistant Secretary of State

HB 2412:--Kansas Development Finance Authority (KDFA); securitization of tobacco litigation settlement receipts and bonds.

Paul West, Legislative Research Department, explained the bill, which authorizes the securitization of tobacco litigation settlement receipts and bonds. The legislation creates the "Great Plains Tobacco Settlement Corporation" and authorizes the Secretary of Administration to sell all or a portion of the state tobacco settlement receipts to the Corporation.

The Chair recognized Representative Kenny Wilk, Proponent for **HB 2412**, who presented written testimony and provided a list of key provisions of the bill (Attachment 1). Representative Wilk responded to questions from the Committee, stating that this bill addresses only the securitization of the moneys and does not address how the money will be spent. An amendment which has been proposed, would state that if the State Finance Council took any funds for deposit to the State General Fund, it would be considered a loan and would need to be paid back to the Kansas Endowment for Youth. Representative Wilk noted that under this bill, the Legislature would set up the mechanism for the securitization of the settlement but would not authorize or require the securitization of said receipts. The Legislature would still manage the expenditures and interest on the funds. As the legislation is written, three House

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members and three Senate members would serve on the board of the Corporation.

The Chair recognized Representative John Edmonds, Proponent for **HB 2412**, who presented written testimony concerning utilization of the bond proceeds from the tobacco bond securitization (Attachment 2). Representative Edmonds requested an amendment to the bill to dedicate all or a portion of the bond proceeds from the tobacco securitization to help stabilize the Kansas Public Employee Retirement System (KPERS). Responding to a question, Representative Edmonds stated that this payment would be a one-time payment to the KPERS fund and would help to fulfill the state's obligation.

The Chair recognized Representative Eric Carter, proponent for **HB 2412**, who presented written testimony (Attachment 3). There were no questions from the Committee.

The Chair recognized Joyce Cussimano, Executive Director of the Children's Cabinet, who presented written testimony giving some background on the establishment of the Kansas Children's Cabinet and the purpose of the Kansas Endowment for Youth (KEY) fund (Attachment 4). In answer to a question from the Committee, Ms. Cussimano noted that the Kansas Children's Cabinet does not have a position on the securitization on the funds.

In response to questions concerning the a recent California settlement, the Chair recognized John Wood, First Albany Corporation, a leading underwriter of these types of securities. Mr. Wood indicated that California received approximately \$3 billion from the securitization of their tobacco settlement. California is currently planning another issue in the range of \$2.5 to \$3 billion in the near future.

The Chair closed the Hearing on **HB 2412**.

SB 240--Insurance Coverage for Armories

The Chair opened the Hearing on **SB 240** and recognized Robert Waller, Legislative Research Department, who explained the bill, concerning the Adjutant General having authorization to self-insure certain armories.

The Chair recognized Colonel Adam King, Adjutant General's Office, who presented written testimony in favor of **SB 240** (Attachment 5). In response to a question from the Committee, Colonel King indicated they have two outstanding bonds in the amount of \$4,000,000; two issuances of \$2,000,000 each. These bonds will be paid out over a number of years.

The Chair closed the Hearing on **SB 240**.

Representative Feuerborn moved to pass **SB 240** favorably. Seconded by Representative Merrick.

With the permission of the second, Representative Feuerborn amended his motion to pass **SB 240** and to recommend that it be placed on the consent calendar. Motion carried.

SB 223--State agency purchasing procedures; reverse auctioning electronic procurement process

The Chair opened the Hearing on **SB 223** and recognized Leah Robinson, Legislative Research Department, who explained the bill which relates to State purchasing procedures; providing review of contracts under the non-competitive bid exceptions; reverse auctioning. The bill places a threshold of \$5,000 on contracts that have to be included in quarterly reports to the Legislative Coordinating Council, Senate Ways and Means Committee, and the House Appropriations Committee pertaining to supplies or services that are procured through grant funds, consortiums or other governmental entities and other requirements.

Alan Cobb, spokesperson for the Coalition for Opportunity which is a group of Kansas manufacturers who employ more than 400 people who are blind and/or disabled. Mr. Cobb presented testimony in favor of **SB 223** (Attachment 6).

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The Committee requested Mr. Cobb to provide information on how much has been spent and how much has been purchased from the blind and disabled in the last few years.

Mr. Cobb indicated that there would be a “proviso” regarding Reverse Auction provided by the Revisor of Statutes and placed in the appropriate place in the **SB 223**. The Committee will return to the bill later after the Revisor has studied the bill and developed the proviso.

The Chair closed the Hearing on **SB 223**.

Hearing on HB 2128—Amendments to statues relating to distribution of certain publications and documents by the Secretary of State

Amy Deckard, Legislative Research Department, presented information on Amendments to HB 2128, concerning the distribution of the Kansas Register and Kansas Administrative Regulations, not only in electronic format, but also provide that paper copies be available from the Secretary of State’s office (Attachment 7).

Janet Chubb, Assistant Secretary of State, presented testimony regarding electronic publication of the Kansas Register and the Kansas Administrative Regulations, state documents which are currently distributed in hard copy format (Attachment 8). Ms. Chubb stated that the purpose of this legislation is to cut publishing costs and to redirect fees for these publications to a fee fund so that the office may support itself instead of relying on state general fund appropriations. Ms. Chubb did not know the dollar amount of savings on copies to go to the Legislators, however, the net result with others would be approximately \$71,000 savings to the SGF. The Committee voiced concern that the bill would limit access to this information by persons who did not have access to computers and would be charged a fee for a paper copy. Ms. Chubb had no comments as to the impact of this legislation on the State Printer.

The hearing on **HB 2128** was closed.

Representative Landwehr moved to introduce legislation relating to the senior pharmacy assistance program. The motion was seconded by Representative Bethel. Motion carried.

The meeting was adjourned.

Melvin Neufeld, Chair