

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS.

The meeting was called to order by Chairperson Stephen Morris at 10:30 a.m. on February 5, 2003, in Room 123-S of the Capitol.

All members were present except: All present

Committee staff present:

Alan Conroy, Director, Kansas Legislative Research Department
Martha Dorsey, Kansas Legislative Research Department
Melissa Calderwood, Kansas Legislative Research Department
Debra Hollon, Kansas Legislative Research Department
Carolyn Rampey, Kansas Legislative Research Department
Michael Corrigan, Revisor of Statutes Office
Judy Bromich, Administrative Analyst
Mary Shaw, Committee Secretary

Conferees appearing before the committee:

Kay McFarland, Chief Justice, Kansas Supreme Court
Jerry Sloan, Budget and Benefits Officer, Judicial Branch
Jim Murphy, Assistant for Fiscal Management, Kansas Department of Health and Environment
Tom Palace, Executive Director, Petroleum Marketers and Convenience Store Assoc. of Kansas

Others attending: See attached list

Bill Introductions

Senator Jackson moved, with a second by Senator Salmans, to introduce a bill concerning the school district capital improvements fund (3rs0324). Motion carried on a voice vote.

Chairman Morris welcomed Chief Justice Kay McFarland of the Kansas Supreme Court who presented an overview of the Judicial Branch. Justice McFarland explained that even though their caseloads have gone up, they have had very little change in personnel. To operate, the Chief Justice mentioned that they need their maintenance budget which is what it takes to do next year what they are doing this year with the same people and no enhancements. Justice McFarland emphasized that they are a branch of government. She explained that they can continue to give the State the kind of judiciary they have had and are entitled to, but they do need the maintenance. (Justice McFarland referred to the information provided in the testimony that follows from Jerry Sloan of the Judicial Branch.) Committee questions and discussion followed.

Chairman Morris welcomed Jerry Sloan, Budget and Benefits Officer, Judicial Branch, who mentioned that the Judicial Branch budget is now going directly to the Legislature (Attachment 1). Mr. Sloan explained the Judicial Branch Salary and Wages budget. He provided an additional chart regarding allocation by district size among urban, mid-sized and rural courts (divided by caseloads). Mr. Sloan noted that the Judicial Branch budget shows not adding anything new and their budget details the mandated cost increases and the

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gubernatorial recommendations (found on the last page of his testimony).

Committee questions and discussion followed. Senator Kerr requested additional detail regarding the chart showing allocation by district size to overlay the percentage of the state population and the percent of cases handled in each category.

Chairman Morris welcomed Jim Murphy, Assistant for Fiscal Management, Kansas Department of Health and Environment, who briefed the committee regarding the transfer from the underground petroleum storage tank release trust fund to the State General Fund. Mr. Murphy provided copies of the following information:

- 9377 Underground Petroleum Storage Tank Trust Fund, Firm Encumbrances by Fiscal Year and Firm Encumbrances Percent of Total (Attachment 2)
- Information presented to the committee about the Storage Tank Funds (Attachment 3)

Mr. Murphy mentioned that in the Governor's budget there is a proposal to transfer \$10 million dollars from the underground storage tank funds to the State General Fund. He explained that what KDHE is being asked to do is take all the firm encumbrances and change them to contingent so they are still preserving the spending authority but to release the cash and make it available for other uses. He noted that this probably would not affect them in FY 2003 or FY 2004, but in FY 2005 and FY 2006 where there may be some concern if there is available money or not. Mr. Murphy noted that when the fund dips below \$2 million dollars, it automatically triggers the one cent tax to be turned on. Typically in one year it is turned on twice a year for an average of about seven months and generates approximately \$8 - \$10 million dollars. Committee questions and discussion followed.

Chairman Morris welcomed Tom Palace, Executive Director, Petroleum Marketers and Convenience Store Association of Kansas, mentioned that the firm encumbrances is what makes the Petroleum Storage Tank Trust Fund program so successful. Mr. Palace noted that it is like an insurance policy for the industry. He also raised a concern of delays in payments. Chairman Morris mentioned raising the trigger for the fund to come on with the one cent tax at \$5 million dollars rather than the \$2 million dollars and discussion followed. Committee discussion followed. (No written testimony was provided.)

Senator Feleciano requested a spreadsheet of information from Kansas Department of Health and Environment showing what kinds of encumbrances of contracts that are currently in place covering through a year and a half. Senator Barone requested a history of the one-cent tax from the Kansas Department of Health and Environment regarding when it was triggered by year over how many months and how much money was generated.

Chairman Morris mentioned that the Department of Health and Environment subcommittee needs to visit with the agency regarding any safeguards and recommendations that the Legislature could make for the remainder of the current fiscal year.

The meeting adjourned at 12:00 p.m. The next meeting is scheduled for February 6, 2003.