

Approved

Stephen R. Cloud 17-83  
Date

MINUTES OF THE HOUSE COMMITTEE ON GOVERNMENTAL ORGANIZATION

The meeting was called to order by Rep. Stephen R. Cloud at  
Chairperson

9:08 a.m. ~~XX~~ on February 10, 1983 in room 522-S of the Capitol.

All members were present except:

Rep. Ramirez - Excused

Committee staff present:

Avis Swartzman - Revisor  
Carolyn Rampey - Research Dept.  
Jackie Breymeyer - Secretary

Conferees appearing before the committee:

Jamie Swartz - Department of Economic Development

The meeting of the House Governmental Organization Committee was called to order at 9:08 a.m. by Rep. Cloud, Chairman. The minutes of the previous meeting were approved.

HB 2242 - An Act concerning the department of economic development; relating to the powers, duties and functions thereof; abolishing the division of research and publications.

A proposed Committee Report from the Revisor was handed out.  
(See Attachment I)

Jamie Swartz, Secretary, Department of Economic Development, appeared before the Committee to re-state his request to abolish the Division of Research and Publications and the director's job. (See Attachment II) The employees would be retained to do other duties. Also K.S.A. statute 74-5005 would be amended by striking the required duty of the department to analyze freight rates. Much dialogue ensued between Mr. Swartz and members of the Committee regarding direct federal payments and also funds administered through the State. Freight rates and department employees were also discussed. Mary Turkington, Kansas Motor Carriers stated that the KDED section does not have the expertise to analyze freight rates. Mr. Green, Corporation Commission, stated that his division had no position on the bill. Chairman Cloud thanked Mr. Swartz, Ms. Turkington and Mr. Green for their comments. He stated that this will close the hearing on HB 2242. Final action will be taken at a later time.

The Committee directed its attention to HCR 5014, concerning the Board of Abstracters. No regulations will be written in the very near future for suggested changes in the way the statutes read. Rep. Louis moved to amend HCR 5014 on page 1, in line 20 by striking "82-2-5" and inserting in lieu thereof "85-2-5". Rep. Matlack gave a second to the motion. The motion carried. Rep. Wanda Fuller moved to pass HCR 5014 out of Committee favorably. Rep. Cobb gave a second to the motion. The motion carried.

Future dates were mentioned for subcommittees to get their decisions made on reviews and reports and also having bills drafted. The full Committee will meet to act on these actions. The Chairman said that we can be flexible to adjust to the time crunch.

The meeting adjourned at 9:32 a.m.





## REPORTS OF STANDING COMMITTEES

MR. SPEAKER:

Your committee on Governmental Organization

Recommends that House Bill No. 2242

"AN ACT concerning the department of economic development; relating to the powers, duties and functions thereof; abolishing the division of research and publications; amending K.S.A. 74-5005 and 74-5008b, and repealing the existing sections."

Be amended:

On page 5, following line 187, by inserting a new section as follows:

"Sec. 3. K.S.A. 74-5013 is hereby amended to read as follows: 74-5013. (a) There is hereby established, within and as a part of the department of economic development, a division of housing ~~the head of which shall be the director of housing.~~ Under ~~the supervision of~~ The secretary of economic development, ~~the director of housing~~ shall administer the division of housing. ~~The secretary of economic development shall appoint the director of housing and such director shall serve at the pleasure of the secretary of economic development. The director of housing shall be in the unclassified service under the Kansas civil service act and shall receive an annual salary fixed by the secretary of economic development and approved by the state finance council.~~

"(b) On July 1, 1983, the office of the director of housing, provided for under this section prior to its amendment by this act, shall be and is hereby abolished. All of the powers and duties of the department of economic development which were being exercised and performed immediately prior to the effective date of this act by the director of housing are hereby expressly retained as powers and duties of the department of economic development. The secretary of economic development may exercise

Atch. I



and perform such powers and duties or may provide for the exercise and performance of any of such powers and duties in such manner as the secretary may deem necessary.

"(c) Officers and employees who, immediately prior to the effective date of this act, were engaged in the exercise and performance of the powers and duties of the division of housing, and who, in the opinion of the secretary of economic development, are necessary to the continued exercise and performance of such powers and duties shall be retained within the division of housing as officers and employees of the department of economic development. Any abolition of personnel positions in the classified service under the Kansas civil service act shall be in accordance with civil service laws and rules and regulations adopted thereunder."

By renumbering sections 3 and 4 as sections 4 and 5, respectively;

Also on page 5, in line 188, by striking "and" and inserting in lieu thereof a comma; also in line 188, after "74-5008b", by inserting "and 74-5013";

In the title, in line 19, before the semicolon, by inserting "and certain offices within the department"; in line 20, by striking "and" where it first appears and inserting in lieu thereof a comma; also in line 20, after "74-5008b", by inserting "and 74-5013";

And the bill be passed as amended.

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Chairperson

Testimony to the House Committee  
on Governmental Organization  
House Bill 2242

presented by  
Charles J. Schwartz  
Secretary  
Kansas Department of Economic Development

February 10, 1983

*Atch. II*

House Bill 2242 as drafted accomplishes two things:

- 1) To remove from the statutory responsibilities of KDED requirement to analyze freight rate; and
- 2) To remove division status of the research and publications section, delete the division director position, but to retain the functions of this division with the Secretary to be delegated within the department as he deems appropriate.

K.S.A. 74-5005(p) provides KDED with responsibility "to analyze transportation and freight rates to determine if rates involving Kansas products, shippers or consignees are detrimental to the economic interests of the state, and promote efforts to correct inequities."

Kansas at one time was a leading producer of wheat flour, shipping to all parts of the U.S. However, a combination of Interstate Commerce Commission Regulations and advancing technology in transportation brought about changes which made it less expensive to ship wheat and more expensive to ship flour. The result was the steady loss of markets for flour and the closing of many flour mills. (In 1960 there were still 42 operating mills--in 1982 only 16 were left).

In 1962, a Governor's Economic Development Committee recommended a new Department of Economic Development. Among the many charges given this agency was the task of originating questions pertaining to the inequities in freight tariffs and active promotion of corrective measures.

The Department carried a line item budgeted amount for several years to prepare Freight Rate Studies. The funds were used on at least two occasions to retain expert legal services to represent the state in ICC hearings concerning freight rates on flour. The last case was at least ten years ago. No budget request for such funding has been made since, nor has any activity occurred in the department in this area.

The Kansas Corporation Commission has responsibility in this area and it is also included under the purview of the Department of Agriculture.

The request to diminish division status of the research and publications function is made to enable organization of this function under the supervision of the Industrial Development division.

Most of the work of this section is directly supportive of industrial development activities and this reorganization would allow better coordination of these functions and be administratively cost effective by eliminating the need for a division director.

Responsibilities for Kansas! Magazine and the KDED report have previously been transferred to the Travel and Tourism division leaving only the research and analysis and industrial development publications functions with the division.

This request is consistent with the Governor's FY 1984 budget recommendation.