

Approved

Stephen R. Cloud 3-25-83
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./p.m. on March 24, 1983 in room 522-S of the Capitol.

All members were present except:

Committee staff present:

Avis Swartzman - Revisor
Carolyn Rampey - Research Dept.
Russ Mills - Research Dept.
Julian Efird - Research Dept.
Jackie Breymeyer - Secretary
Conferees appearing before the committee:

Chairman Cloud called the meeting to order at 9:08 a.m. The minutes of the March 22 meeting were approved. The Agenda for the meeting was continuation of the Subcommittee Report on the Department of Revenue and the Subcommittee Report on the Department of Transportation.

As Items 1 and 2 of the report had been adopted on March 9, the Committee began with Items 3a and b on Page 2 of the report.

The Subcommittee recommends that inspections be keyed to problems identified by Departmental personnel rather than regular inspections and that the Secretary direct field personnel be utilized in this manner. The Subcommittee understands that new written guidelines are in use and commends the Department on adopting such procedures.

Committee discussion.

Rep. Murphy moved the adoption of Items 3a and b. Rep. Hassler gave a second to the motion. The motion carried.

Item c. The Subcommittee concurs with the recommendation that licensing of motor vehicle salesmen be eliminated and recommends that legislation be introduced to effect this change.

Committee discussion.

Rep. Murphy moved the adoption of Item c. Rep. Harder gave a second to the motion. The motion carried.

Item d. The Subcommittee believes that SB 309 addresses this question and should be considered in the House Transportation Committee.

Committee discussion.

Rep. Murphy moved to amend Item d by inserting language to the effect that the Committee recommends the provisions in SB 309 and that the Chairman notify the House Transportation Committee and the House Ways and Means Committee of this. Rep. Hassler gave a second to the motion. The motion carried. Rep. Murphy moved to adopt Item d as amended. Rep. Harder gave a second to the motion. The motion carried.

The three recommendations on page 3 of the report read as follows:

The Subcommittee believes that the Vehicle Information Processing System (VIPS) development which will involve county officials in a committee should help in this area and directs that the Secretary report back next session on matters related to the working relationship with counties, especially if problems are identified by the Department.

The Subcommittee recommends that the Chairman write a letter to the Post Audit Committee requesting a followup audit prior to next session which addresses the concerns about processing time for titles. Tabular information developed by the Post Auditor showing the length of time involved at the county and state levels should be updated and reflect more recent data for review by this Committee next session.

The Subcommittee does not believe that a penalty imposed on counties will improve the timeliness of submitting applications.

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CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON GOVERNMENTAL ORGANIZATION,
room 522-S, Statehouse, at 9:08 a.m. ~~pm~~ on March 24, 1983.

Committee discussion ensued on appropriate letters to be written and what type of response should be solicited in regard to the counties and Post Audit Committee. A request concerning personalized license plate information was decided to be discussed after the Subcommittee report had been completed. Comments regarding Center Industries, Inc. were made and input from Julian Efird, Research Department was heard.

Rep. Murphy moved the adoption of the three recommendations on page 2. Rep. Hassler gave a second to the motion. The motion carried.

The Committee moved on to the final recommendation on the Department of Revenue.

The Subcommittee recommends that the Department be continued in existence for the full eight years.

Committee discussion.

The Chairman explained the options the Committee has in making the decision on this recommendation. The Committee can go with the eight year extension; the Committee can go with a two, four or eight year extension on the divisions within the Department and the Department itself; the Committee can extend the Department for four years. Another option is to let it be decided by the legislature.

Rep. Barr moved to amend the last recommendation by changing eight years to four years. Rep. Murphy gave a second to the motion. The motion carried. Rep. Barr's motion included language stating that because of the concerns expressed by the Committee regarding the physical move to a new building, KBITS, the VIPS program and the several tax features of the Department, this is the reason to shorten the extension to four years.

Discussion commenced on the personalized license plate question. After discussion by several Committee members, Vice Chairman Smith moved that the Chairman draft a letter requesting information on why there is a delay in getting the personalized plates. Rep. Hassler gave a second to the motion. The motion carried. The Chairman stated that he has written several letters with an April 20 feed back date. He will request this date in the letter he writes.

Rep. Murphy moved that the Committee approve the Subcommittee Report on the Department of Revenue as amended. Rep. Sughrue gave a second to the motion. The motion carried.

Chairman Cloud asked the Committee to turn to SB 43 in the Committee books. This bill extends the office of secretary and Department of Revenue in existence.

Rep. Murphy moved to amend SB 43 in line 25 by changing "1991" to "1987". Rep. Hassler gave a second to the motion. The motion carried.

Rep. Murphy moved to pass SB 43 favorably as amended. Rep. Hassler gave a second to the motion. The motion carried.

The Committee turned to the Subcommittee Report on the Department of Transportation. Rep. Walker thanked the Subcommittee and the Department for the cooperation showed in the work done. Rep. Walker moved to accept the Subcommittee Report. Rep. Harder gave a second to the motion. The motion carried.

Improving Prequalification Procedures.

Item 1. The Department indicated it agreed with the Post Auditor's recommendations and had taken steps to put them into effect.

Committee discussion.

Rep. Walker moved the adoption of Item 1. Rep. Hassler gave a second to the motion. The motion carried.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON GOVERNMENTAL ORGANIZATION,
room 522-S, Statehouse, at 9:08 a.m. ~~xxx~~ on March 24, 1983

- Item 2. Improving Estimates on Projects.
- Item 3. Analyzing Bidding Patterns.

The Department indicated that computer software recently purchased should assist in this area. The Subcommittee recommends that an evaluation be undertaken as to whether the new software is effective in identifying possible patterns of bid rigging and that the Chairman send a letter to the Post Audit Committee requesting a limited followup audit in this area.

Committee discussion.

Rep. Barr moved the adoption of Items 2 and 3. Rep. Harder gave a second to the motion. The motion carried.

- Item 4. Informing Contractors About Anti-Trust Violations and Penalties
- Item 5. Continued Reporting of Settlement Information to the Legislature
- Item 6. Changing the State's Penalties for Collusion.

The Department agreed with each of the recommendations and worked with the Subcommittee in developing new penalties. The Subcommittee recommends that legislation be introduced which amends the criminal penalties contained in Kansas antitrust laws to conform with criminal penalties in federal antitrust laws. The Subcommittee believes that the current maximum disbarment of three years for firms involved in collusion is adequate, but that maximum fines and jail sentences should be revised to reflect federal penalties.

Discussion began on how these recommendations could be addressed. It was decided that the Revisor, Avis Swartzman would draft a bill and bring it back to Committee for perusal. This legislation could then be presented by the Federal and State Affairs or Ways and Means Committee and rereferred back to the Governmental Organization Committee. The Committee could act on the bill or hold it over until next session.

Rep. Barr moved adoption of Items 4, 5, and 6. Rep. Walker gave a second to the motion. The motion carried.

- Item 7. Periodic Review of Contracting Procedures.

The Department agrees with this recommendation.

Committee discussion.

Rep. Walker moved the adoption of Item 7. Rep. Hassler gave a second to the motion. The motion carried.

- Item 8. Clarifying the Payback of the \$35 Million Transfer.

Committee discussion. Rep. Walker commented on the Attorney General's Opinion No. 83-35. He said it was a very complicated Opinion and hard for the layperson to follow. He feels that the Opinion expresses the fact that, as the loan is being repaid, the payback system is adequate.

Rep. Walker moved adoption of Item 8. Rep. Hassler gave a second to the motion. The motion carried.

- Item 9. Improving the Accuracy of Budgets.

- Item 10. Improving Financial Forecasts.

- Item 11. Improving Basic Financial Information.

- Item. 12. Revising the Department's Financial Information System.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON GOVERNMENTAL ORGANIZATION,
room 522-S, Statehouse, at 9:08 a.m./~~p.m.~~ on March 24, 1983

The Subcommittee reviewed procedures used in management of the Department's funds and budget. A report submitted by the Department on the "Reported \$48.2 Million Accounting Error" was also reviewed. The Subcommittee is aware that the Senate Ways and Means Committee deleted \$500,000 recommended in FY 1984 by the Governor for upgrading the accounting system of the Department, but that the House Ways and Means Committee may consider restoring funds over a multi-year period.

The Subcommittee does not feel that adequate improvements will be made in the accounting system during the next year because of the extended timeframe for developing a new accounting system. Therefore, the Subcommittee recommends that an annual report on the status of developing a new accounting system be submitted to the House Governmental Organization Committee on the first day of each Session for the next four years. The Subcommittee is supportive of developing a new system and the use of outside consultants over a multi-year period as financing is authorized.

Bob Haley, Director of Administration, Department of Transportation, explained that there is no control or no general ledger system in the Department, only subsystems. The new accounting system, as proposed, will take time to work out. He expressed co-operation between the Department and the Committee.

The Chairman will write a letter requesting a report on the status of the new accounting system.

Rep. Walker moved the adoption of Items 9, 19, 11 and 12.
Rep. Hassler gave a second to the motion. The motion carried.

Recommendation on Office of Secretary and Department of Transportation.

The Subcommittee recommends extending both the Office of Secretary and Department of Transportation for eight years.

Committee discussion.

Rep. Walker moved the adoption of the final recommendation.
Rep. Murphy gave a second to the motion. The motion carried.

Rep. Walker moved to adopt the Subcommittee Report on the Department of Transportation as amended. Rep. Hassler gave a second to the motion. The motion carried.

The Committee turned to SB 40, the bill that extends the office of secretary and Department of Transportation for eight years.

Rep. Matlack moved to pass SB 40 favorably. Rep. Walker gave a second to the motion. The motion carried.

The Committee took up SB 42, the bill that extends the State Corporation Commission for eight years.

Rep. Ediger moved to pass SB 42 out of Committee favorably.
Rep. Harder gave a second to the motion. The motion carried.

The minutes of the March 23 meeting were distributed. Chairman Cloud stated that several bills and resolution will be taken up tomorrow. These include, SB 44 and SB 362 related to nursing, HCR 5037, relating to the Real Estate Commission and HCR's 5031, 5032 and 5035 dealing with liquor. The Subcommittee Report on Liquor Excise Tax will also be given.

The meeting adjourned at 10:19 a.m.

SUBCOMMITTEE REPORT

March 23, 1983

HOUSE COMMITTEE ON GOVERNMENTAL ORGANIZATION SUBCOMMITTEE ON DEPARTMENT OF TRANSPORTATION

Page

Ref. Subcommittee Recommendations

S-5 1. Improving Prequalification Procedures.

The Department indicated it agreed with the Post Auditor's recommendations and had taken steps to put them into effect.

S-5 2. Improving Estimates on Projects.

S-6 3. Analyzing Bidding Patterns.

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S-6 4. Informing Contractors About Anti-Trust Violations and Penalties.

S-7 5. Continued Reporting of Settlement Information to the Legislature.

S-7 6. Changing the State's Penalties for Collusion.

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S-7 7. Periodic Review of Contracting Procedures.

The Department agrees with this recommendation.

S-7 8. Clarifying the Payback of the \$35 Million Transfer.

The Subcommittee feels the current payback system is adequate and calls attention to Attorney General's Opinion No. 83-35 which addresses the current practice in repaying the loan.

S-8 9. Improving the Accuracy of Budgets.

- S-8 10. Improving Financial Forecasts.
- S-9 11. Improving Basic Financial Information.
- S-9 12. Revising the Department's Financial Information System.

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Recommendation on Office of Secretary and Department of Transportation

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