

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE

The meeting was called to order by Chairman Dwayne Umbarger at 10:40 A.M. on March 4, 2008, in Room 123-S of the Capitol.

All members were present except:

Senator Donald Betts, Jr. - excused

Committee staff present:

Jill Wolters, Senior Assistant, Revisor of Statutes
Kristen Clarke Kellems, Assistant Revisor of Statutes
Scott Wells, Revisor of Statutes Office
Amy Deckard, Kansas Legislative Research Department
Audrey Dunkel, Kansas Legislative Research Department
Julian Efird, Kansas Legislative Research Department
Cody Gorges, Kansas Legislative Research Department
J. G. Scott, Kansas Legislative Research Department
Jarod Waltner, Kansas Legislative Research Department
Melinda Gaul, Chief of Staff, Senate Ways & Means
Mary Shaw, Committee Assistant

Conferees appearing before the committee:

Stephen R. Weatherford, President, Kansas Development Finance Authority
Staci Pratt, Homeless Liaison, Kansas City, Kansas, Public Schools
Jennifer Schwartz, Director, Kansas Association of Centers for Independent Living
Marilyn Nichols, Shawnee County Register of Deeds and Kansas Register of Deeds Association
Luke Bell, Director of Governmental Relations, Kansas Association of Realtors
Martha Neu Smith, Executive Director, Kansas Manufactured Housing Association
Chris Wilson, Executive Director, Kansas Building Industry Association
Shannon Jones, Director, Statewide Independent Living Council of Kansas
Edward Cross, Executive Vice President, Kansas Independent Oil and Gas Association

Others attending:

See attached list.

Bill Introduction

Senator Morris moved, with a second by Senator Kelly, to introduce a conceptual bill establishing the joint committee on the 2010 comprehensive transportation plan. Motion carried on a voice vote.

The Chairman announced that the Omnibus work days will be Wednesday, April 23 and Thursday, April 24, 2008. He also announced that Senator Vicki Schmidt will be replacing Senator McGinn on the Department of Social and Rehabilitation Services Subcommittee.

The following sets of minutes were distributed to the committee on February 21, 2008, for review and are scheduled for approval at this meeting:

December 17, 2007 (preliminary joint meeting)	January 23, 2008
January 14, 2008	January 24, 2008
January 15, 2008	January 25, 2008
January 16, 2008	January 28, 2008
January 17, 2008 (joint meeting)	January 29, 2008
January 17, 2008	
January 18, 2008	
January 22, 2008 (joint meeting)	
January 22, 2008	

Senator Steineger moved, with a second by Senator Taddiken, to approve the minutes of the meetings as that

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are listed above. Motion carried on a voice vote.

Chairman Umbarger returned the following bill from the KPERS Issues Subcommittee back to the Full Senate Ways and Means Committee:

SB 661--KPERS three-year cost-of-living increase for certain retirants

Chairman Umbarger referred the following bills to the KPERS Issues Subcommittee:

SB 662--KPERS Act of 2009

SB 663--KPERS plan compliance with federal law

Copies of the Kansas Legislative Research Department Budget Analysis Report for FY 2008 and FY 2009 were available to the committee.

Subcommittee reports on:

Kansas Department of Administration (including Public Broadcasting) (Attachment 1)

Subcommittee Chairwoman Ruth Teichman reported that the subcommittee on the Kansas Department of Administration (including Public Broadcasting) concurs with the Governor's recommendation in FY 2008 with a technical correction to the supplemental appropriations bill and concurs with the Governor's FY 2009 recommendation with exceptions.

Senator Teichman moved, with a second by Senator Kelly, to adopt the subcommittee budget report on the Kansas Department of Administration (including Public Broadcasting) in FY 2008. Motion carried on a voice vote.

Senator V. Schmidt moved, with a second by Senator Teichman, to amend the subcommittee budget report on the Kansas Department of Administration (including Public Broadcasting) and continue the 1 FTE position in FY 2008, Item No. 1, and defer 1 FTE position in FY 2009, Item No. 2, until Omnibus consideration. Motion carried on a voice vote.

Senator Teichman moved, with a second by Senator Schodorf, to amend the subcommittee budget report on the Kansas Department of Administration (including Public Broadcasting) to add back in the \$500,000 from the State General Fund for Public Broadcasting in FY 2009, Item No. 5. Motion failed on a voice vote.

Senator Teichman moved, with a second by Senator Emler, to adopt the subcommittee budget report on the Kansas Department of Administration (including Public Broadcasting) in FY 2008 and FY 2009 as amended. Motion carried on a voice vote.

The Chairman opened the continued hearing on:

SB 605--Housing Trust Fund; collection of fees

Staff briefed the committee on the bill and provided two charts:

FEMA-1711, Kansas Disaster Declaration as of 8/17/2007 (Attachment 2)

FEMA-1699-DR, Kansas Disaster Declaration as of 7/31/2007 (Attachment 3)

The Chairman welcomed the following conferees on the bill:

Stephen R. Weatherford, President, Kansas Development Finance Authority, who testified as a proponent on **SB 605** (Attachment 4). Mr. Weatherford highlighted some housing accomplishments over the past few years by the State Housing Trust Fund (Trust Fund). He noted that in spite of all the accomplishments (detailed in written testimony) achieved through the Trust Fund, the reality is that Kansas' housing needs are great and its funds are few. Mr. Weatherford mentioned that the bill represents a modest investment for the housing

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stock in Kansas and a simple \$1.00 per page document recording fee is expected to generate an estimated \$2 million annually for the Trust Fund. He noted that there is a policy decision in that there is a need for a program for the needy, and also look at not only disaster funding, but coupling with economic development.

Staci Pratt, Homeless Liaison, Kansas City, Kansas, Public Schools (USD 500) who testified in support of **SB 605** (Attachment 5). Ms. Pratt indicated that she supported passage of the bill as it provides a dedicated revenue source into the Kansas State Housing Trust Fund. She recommended amending the bill to dedicate 90% of the funds to assist those individuals living at the 30% or less of the area median income. Ms. Pratt noted that there were over 911 homeless children and youth attending public schools in Wyandotte County last year, with the average age of a homeless person in Wyandotte County being 7 years old. In closing, Ms. Pratt also requested consideration of amending the bill to include setting aside 50% of the funds for homeless families with children and support tenant rental assistance and emergency and transitional beds.

Jennifer Schwartz, Director, Kansas Association of Centers for Independent Living, who spoke in support of **SB 605** (Attachment 6). Ms. Schwartz supports the need to increase the funding to the Kansas State Housing Trust Fund, but asked consideration of amendments to the bill as detailed in her written testimony. She noted that **SB 605** provides a dedicated revenue source into the Trust Fund.

Marilyn Nichols, Shawnee County Register of Deeds, and representing the Kansas Register of Deeds Association, testified as an opponent on **SB 605** (Attachment 7). Ms. Nichols explained that the permanent funding stream is to be generated through an increase in the document recording fees in the Register of Deeds Office. She explained that the current fee is \$8.00 for the first page and \$4.00 for each additional page. The breakdown is detailed in her written testimony. Ms. Nichols questioned if the funding stream is really appropriate to route recording fees to a state fund and the county collector in this case is an elected county official. In closing, Ms. Nichols explained that the Kansas Register of Deeds Association opposes the bill in as far as the funding stream being through their recording fees and feels the State of Kansas should fund disaster relief, which may or may not include additional funding for housing. They are not opposing disaster relief nor helping the homeless.

Luke Bell, Director of Governmental Relations, Kansas Association of Realtors, spoke in opposition of **SB 605** (Attachment 8). Mr. Bell expressed concern that under this legislation, all Kansas homebuyers would be forced to pay additional closing costs as part of the real estate transaction to supply increased funding for the housing trust fund. He noted that Kansas homebuyers already pay an average of nearly \$400 in document recording fees and taxes on the purchase of each home in the state. Mr. Bell provided in his written testimony information from surrounding states in regard to document recording fees and taxes paid on a \$200,000 purchase of a home.

Martha Neu Smith, Executive Director, Kansas Manufactured Housing Association, who testified in opposition to **SB 605** (Attachment 9). Ms. Smith expressed their concerns on the bill. Their questions include what the definition of "workforce housing" is and what are the "other housing activities" determined by the president of the Kansas Housing Resources Corporation that will be funded by this fee increase. In closing, Ms. Smith asked that the KHRC go through the appropriations process to secure funding for the Housing Trust Fund.

Chris Wilson, Executive Director, Kansas Building Industry Association, spoke as an opponent on **SB 605** (Attachment 10). Ms. Wilson explained that they oppose the bill for the following reasons:

1. SB 605 would establish a new tax.
2. The revenue generated by the legislation would not go through the appropriations process.
3. There are only very broad parameters as to how the funds would be spent.
4. There has been no specific information provided on the needs for the funds; needs that aren't currently being met in other programs; and specifically how those funds might be allocated.

Shannon Jones, Director, Statewide Independent Living Council of Kansas (SILCK), testified in opposition to **SB 605** (Attachment 11). Ms. Jones mentioned that in general, SILCK supports the bill in that it provides a dedicated funding revenue source into the Kansas Housing Trust Fund; a dedicated revenue stream that

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should be targeted to those most in need. However, Ms. Jones expressed concern that SILCK is deeply concerned about the proposed new targeted beneficiaries in the bill focused on workforce housing up to 120% of the state median income. SILCK recommended several amendments to the bill that are detailed in the written testimony.

Edward Cross, Executive Vice President, Kansas Independent Oil and Gas Association (KIOGA), testified in opposition to **SB 605** ([Attachment 12](#)). Mr. Cross explained that they do not object to disaster relief funding, but they are concerned about the funding process stated in the bill. He noted that often the oil and gas industry records a large number of documents and in many western Kansas counties, the majority of documents being recorded are oil and gas documents. **SB 605** increases fees on the oil and gas industry to fund something completely unrelated to the business of the people who will be required to pay the fees. Mr. Cross urged the committee to find other more fair ways to fund disaster housing relief.

Written testimony was submitted by:

Karl Peterjohn, Executive Director, Kansas Taxpayer Network ([Attachment 13](#))

Alan Cobb, State Director, Americans for Prosperity ([Attachment 14](#))

Kelly Nightengale, Housing specialist, Independence, Inc., Lawrence ([Attachment 15](#))

The Chairman closed the public hearing on **SB 605**.

The meeting adjourned at 12:10 p.m. The next meeting was scheduled for March 5, 2008.