

SENATE BILL No. 672

By Committee on Ways and Means

3-6

10 AN ACT [*relating to public finance; creating the Kansas taxpayer*
11 *transparency act;*] concerning the Kansas governmental operations
12 accountability law; relating to audits; amending K.S.A. 74-7284, 74-
13 7285 and 74-7287 and K.S.A. 2007 Supp. 46-1226 and repealing the
14 existing sections; also repealing K.S.A. 74-7286, 74-7289, 74-7290, 74-
15 7291, 74-7292, 74-7293, 74-7294, 74-7296, 74-7298, 74-7299, 74-
16 72,100, 74-72,101, 74-72,102, 74-72,104, 74-72,106, 74-72,107 and 74-
17 72,108 and K.S.A. 2007 Supp. 46-1131, 74-7295 and 74-72,103.

18

19 *Be it enacted by the Legislature of the State of Kansas:*

20 Section 1. K.S.A. 2007 Supp. 46-1226 is hereby amended to read as
21 follows: 46-1226. (a) Any cost study analysis, audit or other study com-
22 missioned or funded by the legislature and any conclusions or recom-
23 mendations thereof shall not be binding upon the legislature. The legis-
24 lature may reject, at any time, any such analysis, audit or study and any
25 conclusions and recommendations thereof.

26 (b) A cost study analysis, audit or study shall include, but not be lim-
27 ited to, any cost study analysis, audit or study conducted pursuant to
28 K.S.A. 46-1225, prior to its repeal, ~~and~~ K.S.A. 2007 Supp. 46-1131, *prior*
29 *to its repeal*, and K.S.A. 2007 Supp. 46-1132, and amendments thereto.

30 Sec. 2. K.S.A. 74-7284 is hereby amended to read as follows: 74-
31 7284. The legislature hereby declares that the purpose of state govern-
32 ment is to keep secure the constitutional rights of Kansas citizens, to
33 protect their health, safety and welfare, and to otherwise serve the public
34 need in the most economically beneficial, operationally efficient, and cost
35 effective manner possible. Therefore, it is the intention of ~~this act~~ K-
36 GOAL to provide for a governmental operations accountability system
37 under which the legislature may ensure accomplishment of the declared
38 purpose of state government by periodically reviewing and evaluating the
39 operations of selected state agencies *or programs*, determining the ne-
40 cessity, propriety and legality of the operations reviewed and evaluated,
41 identifying inefficiency and ineffectiveness, and taking action to retain
42 and maintain appropriate and effective governmental operations, reme-
43 diate defective governmental operations, and terminate inappropriate or

1 obsolete governmental operations.

2 Sec. 3. K.S.A. 74-7285 is hereby amended to read as follows: 74-
3 7285. (a) *Each state agency or program shall be subject to audit, review*
4 *and evaluation under the Kansas governmental operations accountability*
5 *law as determined by the legislative post audit committee.* The legislative
6 post audit committee shall direct the post auditor to conduct ~~a not fewer~~
7 ~~than four performance audit of each state agency which is subject to~~
8 ~~legislative review and evaluation audits each year~~ under the Kansas gov-
9 ernmental operations accountability law. ~~The agencies or programs to be~~
10 ~~audited each year and the scope of such audits shall be selected from a~~
11 ~~listing provided to the committee by the legislative post auditor. The leg-~~
12 ~~islative post auditor shall solicit ideas for performance audit topics from~~
13 ~~a broad range of interested parties, including the general public.~~ Each
14 performance audit conducted pursuant to the requirements of this sub-
15 section shall be completed ~~not sooner than two years prior to nor later~~
16 ~~than the 30th calendar day of the~~ *on or before December 1 for review by*
17 *the legislature during the next regular session of the legislature set for*
18 ~~review and evaluation of the state agency.~~

19 (b) Any performance audit directed to be conducted by the post au-
20 ditor and the division of post audit under the provisions of subsection (a)
21 ~~may be general in scope, addressing~~ *include a determination of the fol-*
22 *lowing factors, as applied to the state agency or program being evaluated:*

23 (1) *Whether the primary function of the agency or program is needed.*
24 *If applicable to the scope of the audit selected for the agency or program*
25 *being reviewed, this determination may include, but not be limited to, an*
26 *assessment of one or more of the following:*

27 (A) *Whether the purpose, problem or need that the agency or pro-*
28 *gram was established to address still exists.*

29 (B) *Whether the agency or program provides a significant public ben-*
30 *efit or essential public service.*

31 (C) *Whether abolishing the agency or program significantly harms*
32 *the public's health or welfare.*

33 (D) *Whether there would be possible savings from abolishing the*
34 *agency or program.*

35 (E) *Whether federal funding would be jeopardized if the agency or*
36 *program were abolished.*

37 (2) *Whether another federal, state, local or private entity exists that*
38 *could effectively perform the functions of the agency or program. If ap-*
39 *licable to the scope of the audit selected for the agency or program being*
40 *reviewed, this determination may include, but not be limited to, an as-*
41 *essment of one or more of the following:*

42 (A) *Whether the function is needed, and if so, whether it is addressed*
43 *in other states.*

- 1 (B) *Whether other organizational structures would work better in*
2 *Kansas.*
- 3 (C) *Whether efficiencies and potential cost savings might be achieved*
4 *from transferring or consolidating the function.*
- 5 (3) *Whether the agency or program could be operated more efficiently*
6 *and still fulfill its intended purpose. If applicable to the scope of the audit*
7 *selected for the agency or program being reviewed, this determination*
8 *may include, but not be limited to, an assessment of one or more of the*
9 *following:*
- 10 (A) *Whether the agency or program is doing more than is necessary*
11 *or authorized.*
- 12 (B) *Whether the agency's or program's statutory authority, rules and*
13 *regulations, mission and technology, reflect the current environment in*
14 *which the agency or program is operating.*
- 15 (C) *Whether the agency or program is responsive to the public's*
16 *needs.*
- 17 (D) *Whether efficiencies and potential savings might be achieved by*
18 *making changes to the way the agency or program operates.*
- 19 (E) *Whether the agency's or program's functions or operations could*
20 *be less burdensome or restrictive and still adequately protect and serve*
21 *the public.*
- 22 (F) *Whether the agency or program has sufficient authority related*
23 *to fees, inspections, enforcement and penalties.*
- 24 (G) *Whether the agency or program promptly and effectively address*
25 *complaints and take appropriate enforcement actions.*
- 26 (H) *Whether any fees are set at a level that fully supports agency or*
27 *program costs.*
- 28 (4) *Whether there are any other factors, as determined by the legis-*
29 *lative post auditor or directed by the legislative post audit committee, that*
30 *would need to be determined for the audit.*
- 31 (c) *The scope of the audits conducted under this section may address*
32 *all operations of the state agency, or may be restricted to a particular*
33 *operation of the state agency. ~~In directing the post auditor to conduct~~*
34 *~~any such performance audit, the legislative post audit committee may~~*
35 *~~specify the objectives and scope and direct the details of the audit. In~~*
36 *~~conducting any such audit, the post auditor shall include a determination~~*
37 *~~of the applicable factors specified in subsection (b) of K.S.A. 74-7287,~~*
38 *~~and amendments thereto, and such other factors as may be directed to~~*
39 *~~be included by the legislative post audit committee, as directed by the~~*
40 *~~legislative post audit committee, with the advice of the legislative post~~*
41 *~~auditor.~~*
- 42 (d) *Upon completion of the performance audit, the legislative post*
43 *audit committee shall review and accept the audit report. A copy of the*

1 audit report shall be made available to each member of the legislature in
2 accordance with the provisions of K.S.A. 46-1212c, and amendments
3 thereto.

4 ~~(c) The legislative post audit committee, upon the affirmative vote of~~
5 ~~not less than seven members of the committee taken at a regular meeting~~
6 ~~thereof, may designate a different regular session of the legislature during~~
7 ~~which a state agency is to be subjected to review and evaluation under~~
8 ~~the Kansas governmental operations accountability law, instead of the~~
9 ~~regular session of the legislature prescribed by the provisions of the Kan-~~
10 ~~sas governmental operations accountability law or as previously desig-~~
11 ~~nated by the legislative post audit committee pursuant to this subsection,~~
12 ~~but no such review and evaluation shall be deferred to a regular session~~
13 ~~occurring after the 2008 regular session of the legislature.~~

14 Sec. 4. K.S.A. 74-7287 is hereby amended to read as follows: 74-
15 7287. ~~(a) Prior to retention under K-GOAL and subsection to audit, re-~~
16 ~~view and evaluation in futuro of a state agency, a committee of reference~~
17 ~~in each house of the legislature. The senate committee on ways and means,~~
18 ~~the house of representatives committee on appropriations, the legislative~~
19 ~~budget committee or the appropriate legislative standing committee or~~
20 ~~committees, as determined by the legislative coordinating council, shall~~
21 ~~review and evaluate the operations of the state agency. Each such or~~
22 ~~program subject to audit and evaluation under K-GOAL. The committee~~
23 ~~shall familiarize itself with the provisions of law by which the state agency~~
24 ~~or program acquired existence, the manner in which the state agency or~~
25 ~~program is supposed to be organized and how the state agency or pro-~~
26 ~~gram actually is organized, the powers granted to and the operations~~
27 ~~authorized to be performed by the state agency or program, what powers~~
28 ~~are being exercised and what operations are being performed by the state~~
29 ~~agency or program, and the manner in which the state agency or program~~
30 ~~is exercising its powers and performing its operations. Each The com-~~
31 ~~mittee shall also consider any performance audit conducted by the post~~
32 ~~auditor and the division of post audit under the direction of the legislative~~
33 ~~post audit committee pursuant to the provisions of K.S.A. 74-7285, and~~
34 ~~amendments thereto. During the course of the review and evaluation of~~
35 ~~the state agency or program and its operations, each the committee of~~
36 ~~reference shall hold a public hearing for the purpose of receiving testi-~~
37 ~~mony from the public, the involved state agency or program and its of-~~
38 ~~ficers and employees, and other appropriate state officers and employees.~~
39 ~~In all such hearings, the involved state agency or program shall be held~~
40 ~~accountable for the legality and propriety of the operations under review~~
41 ~~and be responsible for producing evidence of the necessity for and extent~~
42 ~~of any changes in the organization, powers or operations of the state~~
43 ~~agency or program or in its enabling laws which would increase efficiency~~

1 or effectiveness.

2 ~~(b) In reviewing and evaluating a state agency, each committee of~~
3 ~~reference shall take into consideration the following factors, if applicable,~~
4 ~~among others, in developing its recommendations regarding the state~~
5 ~~agency and its operations:~~

6 ~~—(1) Whether all operations of the state agency have been authorized~~
7 ~~by the legislature and whether the effects of such operations accord with~~
8 ~~legislative intent;~~

9 ~~—(2) whether all operations of the state agency are being performed~~
10 ~~efficiently and effectively and whether any such operations could be per-~~
11 ~~formed in a more efficient, effective or economical manner;~~

12 ~~—(3) whether regulatory operations of the state agency are reasonably~~
13 ~~related to and are designed for the purpose of protection or benefaction~~
14 ~~of the public and have such protection or benefaction as a primary effect;~~

15 ~~—(4) whether regulatory operations of the state agency could be per-~~
16 ~~formed in a less restrictive manner which could adequately protect the~~
17 ~~public;~~

18 ~~—(5) whether regulatory operations of the state agency have the effect~~
19 ~~of directly or indirectly increasing the cost of any goods or services in-~~
20 ~~volved and, if so, whether the increase in cost is more harmful to the~~
21 ~~public than the harm which could result from the termination of such~~
22 ~~regulatory operations;~~

23 ~~—(6) whether there is need for any change in the organization of the~~
24 ~~state agency or in any of its operations which would enable the state~~
25 ~~agency to fulfill its purposes in a more efficient, effective or economical~~
26 ~~manner; and~~

27 ~~—(7) whether the termination of any of a state agency's operations~~
28 ~~would significantly harm or endanger the rights, health, safety or welfare~~
29 ~~of the public or result in the reduction or foreclosure of services required~~
30 ~~or desired by the public.~~

31 ***[New Sec. 5. Sections 5 through 9, and amendments thereto,***
32 ***shall be known and may be cited as the Kansas taxpayer transpar-***
33 ***ency act.***

34 ***[New Sec. 6. (a) As used in the Kansas taxpayer transparency***
35 ***act:***

36 ***[(1) "Searchable website" means a website that allows the pub-***
37 ***lic to search and aggregate the information identified in subsection***
38 ***(b) including requirements that the website offer the public the abil-***
39 ***ity to efficiently search and display data, and ascertain the total***
40 ***amounts of revenues and expenditures (A) of funds established***
41 ***within the state treasury in an aggregate or summary form in a***
42 ***manner determined by the secretary of administration, (B) of com-***
43 ***penensation paid to public employees employed by state agencies, and***

- 1 (C) of bond debt as specified in this act.
- 2 [(2) “Agency” means any entity or instrumentality of the state
3 of Kansas as defined in K.S.A. 75-3701, and amendments thereto,
4 and any other entity or instrumentality delegated statutory author-
5 ity by the legislature to issue bonds and to collect revenue for the
6 purpose of repaying bonds issued under authority delegated by
7 statute.
- 8 [(3) “Board” means the public finance transparency board.
- 9 [(b) No later than March 1, 2008, the secretary of administra-
10 tion shall develop and operate a single, searchable website acces-
11 sible by the public at no cost to access, that includes:
- 12 [(1) Annual expenditures, as determined by the secretary of ad-
13 ministration and as available within the central accounting system
14 and state payroll system, shall include, but not be limited to:
- 15 [(A) Disbursements by any state agency from funds established
16 within the state treasury;
- 17 [(B) bond debt payments;
- 18 [(C) salaries and wages including, but not limited to, compen-
19 sation paid to individual employees of state agencies;
- 20 [(D) contractual services including, but not limited to, amounts
21 paid to individual vendors;
- 22 [(E) commodities including, but not limited to, amounts paid to
23 individual vendors;
- 24 [(F) capital outlay including, but not limited to, amounts paid
25 to individual vendors;
- 26 [(G) debt service including, but not limited to, amounts of bond
27 interest paid and sources of funds paid for individual bond issues;
- 28 [(H) aid to local units including, but not limited to, amounts
29 paid to individual units of government for individually identifiable
30 aid programs;
- 31 [(I) other assistance and benefits; and
- 32 [(J) capital improvements including, but not limited to, amounts
33 of bond principal paid and sources of funds paid for individual bond
34 issues.
- 35 [(2) Annual revenues, as determined by the secretary of admin-
36 istration and as available within the central accounting system,
37 shall include, but not be limited to:
- 38 [(A) Receipts or deposits by any state agency into funds estab-
39 lished within the state treasury;
- 40 [(B) taxes including, but not limited to, compulsory contribu-
41 tions imposed by the state for the purpose of financing services;
- 42 [(C) agency earnings including, but not limited to, amounts col-
43 lected by each agency for merchandise sold, services performed,

- 1 *licenses and permits issued, or regulation;*
2 *[(D) revenue for the use of money and property including, but*
3 *not limited to, amounts received for compensation for the use of*
4 *state-owned money and property;*
5 *[(E) gifts, donations and federal grants including, but not lim-*
6 *ited to, amounts received from public and private entities to aid in*
7 *support of a specific function or other governmental activity;*
8 *[(F) other revenue including, but not limited to, receipts not*
9 *classified elsewhere; and*
10 *[(G) non-revenue receipts including, but not limited to, all re-*
11 *ceipts that do not constitute revenue.*
12 *[(3) Annual bonded indebtedness which shall include, but not*
13 *be limited to the amount of the total original obligation stated in*
14 *terms of principal and interest, the term of the obligation, the source*
15 *of funding for repayment of the obligation, the amounts of principal*
16 *and interest previously paid to reduce the obligation, the balance*
17 *remaining of the obligation, any refinancing of the obligation, and*
18 *the cited statutory authority to issue such bonds.*
19 *[(4) Any other relevant information specified by the secretary*
20 *of administration after consulting with and seeking the advice of the*
21 *public finance transparency board as established in section 7, and*
22 *amendments thereto.*
23 *[(c) The single website provided for in subsection (b) of this*
24 *section shall include data for fiscal year 2002 and each fiscal year*
25 *thereafter. The website shall be designed so that such data shall be*
26 *retained on the single website for not less than 10 years and shall*
27 *include data for the most recent fiscal years. Data that is available*
28 *in the central accounting system and state payroll system shall be*
29 *on the single website as soon as possible, but not later than 45 days*
30 *after the last day of the preceding fiscal year. The secretary of ad-*
31 *ministration shall develop policies and procedures to make data*
32 *available from any other source. Nothing in this act shall require*
33 *the secretary of administration to provide information on the web-*
34 *site that is not available in the central accounting system and the*
35 *state payroll system at the time of initial implementation of the web-*
36 *site. After implementation of the initial website, the public finance*
37 *transparency board shall advise the secretary of administration on*
38 *incorporating additional information described by this act from any*
39 *other source of information available to the secretary of adminis-*
40 *tration including information submitted by state agencies pursuant*
41 *to subsection (d) of this section.*
42 *[(d) Any state agency shall provide, at the request of the sec-*
43 *retary of administration, such information as is necessary to accom-*

1 *plish the purposes of this act.*

2 *[(e) Nothing in this act shall permit or require the disclosure of*
3 *information which is considered confidential by state or federal law.*

4 *[New Sec. 7. (a) There is hereby established the public finance*
5 *transparency board for the purpose of advising and consulting with*
6 *the secretary of administration on the content, format and reports*
7 *to be produced on the website established in section 6, and amend-*
8 *ments thereto.*

9 *[(b) The board shall consist of members as follows:*

10 *[(1) The secretary of administration or the secretary's designee,*
11 *who shall serve as chairperson of the board;*

12 *[(2) the director of accounts and reports or the director's*
13 *designee;*

14 *[(3) two members who are chief executive officers of agencies*
15 *of the executive branch or such officer's designees, appointed by the*
16 *governor, who shall serve at the pleasure of the governor;*

17 *[(4) four members of the general public, two appointed by the*
18 *governor, one appointed by the president of the senate and one ap-*
19 *pointed by the speaker of the house;*

20 *[(5) four members of the legislature, one appointed by the pres-*
21 *ident of the senate, one appointed by the minority leader of the*
22 *senate, one appointed by the speaker of the house, and one ap-*
23 *pointed by the minority leader of the house, all of whom shall serve*
24 *at the pleasure of the appointing official;*

25 *[(6) the legislative post auditor or such auditor's designee;*

26 *[(7) the state archivist or such archivist's designee; and*

27 *[(8) the director of legislative research or such director's*
28 *designee.*

29 *[(c) The board shall annually elect one member from the board*
30 *as vice-chairperson and another as secretary.*

31 *[(d) Eight members of the board shall constitute a quorum and*
32 *the affirmative vote of eight members shall be necessary for any*
33 *action taken by the board. No vacancy in the membership of the*
34 *board shall impair the right of a quorum to exercise all the rights*
35 *and perform all the duties of the board.*

36 *[(e) General public members and legislative members of the*
37 *board attending meetings of the board, or attending subcommittee*
38 *meetings thereof authorized by the board, shall be paid compen-*
39 *sation, subsistence allowances, mileage and other expenses as pro-*
40 *vided in K.S.A. 75-3223, and amendments thereto.*

41 *[(f) In order to achieve its purpose as provided in this act, the*
42 *board shall:*

43 *[(1) Advise the secretary of administration, after implementa-*

1 *tion of the initial website, on incorporating additional information*
2 *described by this act from any other source of information available*
3 *to the secretary of administration including information submitted*
4 *by state agencies pursuant to subsection (d) of section 6, and*
5 *amendments thereto;*

6 *[(2) serve in an advisory capacity to the secretary of adminis-*
7 *tration, who shall from time to time consult with and seek the advice*
8 *of the board on matters related to the further development of the*
9 *website, expansion of the content of information for the website,*
10 *and new reports to be generated on the website to assist the public*
11 *in accessing public information;*

12 *[(3) seek advice from the general public, professional associa-*
13 *tions, academic groups and institutions and individuals with knowl-*
14 *edge of and interest in areas of public information access, gateway*
15 *services, add-on services and electronic information; and*

16 *[(4) meet at least twice during each fiscal year on the call of the*
17 *secretary of administration who shall set the agenda for such meet-*
18 *ings, which shall include a report on the progress in implementing*
19 *and developing the website, proposed enhancements to the website*
20 *in terms of content, format, policies and procedures and reports,*
21 *and other matters as deemed appropriate by the secretary of*
22 *administration.*

23 *[(g) All state agencies shall cooperate with the board in provid-*
24 *ing such assistance as may be requested for the achievement of its*
25 *purpose.*

26 *[New Sec. 8. The secretary of administration shall implement*
27 *the provisions of this act by policies and procedures.*

28 *[New Sec. 9. The provisions of sections 5 through 8, and*
29 *amendments thereto, shall expire on June 30, 2013.*

30 *Sec. ~~5~~ [10.] K.S.A. 74-7284, 74-7285, 74-7286, 74-7287, 74-7289,*
31 *74-7290, 74-7291, 74-7292, 74-7293, 74-7294, 74-7296, 74-7298, 74-*
32 *7299, 74-72,100, 74-72,101, 74-72,102, 74-72,104, 74-72,106, 74-72,107*
33 *and 74-72,108 and K.S.A. 2007 Supp. 46-1131, 46-1226, 74-7295 and 74-*
34 *72,103 are hereby repealed.*

35 *Sec. ~~6~~ [11.] This act shall take effect and be in force from and after*
36 *its publication in the statute book.*