

MINUTES OF THE HOUSE COMMITTEE ON WAYS AND MEANS

The meeting was called to order by BILL BUNTEN at _____
Chairperson

L:30 ~~xxx~~/p.m. on Monday, February 21, 1983 in room 514-S of the Capitol.

All members were present except:

Committee staff present: Marlin Rein -- Legislative Research
Lyn Entrikin-Goering -- Legislative Research
Bill Gilmore -- Legislative Research
Jim Wilson -- Office of the Revisor
LewJene Schneider -- Administrative Assistant
Charlene Wilson -- Committee Secretary

Conferees appearing before the committee:
Jim Wilson -- Office of the Revisor
Rep. Larry Wilbert on HB2303
Jim Yonally -- National Federation of Independent Businesses
Dan Morgan -- Association of General Contractors of Kansas
Ron Gatches--KACI
Jim Cobler--Division of Accounts and Reports, Dept. of Admin.
Fred Allen--Kansas Association of Counties
Bob West -- National Electrical Contractors Association
John Koepke -- Kansas Association of School Boards
Rep. George Dean on HB2332
Marjorie Van Buren -- Kansas Judicial Administrators Office

Others present: (Attachment I)

The meeting was called to order by Chairman Buntten at 1:40 p.m.

The Chairman indicated that the committee would not be taking final action on HB 2238 today as had been scheduled on the agenda.

House Bill No. 2303 -- "An Act concerning prompt payment of certain amounts owed by state and local government agencies; imposing interest penalties under certain circumstances; prescribing duties for the director of accounts and reports; authorizing the rules and regulations."

Rep. Larry Wilbert was called upon by the Chairman to appear as a proponent to this bill. He read from written testimony (Attachment II). He also provided copies of a Survey of Prompt Payment Laws and Regulations in the State, (Attachment III).

Jim Wilson, Office of the Revisor, was referred to for the review of the provisions of HB 2303.

Jim Yonally appeared next in support of HB 2303. A copy of the 1983 Kansas State Ballot was made available for the members of the committee. (Attachment IV). He indicated that their position deals only with vendors who supply goods and services to the state government. It is felt that there are alot of vendors who do not do business with the state because of late payments and this reduces the competition in the bidding process. Also, many vendors, knowing that they may receive late payment, add a little to their bid in case they have to borrow money to maintain their cash flow. This in turn will inflate the bids. One suggestion that Mr. Yonally had pertaining to the language in the bill, (line 87, page 3, section 4), was to change the wording from "dated" to "postmarked". He requested that if the committee decides to act favorably on this bill that they give consideration to this suggested change.

Mr. Dan Morgan was called upon next to appear in support of HB 2303. He stated that the Association of General Contractors of Kansas would like to go on record as being supportive of this bill.

Mr. Ron Gatches appeared in support of House Bill 2303. He indicated that they support the principals of the bill but they have some question concerning the payment for goods and services being paid after they have all been delivered. Concern arises in the area of materials being paid for upon receipt of all goods

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON WAYS AND MEANS,

room 514-S Statehouse, at 1:30 ~~xxx~~ p.m. on Monday, February 21, 19 83

and services. In dealing with multi-month or multi-year projects this could possibly cause the contractors some problems. Currently contractors are paid on a monthly basis. Invoices are submitted to the state agencies on a monthly basis for goods and labor services to date. This appeared to be their main concern with the bill, but as stated earlier, they were in general support.

Mr. Jim Cobler was called upon by the Chairman to appear as an opponent to this bill. He stated that it is very difficult to oppose the prompt payment bill concept, however, there were some issues that he wanted to make the committee aware of. He stated that the bill mandates prompt payment and possibly the time limit stated by this would be impossible for some of the agencies to comply with. He further stated that discounts are considered in the awarding of successful bids. This bill could result in passing up some discounts for payment within a certain period. It is difficult to estimate the cost of the discounts that would be passed up. He stated that it also appears that the bill prohibits partial payments. There may be instances where a vendor may contract to supply a large number of a particular item. If they deliver only a partial shipment the bill would prohibit payment of this partial delivery until the entire shipment was received. The final point that he brought out indicates that interest cannot be charged to federal funds. Therefore, if a federal payment is involved, the state would have to pay interest charges from state funds for a particular item.

Fred Allen appeared in opposition to HB 2303. He expressed concern in the area of the discounts from vendors.

Mr. John Koepke testified in opposition to the bill from a written statement. (Attachment V).

House Bill No. 2332 -- "An Act concerning student residency requirements for educational institutions under the state board of regents; amending K.S.A. 76-729 and repealing the existing section."

Representative Dean was called upon by the Chairman to review the provisions of this bill for the committee. He made reference to a table that had been provided to the members of the committee, (Attachment VI). Rep. Dean stated that professors have indicated that foreign students take more time and have more problems with the material. He added that eventually these people should be made to pay their way if they are going to be coming into our educational system.

House Bill No. 2343 -- "An Act relating to courts; concerning certain fees and charges thereof; amending K.S.A. 1982 Supp. 20-362 and 28-172a and repealing the existing sections."

Marjorie Van Buren was called upon by the Chairman to review the provisions of HB2343. A brief statement was handed out to the committee concerning this bill. (Attachment VII). She stated that it doesn't appear that this bill would inconvenience anyone.

House Bill No. 2345 -- "An Act concerning district court personnel; relating to compensation thereof; amending K.S.A. 20-361 and repealing the existing section."

Marjorie VanBuren was called upon to review the provisions of this bill for the committee. In the interest of equity, she urged the committee to look at this bill favorably.

The Chairman turned to consideration of subcommittee reports.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON WAYS AND MEANS,
 room 514-S, Statehouse, at 1:30 ~~a.m.~~ p.m. on Monday, February 21, 1983, 19 .

House Bill No. 2140, Section 18, KANSAS ENERGY OFFICE FY84.

Representative Rolfs reported on this section. The subcommittee concurs with the Governor's FY83 recommendation with some exceptions. The subcommittee also concurs with the Governor's FY84 recommendations with some exceptions. A substitute bill for House Bill 2434 was handed out to the members of the committee. Chairman Bunten indicated that the adoption of this subcommittee report would be deferred until Wednesday, when hearing on HB2434 is scheduled. The substitute bill and adoption of this report will be deferred until that time. (A copy of the substitute bill will be filed with the February 23, 1983 minutes)

House Bill No. 2140, Section 13, BOARD OF TAX APPEALS FY83.

Representative Duncan reported on this section. The subcommittee concurs with the Governor's FY83 recommendation with one exception. A motion was made by Representative Duncan, seconded by Representative Shriver, that the subcommittee report be adopted. Motion carried. (Attachment IX)

House Bill No. 2140, Section 13, BOARD OF TAX APPEALS FY84.

Representative Shriver reported on this section. The subcommittee concurs with the Governor's recommendations with some exceptions. Representative Shriver made a motion, seconded by Representative Wisdom, to delete section 3 at the bottom of the page from the subcommittee report. Following committee discussion the motion lost. Representative Duncan moved that the subcommittee report be adopted. Representative Shriver seconded. Motion carried. (Attachment X).

The Chairman turned to final action on the following bills:

House Bill No. 2143 -- "An Act concerning the board of nursing; relating to accrediting nursing programs; amending K.S.A. 74-1106 and K.S.A. 1982 Supp. 65-1118a and 65-1119 and repealing the existing sections."

Jim Wilson was called upon by the Chairman to refresh the committee on the provisions of this bill. A written statement from Harry Fallgren was also distributed to the committee. (Attachment XI).

Representative Myers referred to a proposed amendment that he felt might help clear up some of the problems with this bill. (Attachment XII). Representative Myers moved that the amendment be adopted. Seconded by Representative Solbach.

Representative Duncan requested that the amendment be divided into two divisions for voting purposes. The Chairman conceded with this request. With regard to the changes on page one and two as proposed by the amendment, the motion carried. With regard to the changes on page four as the proposed amendment states, the motion carried.

Representative Duncan proposed an amendment to change the certification period from 4 years to 2 years. Representative Lowther seconded. Representative Mainey questioned whether or not this motion was in order. Chairman Bunten ruled that it was due to the fact that it appeared that there was some confusion on the part of the committee members. Committee discussion followed. Representative Mainey moved that this bill be reported favorably for passage as amended. Chairman Bunten ruled the motion out of order. Referring back to the motion by Representative Duncan the motion carried 11-10 with the Chairman voting aye.

At this time the Chairman indicated that the committee would recess until 5:00.

The committee resumed consideration of HB2143 at 5:10 p.m. Representative Chronister indicated that she had received information to the effect that the Board of Nursing would be willing to consider holding their meetings an additional day rather than having additional meetings at another time. A motion was made by Representative Chronister to amend HB2143 by removing the language in Line 281 and 282 requiring the Board to hold 10 meetings. Representative Hamm seconded. Motion carried.

Representative Shriver moved to report House Bill 2143 favorable for passage as amended. Seconded by Representative Hamm.

Representative Duncan made a substitute motion to remove the italicized

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room 514-S, Statehouse, at 1:30 ~~xxx~~/p.m. on Monday, February 21, 1983.

language in lines 293 to 296 from the bill. ("On or before October 1, 1983, the board shall adopt detailed rules and regulations establishing qualifications of instructors, curricula and standards for the accreditation of professional and practical nursing programs"). Representative Chronister seconded. Motion carried 9-8 with the Chairman voting aye.

Representative Duncan moved to strike the remaining language from line 296 to line 304 from the bill. The motion died for lack of a second.

Representative Shriver moved to recommend HB 2143 favorably for passage as further amended. Representative Mainey seconded. Motion carried.

House Concurrent Resolution No. 5015 -- "A Concurrent Resolution concerning community health centers; modifying Kansas administrative regulation 30-5-86, as adopted by the secretary of social and rehabilitation services and filed with the revisor of statutes on December 14, 1982."

Chairman Bunten proposed an amendment to this bill. (Attachment XIII). Jim Wilson was called upon by Chairman Bunten to review this amendment in further detail. Following considerable committee discussion Representative Arbuthnot moved that the amendment be adopted. Representative Dyck seconded. Motion carried 10-8.

Representative Arbuthnot moved that HCR 5015 be adopted as amended. Seconded by Representative Chronister. Motion carried.

The meeting was adjourned at 5:45 p.m.

NAME	ADDRESS	REPRESENTING
1. Emil P. Thomson	Manhattan	
2. Ed [unclear]	HHS	
3. Ron Naches	TOPEKA	KACT
4. Bill Rhodes	TOPEKA	
5. Bruce Scherer	Lawrence	AP
6. Chris Gray	Topeka	Assoc. Students of Ks
7. Ed [unclear]	"	Budget Dir
8. Dr. Lois J. Seibel	503 Kansas Ave	KSBW
9. Mayorie Van Buren	Topeka	OJA
10. John Kozzke	Topeka	KASTB
11. Jim Cobler	"	Dept of Adm
12. Jim Zavallo	Topeka	NEIB/Kan.
13. Laura [unclear]	"	Budget
14. RICHARD HAYTER	"	KED
15. Kay [unclear]	"	CURB
16. Hal [unclear]	"	Budget
17. Billy Bay	Manhattan	Manhattan Vo-Tech
18. Bob Severance	BEHOIT	NCR-AUTS BEHOIT
19. Lorraine Muckenthaler	Moran, Ks	
20. Son Muckenthaler	Moran, Ks	
21. Len Muckenthaler	Moran	
22. DAN MORGAN	Topeka	AGC of Ks.
23. Ruet Friedrich	Topeka	American Association University Professors
24. WANDA MORRISON	HUTCHINSON	Hutchinson Comm. Coll.
25. Peri Muckmore	Topeka	KCC

GUESTS

DATE _____

NAME	ADDRESS	REPRESENTING
1. J. Robertson	Topeka, Rs.	SES
2. J. Peterson	Topeka	Ks Assn of Prof Psychologists
3. Dore Walsh	Topeka Ks	Kansas Energy office
4. Jeff Wood	TOPEKA, KS	MEMORIAL LEGISLATIVE SENATOR
5. Harry Falgout	K.C. Ks.	Kansas City AUTO
6. Baker, Roy (M)	Topeka	TSCAD
7. Robert A. West	Topeka, Ks.	Natl Elec. Contractors Assn
8. Pat McKinley	Topeka	Mental Health Assn in Ks
9. Dennis R. Zed	Nilberton	Memorial Baptist Church
10. Scott Henning	"	"
11. Ken Selzer	Fairway	With Rep. Rex Hoy
12. Deb Grimes	Fairway	✓ ✓ ✓ ✓
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NAME	ADDRESS	REPRESENTING
1. John Peterson	Topeka	Ks Assn of Prof Psychologists
2. Anne M. Klotz	Topeka	Assoc. of CMHCs of Ks
3. Pat McKinley	Topeka	Mental Health Assn in Ks
4. Bill Ballentine	"	Budget Dir
5. Lynn O'Leary	"	Ka St. Nurses' Assn
6. Marian Littlejohn	"	House Rep
7. George Dem	"	House Rep
8. Betty Stowers	✓	M. HAR
9. Dr. Louis Rich Scibetta	"	KSNB
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HB 2303 -- Representative Larry Wilbert and Others

Testimony to House Ways and Means Committee - February 21, 1983

Good afternoon Mr. Chairman and ladies and gentlemen of the committee. I am here today to introduce HB 2303, the Kansas Prompt Payment Act. Mr. Wilson will explain the act in detail. Very simply the purpose of the bill is to require all state agencies and local subdivisions of this state to pay for goods and services provided by vendors within the usual business period of thirty days. If they do not so within the fifteen days following the thirty day period, an interest penalty is imposed beginning on the 31st calendar day at a rate of 15%

You may not be aware that the Federal Congress enacted such a law effective last October. Furthermore, a total of 14 states have now enacted similar bills, and the list is growing yearly. I have attached a copy of the Federal Act and a chart showing other state's action to my testimony.

You may wonder why we should consider such a bill at a time when revenue is short. The answer is that it is exactly at these times that we should take such action to restore the confidence of businessmen in dealing with government in this state. There are many advantages to the State of Kansas in adopting this Legislation. 1). Many firms dislike doing business with government because of excessive bureaucracy and slow payment. As payment becomes more regular, more firms should be willing to become bidders, which shed reduced prices. 2). Many firms give reductions for prompt payment in the private sector, which should reduce costs of doing business even with the same firms. 3). The state will be forced to reevaluate bill paying procedures and may be able to reduce in an amount of in-house paper work, at a savings of overhead. 4). Late payment is often an early indication of poor

Atch. II

indication of poor management practices. Penalties are paid by certain agencies, it should alert the Department of Administration and the Post-Audit Division to a need to up-grade management skills in that agency.

There of course are many bureaucratic arguments which can be made against this legislation. The most common are the following: 1). We will have to hire more people in order to get our bills paid on time. The simple answer is that it does not take more people to pay within 30 days but better management. 2). There will be more fraud and mistakes if we have to hurry up our examination of invoices and inspection of goods. The answer is that 30 days is the standard in all of the private sector. Why should government always take longer to do everything. Thirty days is a very adequate time, and more time does not guarantee there won't be mistakes. 3). It won't work. Penalties will merely drive up the cost of government. Experience under the federal act has shown that the Federal Government, which paid late about 40% of the time, has been able to afford a massive increase penalties. 4). If payments were speeded up, the state would lose interest on its earnings. The answer is that it is outrageous for government to be permitted to borrow interest free from its vendors. It is also very expensive in the long run, since as stated above it has driven many businesses away from providing goods and services to government.

In conclusion, I call upon you today to take action this year to pass this Legislation. SB 295 is a similar bill, but it will impose a penalty of 1½% a month and apply only to State Government. I hope you will adopt HB 2303. We certainly do not want Kansas and its sub-divisions to be considered less efficient than the Federal Government.

I will of course be happy to answer questions either now or after the review by Mr. Wilson.

APPENDIX A

Chart of States with Prompt Payment Statutes or Regulations

STATE	STATUTE / REGULATION	YEAR ENACTED	CONTRACTS COVERED	STANDARD OF PAYMENT	INTEREST	APPLICATION OF STATUTE / REGULATION
ALASKA	STATUTE	1982	construction	30-day	10.5% annually	Any state or political subdivision of the state
ARIZONA	STATUTE	1982	ALL	30-day	10.0% annually	Any state agency, school district, or office or agency established by a county
CALIFORNIA	STATUTE	1982	ALL	30-day	.25% per day	All state agencies
FLORIDA	STATUTE	1974	ALL	45-day	1% per month	All state agencies
HAWAII	STATUTE	1977	ALL	60-day	1% per month	Any agency of the state or any county
ILLINOIS	STATUTE	1975	ALL	60-day	1% per month	Any state official or agency authorized to provide payment from state funds
INDIANA	STATUTE	1933	highway	180-day	1% per month	State Highway Department
MARYLAND	REGULATION		ALL	35-day construction 45-day non-construction	NONE	All state agencies
MASSACHUSETTS	STATUTE	1977 1961	utility construction	55-day 65-day	NONE **	State, city, town or political subdivision
NEBRASKA*	STATUTE	1975	ALL	30-day	NONE	All state agencies
NORTH CAROLINA	STATUTE	1931	ALL	30-day	NONE	All state agencies
OREGON	STATUTE	1979	ALL	45-day	.67% per month	All state agencies
SOUTH CAROLINA	STATUTE	1981	ALL	30-day	15.0% annually	All agencies and institutions of the state
VIRGINIA	REGULATION	1979	ALL	60-day	1% per month	All state agencies
WASHINGTON	STATUTE	1981	ALL	30-day	1% per month	Every state agency and unit of local government
WEST VIRGINIA	REGULATION		ALL	90-day	6.0% annually	All state agencies
LOUISIANA	STATUTE	1982	ALL	30-day***	.5% per day	All state agencies

* Later found to be unconstitutional.

*** Except, a 45-day standard of payment for Entitlement Programs

Construction statute provides for payment of interest penalties on late payments at a daily rate of three percentage points above the rediscount rate then charged by the Federal Bank of Boston.

Atch. III

85

Public Law 97-177
97th Congress

An Act

To require the Federal Government to pay interest on overdue payments, and for other purposes.

May 21, 1982
S. 1131

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

Prompt
Payment Act

SHORT TITLE

SECTION 1. This Act may be cited as the "Prompt Payment Act".

5 U.S.C. 1001
1131

INTEREST PENALTIES ON LATE PAYMENTS

SEC. 2. (a)(1) In accordance with regulations prescribed by the Director of the Office of Management and Budget, each Federal agency which acquires property or services from a business concern but which does not make payment for each such complete delivered item of property or service by the required payment date shall pay an interest penalty to such business concern in accordance with this section on the amount of the payment which is due.

5 U.S.C. 1001

(2) Such regulations—

(A) shall specify that the required payment date shall be—

(i) the date on which payment is due under the terms of the contract for the provision of such property or service; or

(ii) thirty days after receipt of a proper invoice for the amount of the payment due, if a specific date on which payment is due is not established by contract;

(B)(i) in the case of any acquisition of meat or of a meat food product, as defined in section 2(a)(3) of the Packers and Stockyards Act, 1921 (7 U.S.C. 182.3)), shall specify a required payment date which is not later than seven days after the date of delivery of such meat or meat food product; and

(ii) in the case of any acquisition of a perishable agricultural commodity, as defined in section 1(4) of the Perishable Agricultural Commodities Act, 1930 (7 U.S.C. 499a(4)), shall specify a required payment date consistent with requirements imposed pursuant to such Act;

(C) shall specify separate required payment dates for contracts under which property or services are provided in a series of partial executions or deliveries, to the extent that such contract provides for separate payment for such partial execution or delivery; and

(D) shall require that, within fifteen days after the date on which any invoice is received, Federal agencies notify the business concern of any defect or impropriety in such invoice which would prevent the running of the time period specified in subparagraph (A)(ii).

(b)(1) Interest penalties on amounts due to a business concern under this Act shall be paid to the business concern for the period

beginning on the day after the required payment date and ending on the date on which payment of the amount due is made, except that no interest penalty shall be paid if payment for the complete delivered item of property or service concerned is made on or before (A) the third day after the required payment date, in the case of meat or a meat food product described in subsection (a)(2)(B)(i); (B) the fifth day after the required payment date, in the case of an agricultural commodity described in subsection (a)(2)(B)(ii); or (C) the fifteenth day after the required payment date, in the case of any other item. Interest shall be computed at the rate determined by the Secretary of the Treasury for interest payments under section 12 of the Contract Disputes Act of 1978 (41 U.S.C. 611). The Secretary of the Treasury shall publish each such rate in the Federal Register.

Interest rate
computation

Publication in
Federal Register

Unpaid interest
penalty.

(2) Any amount of an interest penalty which remains unpaid at the end of any thirty-day period shall be added to the principle amount of the debt and thereafter interest penalties shall accrue on such added amount.

(c) This section does not authorize the appropriation of additional funds for the payment of interest penalties required by this section. A Federal agency shall pay any interest penalties required by this section out of funds made available for the administration or operation of the program for which the penalty was incurred.

Interest penalty
payments

(d)(1) Any recipient of a grant from a Federal agency may provide in a contract for acquisition of property or services from a business concern for the payment of interest penalties on amounts overdue under such contract, except that—

(A) in no case shall an obligation to pay such interest penalties be construed to be an obligation of the United States, and

(B) any payment of such interest penalties shall not be made from funds provided to the grant recipient by a Federal agency, nor shall any non-Federal funds expended for such interest penalties be counted toward any matching requirement applicable to that grant.

(2) Such interest penalty payments shall be made under such terms and conditions as agreed to by the grant recipient and the business concern, consistent with the grant recipient's usual business practices and applicable State and local law.

LIMITATION ON DISCOUNT PAYMENTS

31 USC 1502.

Sec. 3. (a) If a business concern offers a Federal agency a discount from the amount otherwise due under a contract for property or services in exchange for payment within a specified period of time, the Federal agency may make payment in an amount equal to the discounted price only if payment is made within such specified period of time.

(b) Each agency which violates subsection (a) shall pay an interest penalty on any amount which remains unpaid in violation of such subsection. Such interest penalty shall accrue on such unpaid amount in accordance with the regulations prescribed pursuant to section 2, except that the required payment date with respect to such unpaid amount shall be the last day of the specified period of time described in subsection (a).

X

A SURVEY
of
PROMPT PAYMENT LAWS AND
REGULATIONS IN THE STATES

*Sponsored by
The National Audio-Visual Association
3150 Spring St.
Fairfax, Virginia 22031
703 273-7200*

III

INTRODUCTION

The purpose of this study was to determine the laws and regulations that exist on the state level in regard to prompt payment to state contractors and to determine pending or recent legislative activity on prompt payment.

Officials in various state departments and agencies in all 50 states and the District of Columbia were contacted by telephone and asked specific questions on state prompt payment laws and regulations. The following questions were asked:

1. Are there any state laws that require a state agency to pay bills "on time"? If so, what is the time period set?
2. Does this law also apply to recipients of state grants-in-aid, i.e., municipalities, private colleges, or other organizations?
3. If there is not a state law, are there rules, regulations, directives, policy statements, or governor's orders that require a state agency to pay bills on time? If so, what is the standard of payment set?
4. Does the law or regulation require or authorize payment of late payment interest charges when invoices are paid late?

Although departments and agencies contacted varied from state to state, officials in the following departments were typically contacted:

- Department of Administration
- Department of Finance
- State Comptroller
- Department of Purchasing
- Office of State Treasurer
- Department of Accounting
- Office of Budget
- Department of General Services
- Office of Attorney General
- Office of Legislative Services

OVERVIEW

Many more states than previously expected have enacted prompt payment legislation, or have had bills introduced and defeated or not acted on. There are also several states that have statutes that exclusively cover certain types of contracts but no overall legislation.

11 states have legislation:

Arizona	Illinois	Oregon
California	Louisiana	South Carolina
Florida	*Nebraska	Washington
Hawaii	*North Carolina	

- * Does not include interest penalties
- = Later found unconstitutional

Six states have had legislation introduced within the past few years but it was defeated or not acted on:

Alabama	Kansas	New York
Delaware	Maryland	Rhode Island

Three states have statutes that exclusively cover certain types of contracts but no overall legislation:

Alaska	Indiana	Massachusetts
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Three states have regulations or administrative provisions:

- Maryland
- Virginia
- West Virginia
- Does not include interest penalties

One state has legislation pending:

Pennsylvania

The remaining 27 states and the District of Columbia have no legislation/regulations, have had no legislation introduced within the past few years, and have no statutes exclusively covering certain types of state contracts. They are:

Arkansas	Michigan	Ohio
Colorado	Minnesota	Oklahoma
Connecticut	Mississippi	South Dakota
District of Columbia	Missouri	Tennessee
Georgia	Montana	Texas
Idaho	Nevada	Utah
Iowa	New Hampshire	Vermont
Kentucky	New Jersey	Wisconsin
Maine	New Mexico	Wyoming
	North Dakota	

Many of these states, however, do issue informal memorandums or directives urging state agencies to pay vendors promptly.

CONCLUSION

Prompt payment legislation is an emerging issue on the state level. Prompt payment bills were enacted into law in six states in 1981 and 1982. Legislation is pending in one state and prompt payment bills were introduced but not acted upon in three additional states during 1982. Rhode Island's state legislature passed a prompt payment bill in 1982, but it was vetoed by Governor J. Joseph Garrahy.

A number of other states seemed to recognize that slow pay to state contractors is a problem and have issued informal memorandums to state agencies urging timely payment of invoices.

Given the increased activity and passage of prompt payment legislation in many states, increased recognition and sensitivity to the problem by state officials, and enactment of "The Prompt Payment Act of 1982" on the federal level, NAVA believes that great opportunities exist for further successful prompt payment legislation at the state level.

APPENDIX A

Chart of States with Prompt Payment Statutes or Regulations

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HAWAII	STATUTE	1977	ALL	60-day	1% per month	Any agency of the state or any county
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*** Except, a 45-day standard of payment for Entitlement Programs

STATE-BY-STATE LEGISLATIVE REVIEW

ALABAMA

Legislation was introduced several years ago but was never acted upon. When the bill was introduced, the Director of Finance asked for a delay, figuring that he would be able to remedy the situation from his office without having to enact legislation.

The Finance Department issues statements to state agencies encouraging prompt payment and has set up a standard of 25 days—10 days from receipt of materials/services to send invoice to Finance Department, and 15 days for the Finance Department to pay the invoice.

No further legislation has been introduced. Alabama cannot pay late interest penalties.

ALASKA

Legislation (A.S. 36) passed this past legislative session and took effect July 1, 1982. This bill covers only "contractors" defined as, "the contractor including subcontractors performing work necessary to facilitate public construction." The bill makes the State or a political subdivision of the state liable to a contractor.

This legislation sets a 15-day standard of payment after invoice has been received. If invoice has not been paid within 30 days, interest starts to accrue at a rate of 10.5% annually.

(BILL ENCLOSED)

ARIZONA

Legislation (House Bill 2483) passed this past legislative session. This bill took effect July 24, 1982. This legislation sets a 30-day standard of payment. If payment has not been made by the 31st day, interest must be paid at the prescribed rate in Section 44-1201 (10.0% per annum) until the account is paid in full. The bill covers any state agency, school district, or office or agency established by a county or a county board of supervisors.

(BILL & INTEREST STATUTE ENCLOSED)

ARKANSAS

No legislation has been introduced within the past few years. There are some statements issued within each agency encouraging prompt payments but there is not authorization for interest on late payments.

CALIFORNIA

Legislation passed on March 2, 1982 to take effect January 1, 1983. Legislation sets a 30-day standard of payment and authorizes the payment of an interest penalty on late payments accruing at the rate of .25% of amount due per day, from the 31st day. Comptroller will pay the penalty out of the agency's budget.

(BILL ENCLOSED)

COLORADO

No legislative activity on prompt pay. Directives urging payment within 30 days are periodically issued by the Division of Purchasing and the State Comptroller. Late payment interest charges can be assessed if contained in the initial contract.

CONNECTICUT

No legislation. Administrative letters are sent from the State Comptroller's Office to state agencies encouraging prompt payments. Connecticut will not pay interest penalties.

DELAWARE

Legislation was introduced and passed by the Senate on June 2, 1982. Bill was then tabled by the House and was not acted upon before the session was adjourned for the year. Bill will have to be reintroduced next session.

The bill set a 30-day standard of payment and authorized interest penalties to accrue at a rate of annual interest equal to two percentage points above the discount rate charged by Federal Reserve Banks on the first day of the previous month, prorated at the rate of 1/360th of said annual interest for each day the indebtedness continues beyond 30 days.

(BILL ENCLOSED)

DISTRICT OF COLUMBIA

No legislation and no known directives sent out urging prompt payments.

FLORIDA

Legislation was enacted in 1974. (S.9, Art. XII, ch. 215.422.) Bill establishes a 45-day standard of payment after which interest will start to accrue at a rate of 1% per month.

GEORGIA

No legislation. Uses departmental directives to urge prompt payments. Georgia will not pay interest penalties on late payments.

HAWAII

Legislation enacted in 1977. The law sets a 60-day standard of payment after which time an interest penalty of 1% per month starts to accrue on the unpaid amount. The bill covers any agency of the State or any county. If the time of payment is contingent upon receipt of Federal funds, or Federal approval, the solicitation of bids for contracts must explain that provision.

(BILL ENCLOSED)

IDAHO

No legislation. Letters are sent within state agencies encouraging prompt payments but no standard is set. Will not pay interest.

ILLINOIS

Legislation effective July 1, 1976. Bill sets a 60-day standard of payment—30 days to approve invoice, 30 days to pay invoice. After 60 days, 1% of any amount approved and unpaid shall be added for each month or fraction thereof, after the end of this 30- or 60-day period, whichever is applicable, until final payment is made. Bill covers any state official or agency authorized to provide payment from state funds.

(BILL ENCLOSED)

INDIANA

Overall legislation, but there exists a statute covering highway contracts. Highway statute explains that the state must pay within 180 days of acceptance of project; if unpaid by the 181st day, interest starts to accrue at 1% per month.

No overall legislation introduced within the past few years.

(COPY OF HIGHWAY CONTRACT STATUTE ENCLOSED)

IOWA

No legislation. Unwritten policy within agencies—payment within five working days after receipt of invoice, but no interest penalty if not paid unless provision is in initial contract.

There is a code requirement that a vendor must bill the State within three months.

(CODE REQUIREMENT ENCLOSED)

KANSAS

Legislation introduced in 1979 but never made it out of committee. Bill would have set a 30-day standard of payment and authorized an interest penalty of 1.5% per month.

Letters are now sent out from State Comptroller's Office encouraging payment within 30 days; counseling is conducted with agencies that are habitually late with their payments.

(COPY OF DEFEATED LEGISLATION ENCLOSED)

KENTUCKY

No legislation. Policy statements are sent to agencies by the Department of Finance and Administration to encourage prompt payments in order to take advantage of special discounts. If bill is not paid by the end of the fiscal year, the agency must go before the General Assembly for approval of payment.

The Purchasing Department operates under a model procurement law (1976) which sets up how to purchase and price contracts.

LOUISIANA

Legislation (House Bill No. 918) passed 1982 session. The bill sets a 30-day standard of payment for most state agencies and a 45-day standard for entitlement programs. The legislation provides for an interest penalty of 0.5% of the amount due per day, not to exceed 10% of the total outstanding balance due. If a state agency claims that payment is late due to "reasonable" cause that claim is disputed by the contractor, the Joint Legislative Committee on the Budget shall decide the claim.

(BILL ENCLOSED)

MAINE

No legislation. Commissioners of each state agency issue statements encouraging payment within 30 days. Interest can be paid if within the initial contract.

MARYLAND

Legislation was introduced in the 1982 session but not acted on. There are provisions within Maryland State Procurement Regulations that require payment of non-construction bills within 25 days and construction bills

within 35 days. These regulations do not authorize interest payments.

(COPIES OF DEFEATED LEGISLATION & MARYLAND STATE PROCUREMENT REGULATIONS ENCLOSED)

MASSACHUSETTS

No overall legislation. Do have statutes covering state, city, town, or political subdivision's utility and construction contracts. Utilities have a 55-day standard of payment and construction has a 65-day standard of payment. Construction statute provides for payment of interest penalties on late payments at a daily rate of three percentage points above the rediscount rate then charged by the Federal Bank of Boston.

(STATUTES ENCLOSED)

MICHIGAN

No legislation. General statements encouraging prompt payments for discount purposes were issued throughout the agencies. Interest penalties can be paid if provision is within the initial contract.

Bill Buckley in the Administrative Services Department stated that late payments have not been a major problem but that there had been some talk of legislation enforcing prompt payments this past session. Some legislators stated that if such legislation is introduced, a counter-statute should apply to outside firms, requiring prompt payments to the state and interest penalties for late payments.

MINNESOTA

No legislation. Statements encouraging prompt payments for discount purposes were issued within agencies. Will not pay interest penalties.

MISSISSIPPI

No legislation. Cannot pay interest penalties.

MISSOURI

No legislation. Slow pay to contractors has been a problem, but the state has more of a problem with cash flow. Can pay interest penalties if specified in initial contract but usually does not allow such a contract.

MONTANA

No legislation. Uses in-house directives encouraging prompt payments. Cannot pay interest penalties.

NEBRASKA

In a 1975 special session of the legislature, Revised Statutes of Nebraska, 1943, Chapter 81, Section 1111.01 through 1111.03 was passed. This statute set up a 30-day standard of payment. No late interest payment was authorized.

There is currently no enforcement of this statute. The Attorney General has indicated that it is unconstitutional because it was passed during a special session of the legislature when the issue was not on the agenda for the special session. There has been no further action.

(COPY OF STATUTE ENCLOSED)

NEVADA

legislation, but officials in the Department of General Services admit there is the problem. Interest penalty payments are forbidden by state statutes.

NEW HAMPSHIRE

No legislation. Deputy Comptroller Ralph Brickett says there is a problem, but New Hampshire also has a problem with cash flow. The government does urge state agencies to pay within 30 days through directives sent out to state agencies.

NEW JERSEY

No legislation. Payment within 30 days is encouraged for discount purposes. There has been a slow pay problem, but it is more a problem of the agencies not getting their invoices to the Comptroller's Office on time than with the Comptroller delaying payment (stated by the Supervisor of the Purchasing Bureau). No legislation introduced within the past few years.

NEW MEXICO

No legislation as of yet. Policy statements are sent out from the Department of Finance to "New Mexico State Agencies, Departments, Commissions, Institutions, Boards, and Local Public Bodies allowed by Law" pushing for prompt payments. The Director of the Purchasing Division, Joe Bacca, is very supportive of a prompt payment concept and sees the need for legislation.
(ENCLOSED ARE COPIES OF STATEMENTS SENT OUT FROM FINANCE DEPARTMENT)

NEW YORK

Legislation was introduced this past session (1982) but is still pending. One bill, introduced on March 22, 1982, by New York State Assemblyman Bill Larkin, would have set up a 45-day standard of payment; the other, introduced on March 30, 1982, would have set up a 30-day standard of payment (business days)—20 days for state agencies to send invoice to Comptroller's Office and 10 days for Comptroller to pay the invoice. Interest penalties were set at 0.5% per month.

Although there is a possibility that the legislature will be called in a special session later this year, they will deal primarily with budgets. It is doubtful that they will act on either of these bills.

(COPIES OF DEFEATED LEGISLATION ARE ENCLOSED)

NORTH CAROLINA

Existing legislation was passed in 1981. Legislation sets a 30-day standard of payment but does not authorize payment of interest penalties for late payments. North Carolina will not pay interest on late payments.

NORTH DAKOTA

No legislation, but there has been encouragement from vendors for such legislation. Currently, policy statements encouraging prompt payments are sent out from the Central Accounting Office.

OHIO

No legislation and no authorization to pay interest on late payments. Officials in the Office of the Auditor of the State seemed to think that the problem had to do with individual state agencies; for example, the Highway Department was very prompt with payment of bills; the Mental Health Department was habitually late with their payment of bills.

OKLAHOMA

No legislation, but it has been discussed within the legislature. A government in-house Executive Task Force has been appointed to do a preliminary study of all state agencies with the goal of determining how to improve agency's performance. This study will include the Accounting and Purchasing Departments and may lead to the awareness and introduction of slow pay legislation.

The Governor urges prompt payment of bills during meetings with the heads of the departments, and the Comptroller's Office sends out policy statements urging prompt payment. Interest will not be paid on late payments. Officials in the Division of the Budget seemed to think that there would be support for slow pay legislation.

OREGON

Legislation passed in 1979 session, effective July 1, 1980. Chapter 406, OL 1979, (House Bill 2257). The bill sets a 45-day standard of payment and authorizes interest penalties on late payments at a rate not to exceed 0.67% per month or 8% per annum.
(BILL ENCLOSED)

PENNSYLVANIA

Legislation pending to amend The Fiscal Code of 1929, (P.L. 343, No. 176). Slow pay legislation was introduced once before. The bill sets a 30-day standard of payment and authorizes interest on late payments of 1.50% per month. Legislation is not expected to be voted on this session, which ends in November.
(PENDING LEGISLATION ENCLOSED)

RHODE ISLAND

The bill was introduced this past session, passed the House and Senate, but was vetoed by Governor J. Joseph Garrahy. (This is the second time the Governor has vetoed prompt payment legislation within the past few years.) The bill would have set a 60-day standard of payment and authorized interest on late payments of 12% per annum.
(VETOED LEGISLATION ENCLOSED)

SOUTH CAROLINA

A permanent amendment to H. 3711—General Appropriations Bill was passed in the 1981 session, effective January 1983. The amendment sets a 30-day standard of payment and authorizes payment of an interest penalty on late payments not to exceed 15% per annum from the funds available to the agency which is late in their payment. The bill covers all agencies and institutions of the state.

(COPY OF AMENDMENT ENCLOSED)

SOUTH DAKOTA

No legislation. The rules and regulations manual encourages a 30-day standard of payment. South Dakota will not pay interest.

TENNESSEE

legislation. Policy statements have been issued from the Division of Accounts encouraging prompt payments. Does not authorize payment of late interest charges.

TEXAS

No legislation yet. Slow pay is a recognized problem and legislation has been discussed. (Enclosed is a copy of February 16, 1976, newspaper article on the subject of slow pay.) Director of Purchasing C.M. Walton says there would be support for such legislation.

UTAH

No legislation. Can pay interest and has on several occasions when payments have been very, very late, but this is not the rule. The Director of Finance thinks legislation would be supported.

VERMONT

No legislation, but there have been vendor complaints. Prompt payments are encouraged through administrative bulletins. They can pay interest if the provision is in the initial contract, but such provisions are unusual.

VIRGINIA

No legislation, but a regulation exists in the *Vendors Manual*, put out by the Purchasing and Supply Department, that allows for a penalty of 1% per month after 60 days.

(COPY OF VENDORS MANUAL REGULATION ENCLOSED)

WASHINGTON

Legislation passed in the 1981 session, effective July 1, 1982. The bill sets a 30-day standard of payment and authorizes an interest payment of 1% per month on amounts due on written contracts. The bill applies to every state agency and unit of local government, except as provided in Section 2 of this act.

(BILL ENCLOSED)

WEST VIRGINIA

No legislation. Does have a provision that is included in all state contracts that makes the state liable for 6% interest per annum on all debts that remain unpaid over 90 days.

(PROVISION ENCLOSED)

WISCONSIN

No legislation but there has been discussion of it among the vendors. The Department of Administration has unwritten guidelines of a 30-day standard of payment, but nothing is mandated. No authorization of late payment of interest charges.

WYOMING

No legislation. Directives have been issued from the Administration and Fiscal Control Office encouraging prompt payments for discount purposes. No authorization for interest payments, but the Administrator of Purchasing and Property Control said that this may be an added incentive to pay bills promptly.

GETTING THE STATES TO PAY THEIR BILLS PROMPTLY

With this report, we begin the second stage in our campaign to get all governments to pay bills on time.

The first stage of our campaign was completed with the enactment of the Prompt Payment Act (Public Law 97-177). This act was signed by President Reagan on May 21, 1982, and became effective on October 1, 1982.

This act requires Federal agencies to pay all bills within 30 days. Meat and meat products must be paid for within seven days and fresh fruit and vegetables must be paid for within ten days. Agencies failing to pay promptly must automatically pay interest penalties. The interest rate is set by the Secretary of the Treasury every January and July.

Under the act, agencies are penalized for taking discounts after the discount period has expired. Agencies must make partial payments for partial deliveries.

The act calls for improvements in information carried on invoices and receiving reports. If a vendor's invoice has an error or there is an apparent discrepancy in the job done, the act requires that the vendor be notified within fifteen days.

In signing the bill, President Reagan declared that the government should not be a "deadbeat."

The Slow Pay Coalition

The bill was supported by the 42 trade associations of the Slow Pay Coalition (1979-1982). The Coalition was formed by the National Audio-Visual Association. As you will see from the list below, the Coalition represents a wide cross section of the small business community. In addition to the Coalition, other supporters included the U.S. Chamber of Commerce, the National Federation of Independent Business, and the American Council of Consulting Engineers.

The Second Stage

During the first stage, many businesses complained that state governments are often as bad as Federal agencies. Businesses reported that over a third of the bills they are owed by state governments are paid late.

The Boston Globe, in an article titled "The Buck Stops, Bills Go Unpaid," reported late payments by the Commonwealth of Massachusetts almost bankrupted one firm. Others suffered.

The House and Senate reports on the Prompt Payment Act contain examples of state governments paying late. One small business witness told the House Government Operations Committee that late payments by Kansas and Missouri forced him to refuse to do business with these states. Had the House and Senate focused on the state problem, far more examples would have appeared in the hearing records.

States Must Improve

The National Audio-Visual Association concludes that the states must improve their payment practices, just as the Federal government is now doing.

The advantages to the states are:

- *More Competition for State Business.* Firms which now shun state business because of delinquent payments will be willing to bid when payments become dependably prompt. More competition will give states more responsible firms to choose from.
- *Better Prices.* When the Federal agencies began to pay more promptly, some firms immediately reduced prices. When the cost of carrying government accounts is reduced, these cost savings can be passed on to government.
- *Improved Image.* Most businesspeople dislike doing business with governments because of the red tape, bureaucracy, and erratic payments. A state prompt payments statute will improve the integrity of the state's business practices, making the state a more desirable business partner. The statute will earn the state some respect.
- *Savings for the Taxpayer.* More competition, better prices, better image, more desirability as a business partner, and improved integrity add up to savings for the taxpayer.
- *Reduced Paperwork and Bureaucracy.* To make payments on time, state agencies must reduce the paperwork associated with paying bills. Many states have inherited age-old bill processing systems which rely on excessive use of paper, documents, vouchers, and multiple copies. Further, these states process invoices, receiving reports, and vouchers by hand, making bill payment a highly labor-intensive job. Modern technology—computers, wire transfers, telephone approvals, micrographics, and facsimile transmitters—can reduce the labor intensiveness of the job and, in doing so, improve efficiency. For example, reducing to half the number of people who review each invoice will result in substantial savings in some states.

Interest Penalties

Some have worried that interest penalties will end up costing the state a lot of money. Their reasoning is based on the view that "the state will never straighten out its payment problems." They fear that if no improvements are made, the state will be saddled with lots of interest penalties and will pay dearly for the inefficiency of their payment system.

In the case of the Federal government and in other states which have prompt payment statutes, however, interest penalties have been kept to a minimum because top management geared up to reduce sloppy payment practices.

Certainly, if a state adopts a statute without instituting a change in the way payments are made, interest penalties will be paid. But, the interest penalties are a proven way to force agencies to improve. Interest penalties are the single most powerful weapon your state legislature has to encourage on-time payments.

As a weapon, the threat of interest penalties works this way:

- Agencies must report on their late payments, including announcing the interest they have paid. Such reports generate unfavorable publicity for the agency, causing top agency officials to call for improvements to avoid the problem in the future.
- Agencies hate to lose program money, particularly when tax revenues are forcing legislatures to pare back appropriations. Interest penalties mean lost program money. Lost in the worst possible way—due to poor management practices. Therefore, interest penalties will be avoided at all costs by managers who prefer to spend their money in a positive way rather than waste it.
- With interest penalties, vendors have leverage in getting bills paid up. Without interest penalties, vendors have no way of applying pressure other than threatening to refuse future business.

Agencies rarely are concerned about threats to refuse future business because the agencies always count on another firm taking over.

Small businesspeople sometimes phone their governor or state legislator to get a particular bill paid. But, with some agencies, using "politics" backfires—blacklists and retaliations result.

In essence, without interest penalties, the vendor has no leverage. In contrast, for sales outside government, interest penalties are common. All citizens and businesses face the threat of interest penalties for late payments. Only government has managed to escape interest penalties.

As an incentive to make on-time payments, interest penalties work in private business. They work with the Federal government. Therefore, they will work in your state.

Future of the Movement

The third stage of the prompt payment movement will take place in city and county governments and school districts. Small businesses report that they have been forced to put hundreds of cities and school districts on "credit hold" with cash-on-delivery required for every purchase. Local governments have ignored the need for prompt payment. Some cities have compounded their precarious financial condition with incredibly bad payment records. It is only a matter of time before concerned citizens, local politicians, and small business leaders insist that local governments become prompt bill payers.

Step-By-Step

But, in the meantime, we recommend that small businesses concentrate limited political and volunteer resources on state governments. By forcing each state to set a good example, we will strengthen our case for local reform.

In the proposed statute, we recommend that the state establish payment standards for all state institutions, including hospitals, universities, and other state projects. Furthermore, on-time payments should be required wherever state funds are being used by local governments. After all, every dime spent is state money and the state has every right to expect all managers of state dollars to pay on time or face interest penalties.

Legislative Action

The goal of your legislative campaign should be to convince your state that it is in the state's own best interests to pay its bills on time. Your main enemy will probably be bureaucrats who dislike the idea of changing procedures. State employees will use arguments like:

- We don't have enough people to get all our bills paid on time. This will mean we have to hire more people.

Your reply: They assume they will be doing things just the same after passage of the act. In fact, they must change their procedures—streamline payments, cut paperwork, eliminate red tape. In most cases, the job can be done by fewer people at less cost.

- There will be more fraud and abuse if we have to hurry up our examination of invoices we receive.

Your reply: Thirty days is quite long enough in which to ensure that no fraud or abuse has occurred. More time does not guarantee vigilance. But, more efficient management does. Agencies don't need more time; rather, they need better management.

- We're already strapped for funds. Where are we supposed to come up with all the money to pay these interest penalties?

Your reply: This statement assumes payments will be made as usual—late! The purpose of the proposed statute is to force agencies to modernize and streamline so as to stop making late payments. As soon as late payments are eliminated, there will be no interest penalties paid. Any state agency that wants to avoid paying penalties should institute better management in bill paying.

- It will never work. Government isn't like business. Penalties are no incentive in government because government doesn't have to make a profit.

Your reply: Prompt payment legislation does work. Government agencies hate public criticism. Agencies which pay penalties for overdue bills will be criticized by the news media, by the public, and by the state legislature. To avoid criticism, agencies will speed up payments.

- We need a lot more than 30 days to inspect construction, open boxes shipped, and receive and evaluate acceptance papers.

PROPOSED STATUTE TO REFORM & IMPROVE STATE PAYMENT PRACTICES AND TO STOP THE LATE PAYMENT OF BILLS

- (1) It is the policy of this state or commonwealth that all bills will be paid on time.
- (2) All bills shall be paid within 30 days of receipt of invoice, except as provided in (3).
- (3) Where the state or commonwealth, or a project sponsored by state or commonwealth funds, purchases meat and meat products, bills shall be paid within 7 days. Payments for groceries, vegetables, fresh fruit, and other perishables shall be made within 10 days. For other industries with common payment practices of less than 30 days, the state or commonwealth shall comply with industry terms.
- (4) Interest penalties must be paid automatically when bills become overdue. It shall be up to each state or commonwealth agency, and each project administering state or commonwealth funds, to calculate and pay interest automatically at the time payment is made on the principal. Interest payments shall accompany payment of net due for goods and services. Agencies shall not require companies to petition, invoice, bill, or wait any additional days to receive interest due.
- (5) Partial payment shall be made on partial deliveries. Each complete item or service must be paid for within 30 days or in accordance with (3) above.
- (6) All proper deliveries and completed services shall be received or accepted promptly and proper reports shall be forwarded to payment offices within 3 days.
- (7) Payment shall be due on the date on which the agency actually receives the invoice or receives the goods or services, whichever is later. The 30-, 10-, and 7-day periods shall be considered as "grace periods" during which all proper invoices shall be paid.
- (8) The rate of interest paid by the state or commonwealth shall be the one commonly charged to all the vendor's customers. The rate of interest charged by the vendor to the state or commonwealth may be equal to the vendor's cost of short-term money, but not higher.
- (9) Unpaid interest penalties owed to vendors shall compound every month.
- (10) These rules shall apply to all purchases, leases, rentals, and contracts for services including construction and remodeling. No state or commonwealth agency, or project supported by the state or commonwealth, shall be exempt from the provisions of this statute.
- (11) No discount shall be taken by the state or commonwealth, or by a project manager administering a state- or commonwealth-supported project, unless full payment is made within the discount period. In the event a discount is taken later, interest shall accrue on the unpaid balance from the day the discount offer expired.
- (12) Interest shall be paid from funds already appropriated to the offending agency or granted to the state- or commonwealth-supported project. No interest shall be charged directly back to the state or commonwealth treasury.
- (13) In instances where an invoice is filled out incorrectly, or where there is any defect or impropriety in an invoice submitted, the state or commonwealth agency, or state- or commonwealth-supported project, shall contact the vendor in writing within 10 days. An error on the vendor's invoice, if corrected by the vendor within 5 business days of being contacted by the agency, shall not result in the vendor being paid late.
- (14) Checks will be mailed or transmitted on the same day for which the check is dated.
- (15) This statute authorizes no new appropriation to cover interest penalties. State or commonwealth agencies, and state- or commonwealth-supported projects, shall not seek to increase appropriations for the purpose of obtaining funds to pay interest penalties.
- (16) Interest penalties are not required when payment is delayed because of disagreement between the agency and the vendor. However, in the event of a dispute, the dispute shall be settled within 30 days after interest penalties could begin to be assessed. At the resolution of any dispute, vendors shall automatically receive interest on all proper invoices not paid for within 30 days (or within 7 days in the case of meat and meat products, or within 10 days for groceries, vegetables, and other perishables).
- (17) On small purchases of \$500 or less, the state, commonwealth, or state- or commonwealth-supported project, shall, wherever possible, (A) make payment

- X
- by cash-on-delivery, or (B) make payment by 10 days after receipt or acceptance of the goods.
- (1) This statute shall in no way be construed to prohibit the state or commonwealth from making advanced payments, progress payments, or from prepaying where circumstances make such payments appropriate. All such payments shall be made promptly and are subject to interest penalties when payment is late.
- (19) Each agency head is responsible for prompt payments. In all instances where a payment is made late, the head of the state or commonwealth agency shall submit to the proper committee of the state or commonwealth legislature an explanation of why the bill is paid late and what is being done to solve the late payment problem.
- (20) Whenever a vendor brings formal administrative action or judicial action to collect interest due under this act, should the vendor prevail, the state is required to pay any reasonable attorney fees.

- (21) State or commonwealth agencies making purchases for projects using Federal funds shall make purchases without final assurance of Federal funds to cover cost of purchases. Where the time of payment is contingent on the receipt of Federal funds or Federal approval, the solicitation of bids for contracts and any contracts awarded shall clearly state that payment is contingent on such conditions.
- (22) The state or commonwealth legislature requires that each January (or at the beginning of each fiscal year) the Governor shall submit a report summarizing the state's payment record for the preceding year. Included in the report shall be the number and dollar amount of late payments by the agency, the amounts of interest paid, and specific steps being taken to reduce the incidence of late payments.
- (23) This statute shall be effective at the beginning of the next fiscal year and shall apply to all payments due on or after that date.

October, 1982
Released by the
National Audio-Visual Association
3150 Spring St.
Fairfax, VA 22031
Contact: Kenton Pattie
Senior Staff Vice President
(703) 273-7200

WHAT YOU CAN DO TO GET A STATE LAW

As a businessperson who wants to see action in your state, here are the steps you should take:

1. Gather all available ammunition:
 - Are there any payment rules in your state that *aren't working* or are *being ignored* by agencies?
 - *How late* are the state agencies in paying bills? Make up a table based on your company's accounts receivable. *How much do you lose* by lending to state agencies? See sample table and questionnaire.
 - Use answers when you meet with legislators. They will appreciate the factual way you present your case for action.
2. Ask your state Chamber of Commerce and other business organizations you support to go to work on this issue. Use the ammunition from (1) (above) to make your case. You are not the only businessperson who is being paid late—they all are, from wax to wrenches, from gasoline to gravel.
3. Get everyone to agree on the 23 key provisions needed in the new state statute. See "Proposed Statute to Reform & Improve State Payment Practices and to Stop the Late Payment of Bills."
4. Meet in person with your state Representative and state Senator. Tell them:
 - How the problem is being solved in other states: Several states already have passed laws requiring interest penalties on all late payments.
 - About the Prompt Payment Act (Public Law 97-177) President Reagan signed May 21, 1982.
 - How your company is being hurt.
 - Why you want action in your state.
5. Contact your national trade association or the National Audio-Visual Association (NAVA), 3150 Spring St., Fairfax, VA 22031, (703) 273-7200. NAVA has agreed to be a national clearinghouse and catalyst for state action to stamp out slow pay. NAVA can provide you with (1) some useful information, and (2) contacts at other national, regional, state, or metropolitan associations which are working on this problem.
6. Share your story with the daily newspaper and trade news editor. Publicity is one of your best weapons. You'll find other vendors, eager to help, will contact you once they read about your efforts in the paper.

WHEN PRESENTING YOUR CASE FOR LEGISLATION, INCLUDE ANSWERS TO THESE QUESTIONS:

1. Are there any state agencies you refuse to do business with because of tardy and sloppy payment practices?
2. What percent of your business is with state agencies?
3. Would the percent in Question 2 increase if state agencies would be prompt payers?
4. State agencies don't pay interest penalties, but do you charge other customers who are late? If so, what interest rate do you receive?
5. Summarize your attempts to get bills paid by state agencies. What have been some of your worst experiences?
6. How many letters do you write and phone calls do you make to get bills paid by the state?
7. What excuses do they use?
8. How often are you asked to resubmit the entire invoice because the original is lost or misplaced?
9. Do the procurement or buying officials communicate with the payment officials, or is there a communications gap?
10. Do you believe state agencies will speed up payments if they are threatened by interest penalties?
11. Do you believe the threat of interest penalties will force a reduction in the excessive paperwork and paper shuffling going on in the procurement and bill-paying offices of state agencies?
12. Do you believe the state keeps its funds invested, collecting interest while you are waiting to be paid?
13. If the state paid consistently on time, could the state get better prices and more competition?
14. Can you name any company which refuses to do business with state agencies?
15. Can you name any company that has been hurt badly by delinquent state payments?

Your reply: In the commercial sector, 30 days is the standard. Why should we accept the argument that it takes the government longer to do everything! Through this statute, the business community is insisting on more efficiency. We are no longer condoning a double standard in which government is always forgiven for its lateness and inefficiency. The proposed statute sets a new standard of efficiency.

- Since all the state's payments will have to be speeded up, the state will lose a lot of interest it should be earning. Instead of investing its money, the state will have to spend it on the prompt payment of bills. The state will lose needed income.

Your reply: It is outrageous for the government to make businesses wait while the state invests money that should be used to pay bills. In effect, state government is borrowing interest-free from small business. The practice is wrong.

This statute will have the effect of righting a long-standing wrong. And, in doing so, the state will have a

change in its cash flow. But the change will be temporary. Over a couple of quarters, the change in payment practices will be absorbed by the state's cash flow system.

The temporary change in state cash flow is a small price to pay for decades of irresponsible late payments to small businesses.

- We should merely ask all the agencies to improve their payment practices. The legislation is not needed—just tell them to shape up.

Your reply: This has been tried. But the truth is, agencies have shown little enthusiasm for voluntary reform. Under some governors, state agencies have improved, only to slide back under other governors. In the Federal government some agencies made improvements which lasted only until new management took over. Experience in other states and in Washington proves that only the threat of interest penalties works.

The proposed statute is a *permanent* solution, a lasting incentive to get the job done rather than a quick, but temporary, fix.

THE SLOW PAY COALITION 1979-1982

Organizations Which Urged the Congress and the Executive Branch to Resolve the Slow Pay Problem

- National Audio-Visual Association (NAVA)
- National Office Products Association (NOPA)
- National Micrographics Association (NMA)
- National Association of Wholesaler-Distributors (NAW)
- Independent Media Producers Association (IMPA)
- Association of Reproduction Materials Manufacturers (ARMM)
- Coalition for Common Sense in Government Procurement (CCSGP)
- Media Educational Sales Association (MESA)
- National Meat Association (NMA)
- American Logistics Association (ALA)
- Business Products Council Association (BPCA)
- Business and Institutional Furniture Manufacturers Association (BIFMA)
- Association of Editorial Businesses, Inc. (AEB)
- National Association of Manufacturers (NAM)
- American Meat Institute (AMI)
- Association of the Wall & Ceiling Industries—International (AWCII)
- Associated General Contractors (AGC)
- National Broiler Council (NBC)
- Latin American Manufacturers Association (LAMA)
- Automotive Service Industry Association (ASIA)
- Automotive Parts Rebuilders Association (APRA)
- Professional Services Council (PSC)
- United Fresh Fruit & Vegetable Association (UFFVA)
- National Association of Meat Purveyors (NAMP)
- American Association of Nurserymen (AAN)
- National Independent Dairies Association (NIDA)
- Council of Smaller Enterprises (CSE)
- The National Small Business Association (NSBA)
- Smaller Business Association of New England (SBANE)
- Door and Hardware Institute (DHI)
- Small Business United (SBU)
- Mid-Continent Small Business United (MSBU)
- Independent Business Association of Wisconsin (IBAW)
- Chicago Association of Commerce & Industry (CACI)
- National Moving & Storage Association (NMSA)
- National Tooling & Machining Association (NTMA)
- Utah Council of Small Business (UCSB)
- National Association of Small Government Contractors (NASGC)
- American Subcontractors Association (ASA)
- National Association of Plumbing, Heating, Cooling Contractors (NAPHCC)
- National Association of Credit Management (NACM)
- National Association of Electrical Distributors (NAED)

For information, call or write: Kenton Pattie
National Audio-Visual Association
3150 Spring Street, Fairfax, VA 22031
(703) 273-7200

"Prompt Pay" regulations issued; should improve government market for W-Ds

Legislation mandating prompt payment of government bills goes into effect this month. The action represents achievement of a major 1982-NAW legislative priority. The Association had lobbied heavily for the bill all year.

The new Prompt Pay Law (PL 97-177) requires all Federal agencies to pay their bills on time or pay interest for late payments. NAW sought enactment of such legislation to insure timely payment of bills to wholesaler-distributors who sell to the Federal Government, or pay interest on overdue bills, as is the case with other customers.

OMB Regulations

The new law, implemented via final regulations issued by the Office of Management and Budget (OMB), holds the federal government to paying its bills within 45 days, or be subject to interest charges retroactive to day 31.

NAW believes this law and the implementing regulations will result in better government-wholesaler-distributor relations and will *begin* to mold the government into being a better partner for business. Consequently, a more viable sales market for wholesaler-distributors should evolve.

Coupled with the overall reform, simplification and standardization of the entire Federal procurement system, this prompt pay law will go a long way toward that goal.

Provisions

The key provisions of the regulation are:

- All Federal agencies and their *instrumentalities*, domestic and foreign-based (such as military post exchanges, commissaries), are subject to the law and the regulations.

"NAW believes the new Prompt Pay law will begin to mold the government into being a better partner for business. Consequently, a more viable sales market for wholesaler-distributors should evolve."

- Interest rates for late payment penalties are set by the Treasury Department semi-annually, published in the Federal Register, and are pegged to the T-bill rate.
- Separate payment dates for partial payment/delinquencies are authorized.
- Time for payment begins upon receipt of *proper* invoice at proper payment office, or date the agency accepts property. *Cautionary note:* Opt for the "when invoice is received" version; agencies can take a long time in "accepting" property.

- Payment time for perishable goods (agricultural products) is ten days (7 days for meat products) after delivery date rather than 30 days, as with other goods.
- Interest payments are not required if payment amount or other contract/purchase order provision is in dispute.
- Interest penalties begin to accrue from day 31 if payment not received 15 days after due date for non-perishable goods (3 days for meats and 5 days for other perishables).
- Recipients of Federal grants assistance are *not* required to pay interest penalties unless it is specifically stated in the contract with the vendor. In any case, that obligation will not be one of the United States.
- Interest penalties are payable for contracts issued on or after October 1, 1982.

There are other technical provisions relating to what constitutes a proper invoice and contract, etc., so before one undertakes contracting with the Federal Government, a copy of this regulation and those of the implementing agencies should be obtained.

NAW has prepared an analysis of the Prompt Pay regulations. For a single copy, send a letterhead request to: National Association of Wholesaler-Distributors, 1725 K St. N.W., Washington, D.C. 20006.

Help Make Government Pay Bills Promptly

By Mark Schultz

In these times of high inflation and high-interest rates, operating capital is hard to come by.

Although most businesses pay their bills in 30 days or less, 39 percent of the federal government's bills are paid late.

When businesses are late in paying taxes or other fees owed to the government, interest is demanded.

However, when small firms attempt to charge the government interest for late payment, the interest charge often is refused.

■ Small Business Affected

In effect, the federal government is unfairly borrowing up to \$11 billion per year from business firms by not paying its bills on time.

Because 90 percent of the everyday commercial products bought by the government come from small distributors and manufacturers, the biggest burden of the slow-pay problem falls on small businesses.

In times of high-interest rates, this can place a severe strain on small concerns.

A representative of the U.S. meat industry recently testified before Congress that, at the end of 1980, his company had military accounts totaling almost \$1.3 million — almost one-third of which went unpaid for more than 30 days.

In an industry in which the receipt of raw materials requires almost immediate cash payment, in which payments on invoices are expected within seven days and in which sellers rely on a low rate of profit, a 30-day overdue account can wipe out a sale's entire profit.

■ Legislation Needed

Because small businesses prefer to receive payment on time rather than receive interest on overdue accounts, legislation is needed to develop consistent cash-management habits for the government.

Delinquent payment costs small businesses and the government additional time and money in tracking unpaid bills. Also, late payment discourages many businesses from dealing with the federal government.

In addition, outstanding bills reduce the government's opportunity to benefit from discounts available when payment is made on time.

Currently, government procurement regulations and standard contract-payment clauses neither specify when payment is due nor provide for interest paid

on accounts more than 30 days in arrears.

Therefore, legislation is needed to provide built-in incentives to force agencies to become more efficient and improve their cash management, with any interest charges coming directly from their own operating budgets and not from Treasury funds.

■ Bill Would End Obstacles

Sens. John Danforth (R-Mo.) and Lowell Weicker (R-Conn.) have introduced such legislation — the Delinquent Payments Act of 1981 (S. 1131).

This legislation would require the federal government to pay interest on overdue accounts.

Under S. 1131, interest must be paid by the offending agency and cannot be charged back to the Treasury.

The penalty would be paid out of funds already appropriated. The bill authorizes no new appropriations.

S. 1131 represents an important step toward eliminating the obstacles and financial burdens on small companies that do business with the government by

supplying needed products or services.

The Senate Governmental Affairs Federal Expenditures Subcommittee, of which Danforth is chairman, has held hearings on S. 1131 and soon will begin marking up the bill.

Similar bills have been introduced in the House by Reps. Robert Lagomarsino (R-Calif.) and Glenn English (D-Okla.)

Those measures, H.R. 2036 and H.R. 3494, respectively, have been referred to the Government Operations Committee.

Government Operations Committee Chairman Jack Brooks (D-Texas) is contemplating holding hearings on this important small-business oriented measure, but no hearings have been scheduled yet.

It is important that you write to your senators and representative right away, urging that they cosponsor this legislation.

When you write to your representative, ask him or her to request immediate House Government Operations Committee hearings on H.R. 2036 and H.R. 3494.

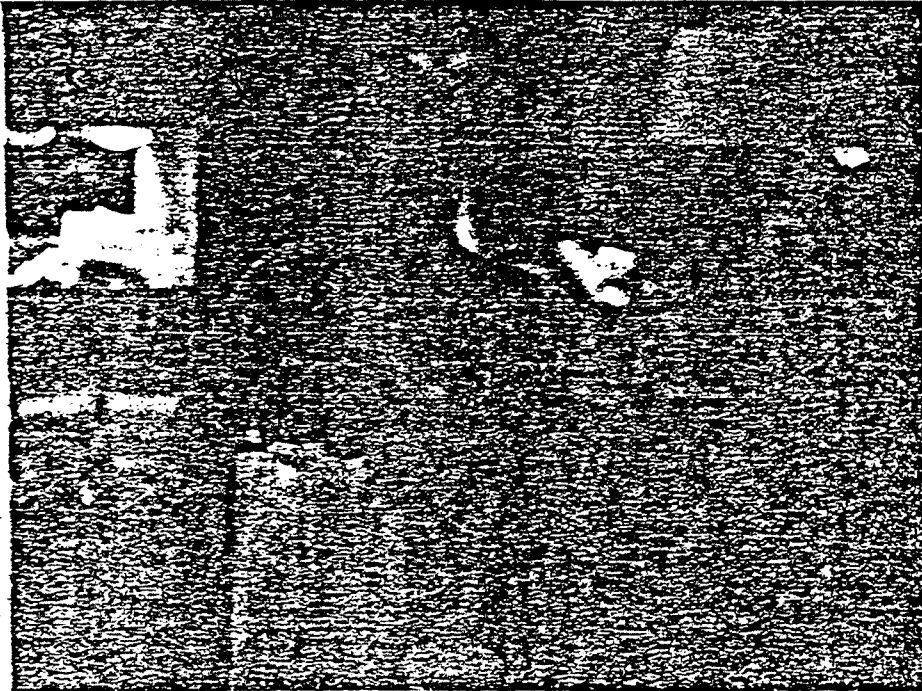
Payments Made More Than 30 Days After Invoice Date.

Federal department or agency**	Percent of invoices paid more than 30 days late	Percent of dollars paid more than 30 days late
Commerce	23.1	70.5
Interior	30.4	43.6
Environmental Protection Agency	33.1	35.8
Housing & Urban Development	33.3	36.8
Army	34.9	15.9
Transportation	62.6	74.4
H.E.W.	68.4	75.0
Civil Service Commission	68.6	33.6
General Services Administration	73.6	55.3

* Does not include cases in which a reason was identified as to why payment was not extended within 30 days.

** Based on sample of 58 payment centers, 3,183 invoices worth \$5.6 million.
—Extracted from GAO Report FUMSD-78-3, Feb. 24, 1978

Payroll Issues on Congress' Agenda



Should there be a two-tier minimum wage, with a lower rate for teen-agers who hold jobs like those in fast-food restaurants? Congress may decide.

There aren't any blockbusters looming, but Congress will consider a variety of issues important to small business in coming months.

Most often mentioned by small business groups and legislative insiders is a compromise on Social Security funding that won't raise the payroll tax.

Small firms are often more labor-intensive than bigger businesses, so "they bear a disproportionate burden," says Eamonn McGeady, president of Martin G. Imbach, Inc., of Baltimore, and legislative chairman for the Small Business Council of the U.S. Chamber of Commerce. "A continued escalation of the tax base and tax rate, as is being considered, makes even the employment of one additional person a major decision," McGeady says.

Some other subjects likely to get congressional attention:

- A dual minimum wage that would allow businesses to pay teen-agers less than the current federal floor of \$3.35 an hour.
- A federal procurement bill that would help boost small business' share of a \$100 billion market for goods and services.
- The Regulatory Flexibility Act

surveillance of federal agencies' compliance with the 1980 law. Some agencies, notably Defense, are moving very slowly toward the legislative goal of tailoring regulations to make it easier for small firms to comply.

The U.S. Does Better At Paying Its Bills

The federal government has shown "vast improvement" in paying its bills on time since the Prompt Payment Act took effect in October, says Kenneth Munro, spokesman for the coalition that pushed the act through Congress. Now a new coalition of associations, corporations and business representatives has made slow-paying state governments the targets for similar legislation.

Munro, who is also spokesman for the new coalition, says many states are worse than the federal government used to be (it paid late about 40 percent of the time). Among the slowest states, he says, are New York and Pennsylvania.

The Prompt Payment Act requires the federal government to pay its bills within 30 days of receipt of the invoice.

with day 31. About 90 percent of government contracts are with small distributors, manufacturers and service firms. When the government pays late, these firms are forced to borrow—sometimes hefty amounts—just to stay alive. The Coalition for State Prompt Pay has a base to build from: Munro says 11 states have some kind of prompt pay law and several more have statutes that cover certain kinds of contracts.

Regulators Vow To Make Life Simpler

"Regulation [of business] should be the exception, and the forces of competitive free markets and free consumer choice should be the norm. Governmental regulations should be as efficient, clear, simple and rational as possible."

These aren't the words of a beleaguered entrepreneur but rather a statement of deregulatory purpose made by an informal group of 14 independent federal agencies, the Council of Independent Regulatory Agencies.

Small business will be a prime beneficiary as agencies like the Federal Communications Commission, the Federal Maritime Commission and the Federal Home Loan Bank Board try to reduce what a recent council report calls "unnecessary and undesirable" regulations. Among initiatives expected soon are Securities and Exchange Commission moves to further simplify regulation of financial markets.

The council report cites among recent successes:

- The SEC has exempted most stock offerings up to \$5 million from costly Securities Act registration.
- The Consumer Product Safety Commission has delayed the effective date of a standard governing CB antennae so that small manufacturers can comply without undue expense.
- A bus deregulation act allows carriers—most of whom operate five or fewer buses—the long-sought freedom to raise and lower fares without Interstate Commerce Commission approval.

And since the agencies aren't churning out new rules, their budgets—already squeezed by limitations in the overall federal budget—have grown only marginally since 1980. The agencies' work force has shrunk nearly 10 percent in the same period.

Public Law 97-177
97th Congress

An Act

To require the Federal Government to pay interest on overdue payments, and for other purposes.

May 21, 1982
[S. 1131]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

Prompt
Payment Act

SHORT TITLE

SECTION 1. This Act may be cited as the "Prompt Payment Act".

50 USC 1801
note

INTEREST PENALTIES ON LATE PAYMENTS

SEC. 2. (a)(1) In accordance with regulations prescribed by the Director of the Office of Management and Budget, each Federal agency which acquires property or services from a business concern but which does not make payment for each such complete delivered item of property or service by the required payment date shall pay an interest penalty to such business concern in accordance with this section on the amount of the payment which is due.

50 USC 1801

(2) Such regulations—

(A) shall specify that the required payment date shall be—

(i) the date on which payment is due under the terms of the contract for the provision of such property or service; or

(ii) thirty days after receipt of a proper invoice for the amount of the payment due, if a specific date on which payment is due is not established by contract;

(B)(i) in the case of any acquisition of meat or of a meat food product, as defined in section 2(a)(3) of the Packers and Stockyards Act, 1921 (7 U.S.C. 182(3)), shall specify a required payment date which is not later than seven days after the date of delivery of such meat or meat food product; and

(ii) in the case of any acquisition of a perishable agricultural commodity, as defined in section 1(4) of the Perishable Agricultural Commodities Act, 1930 (7 U.S.C. 499a(4)), shall specify a required payment date consistent with requirements imposed pursuant to such Act;

(C) shall specify separate required payment dates for contracts under which property or services are provided in a series of partial executions or deliveries, to the extent that such contract provides for separate payment for such partial execution or delivery; and

(D) shall require that, within fifteen days after the date on which any invoice is received, Federal agencies notify the business concern of any defect or impropriety in such invoice which would prevent the running of the time period specified in subparagraph (A)(ii).

(b)(1) Interest penalties on amounts due to a business concern under this Act shall be paid to the business concern for the period

Interest rate
computation.

Publication in
Federal Register.

Unpaid interest
penalty.

Interest penalty
payments.

beginning on the day after the required payment date and ending on the date on which payment of the amount due is made, except that no interest penalty shall be paid if payment for the complete delivered item of property or service concerned is made on or before (A) the third day after the required payment date, in the case of meat or a meat food product described in subsection (a)(2)(B)(i); (B) the fifth day after the required payment date, in the case of an agricultural commodity described in subsection (a)(2)(B)(ii); or (C) the fifteenth day after the required payment date, in the case of any other item. Interest shall be computed at the rate determined by the Secretary of the Treasury for interest payments under section 12 of the Contract Disputes Act of 1978 (41 U.S.C. 611). The Secretary of the Treasury shall publish each such rate in the Federal Register.

(2) Any amount of an interest penalty which remains unpaid at the end of any thirty-day period shall be added to the principle amount of the debt and thereafter interest penalties shall accrue on such added amount.

(c) This section does not authorize the appropriation of additional funds for the payment of interest penalties required by this section. A Federal agency shall pay any interest penalties required by this section out of funds made available for the administration or operation of the program for which the penalty was incurred.

(d)(1) Any recipient of a grant from a Federal agency may provide in a contract for acquisition of property or services from a business concern for the payment of interest penalties on amounts overdue under such contract, except that—

(A) in no case shall an obligation to pay such interest penalties be construed to be an obligation of the United States, and

(B) any payment of such interest penalties shall not be made from funds provided to the grant recipient by a Federal agency, nor shall any non-Federal funds expended for such interest penalties be counted toward any matching requirement applicable to that grant.

(2) Such interest penalty payments shall be made under such terms and conditions as agreed to by the grant recipient and the business concern, consistent with the grant recipient's usual business practices and applicable State and local law.

LIMITATION ON DISCOUNT PAYMENTS

31 USC 1892.

SEC. 3. (a) If a business concern offers a Federal agency a discount from the amount otherwise due under a contract for property or services in exchange for payment within a specified period of time, the Federal agency may make payment in an amount equal to the discounted price only if payment is made within such specified period of time.

(b) Each agency which violates subsection (a) shall pay an interest penalty on any amount which remains unpaid in violation of such subsection. Such interest penalty shall accrue on such unpaid amount in accordance with the regulations prescribed pursuant to section 2, except that the required payment date with respect to such unpaid amount shall be the last day of the specified period of time described in subsection (a).

Now Uncle Sam can't be a deadbeat

Over the years, Andy Scarborough had become resigned to notoriously slow payment—anywhere from three to four months—from most of his government customers for school supplies and audiovisual equipment. Thus, Scarborough, sales manager of Stone's Southern School Supply Co. in Raleigh, N. C., was surprised when a federally funded school for military dependents in that state not only paid a bill for more than \$10,000 within a mere two months at the end of October but also paid an additional \$7,000 within 10 days.

The reason is the recently implemented Prompt Payment Act, which requires federal agencies to pay their bills within 45 days or pay interest on the overdue balance. "I guess their financial officers suddenly realized, 'my God, this is federal money, we better do something about it,'" Scarborough observes.

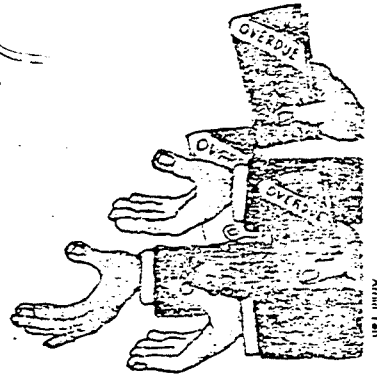
The quick effect of the Prompt Payment Act is doubly satisfying to Scarborough. As a director of the National Audio-Visual Assn., Scarborough was on

the Treasury, currently is 15.5%. The OMB, however, also urged agencies to hold off paying as long as possible, to keep Treasury balances up.

In its lobbying, the SPC had argued that the legislation would make government a more desirable business partner, help agencies obtain better prices, and renew interest in sales to the government among companies that have dropped out because of sloppy payment practices. Kenton Pattie, senior staff vice-president of the audiovisual association and the organizer of the SPC, says it is too early to tell whether agencies are beginning to comply: Nov. 15 was the first day interest penalties would have gone into effect. But Pattie says some companies indicate that the new rules "have already resulted in a quickening of payments."

Pattie believes some suppliers may resume bidding for government contracts. Because of Washington's paperwork demands, slow payment, and insistence on low prices, Pattie says, roughly half the 400 members of his audiovisual group either refused to sell to the government or did so only in desperation.

Five-year wait. The worst example Pattie cites is an office products and communications equipment dealer in Albuquerque that is still waiting for its money from the Bureau of Indian Affairs five



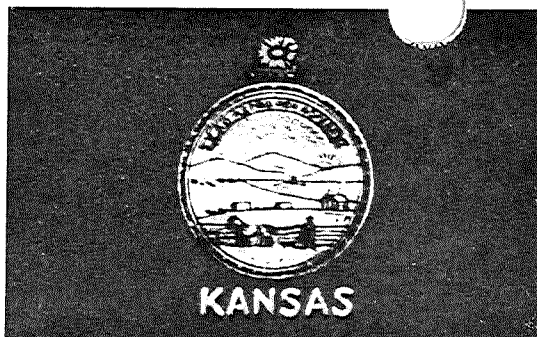
Under a new law, the government must pay bills promptly—or pay interest.

the ground floor of a 10-year effort by government contractors to lobby such legislation through Congress. Forty-two business groups, allied as the Slow-Pay Coalition (SPC), finally won that battle last spring, and implementing regulations issued by the Office of Management & Budget took effect on Oct. 1. Setting the rate. Under the OMB rules, agencies must pay bills within 30 days, plus a 15-day grace period. After that they must pay penalty interest on overdue bills. The rate, set semiannually by

years after it shipped the goods. But slow-payment complaints are not limited to any particular agencies. In a survey last year, the American Consulting Engineers' Council (ACEC) found that payments for the average federally funded construction project took close to three months, with federal grant recipients requiring as long as a year. An exception is the Defense Dept., which pays for certain products in 5 to 20 days.

The "most troublesome" clients included the Environmental Protection

1983 KANSAS STATE BALLOT



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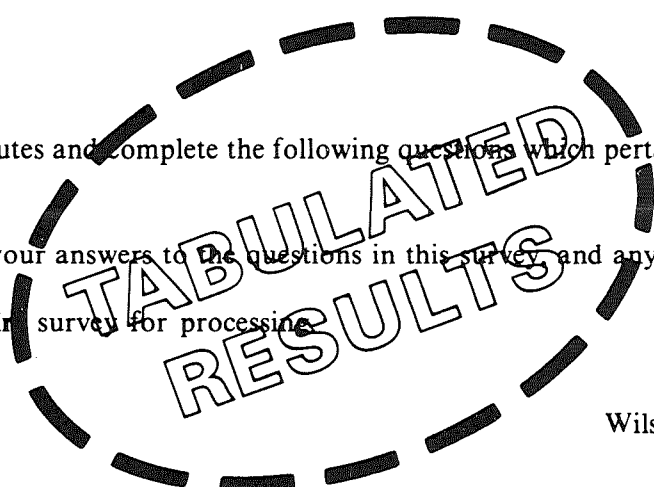
Dear NFIB Member:

Please take a few minutes and complete the following questions which pertain to small business issues in your state.

We are interested in your answers to the questions in this survey, and any comments you may have.

Please return the entire survey for processing.

Thank you.



Wilson S. Johnson, President

TAXES/FISCAL

1. QUESTION

Should the Kansas Legislature repeal the new law (effective January 1, 1983) exempting farm machinery, irrigation equipment, and business aircraft from **property taxes**?

Favor	Oppose	Undecided	
<u>68%</u> 1	<u>26%</u> 2	<u>6%</u> 3	11

BACKGROUND

Late in the 1982 session, the Legislature passed a bill removing the above items from property taxation. Opponents of the new law claim the exemption will significantly shift local property taxes. For example, a **renter** of farm land who also owns machinery will get a tax reduction, while the **land** owner will have an increase in taxes to compensate for the loss of revenue. One rural county commissioner argued that the tax burden will shift from active farmers with income potential to older retired persons living in town. Proponents of the change believe that this step was necessary to help beleaguered Kansas farmers.

2. QUESTION

Should the state of Kansas continue to impose a budget lid on **local school districts**?

Favor	Oppose	Undecided	
<u>78%</u> 1	<u>17%</u> 2	<u>5%</u> 3	12

BACKGROUND

Historically, the state has placed budgetary or taxation limits on local school districts, with a provision for a local referendum to exceed these limits. However, in the last two years, serious consideration has been given to removing state-imposed lids on local school boards. Proponents of removing the limits maintain that locally elected boards of education are better equipped to determine education funding needs and should not have to go through the referendum process.

Proponents of continuing the present practice point out that approximately 40%-50% of the cost of education has traditionally come from the state, and that some state control of spending is therefore justified.

3. QUESTION

Estimates in the fall of 1982 indicate that the state could be "broke" before the end of this fiscal year (June 30, 1983). What do you consider the best solution to the **current fiscal crisis**?

1. Increase revenue 19%
(answer 3A below)
2. Reduce spending 76% 13
(answer 3B. below)
3. Undecided 5%

3A. What is the best way to increase revenue? (check one)

- Increase sales tax 35%
- Increase corporate income tax 0%
- Increase individual income tax 4%
- Increase gasoline tax 6% 14
- Increase economic development 12%
- Impose severance tax 43%
- Other (please specify) _____

3B. What is the best way to reduce spending? (check one)

- Reduce aid to local school districts 4%
- Reduce aid to colleges and universities 5%
- Reduce highway spending 1% 15
- Reduce personnel in state offices (Use Comment section for details) 59%
- Reduce welfare payments 25%
- Other (please specify) 6%

BACKGROUND

The state Legislature must determine whether the state's fiscal dilemma should be primarily resolved by spending cuts or increased revenues. Then it must determine

Atch. IV

what activities of government should be reduced or what revenues can be tapped. Small business has an important stake in this decision; thus your response to the above will be helpful to legislators and the governor.

4. QUESTION

Should the Legislature prohibit the collection of the **local sales tax** on products delivered to a place of business or residence located outside the boundaries of the local taxing unit?

Favor	Oppose	Undecided	
<u>35%</u> 1	<u>53%</u> 2	<u>12%</u> 3	16

BACKGROUND

This question gains significance as more cities and counties adopt local sales taxes. Currently, the local tax is assessed at the business site regardless of the destination of the merchandise. Proponents of eliminating this local tax for non-residents or non-resident businesses claim that this tax does not benefit local governments. Furthermore, businesses in an area with a local sales tax say they are at a disadvantage when competing with businesses outside the taxing area, particularly on "big ticket" items.

Those who support the local sales tax collection contend that the suggested change would provide a loophole for "cheaters"; furthermore, businesses located in an area with the local sales tax probably receive some resulting property tax reduction.

5. QUESTION

Should the Kansas Legislature approve (for submission to voters) a constitutional amendment to allow **pari-mutual wagering** on horse/dog racing on a county option basis?

Favor	Oppose	Undecided	
<u>75%</u> 1	<u>23%</u> 2	<u>2%</u> 3	17

BACKGROUND

The Kansas constitution currently prohibits gambling. Amending the constitution requires a two-thirds approval by both the House of Representatives and the Senate plus a majority vote at the next state's general election. Should this constitutional amendment be approved, the Legislature would be required to pass legislation regulating the gambling activity.

For several years, a proposal similar to that stated in the question has been considered by the Legislature. Proponents of the proposal claim that pari-mutual betting would

bring needed revenue to the state. This new industry would also create jobs and a market for Kansas farm products. Opponents claim that pari-mutual betting opens an avenue for organized crime and that this activity lowers the quality of life in the state.

STATE GOVERNMENT

6. QUESTION

On the 1982 NFIB/Kansas State Ballot voting members supported a proposal (87% to 8%) to allow vendors who supply **goods and services to state government** to charge interest on overdue state accounts.

A. When should interest begin on overdue accounts? (Check one)

15 days	<u>6%</u>
30 days	<u>73%</u>
45 days	<u>10%</u> 18
60 days	<u>9%</u>
No opinion	<u>2%</u>

B. What interest rate should the state pay? (Check one)

½% per month	<u>3%</u>
1% per month	<u>21%</u>
1½% per month	<u>51%</u>
2% per month	<u>7%</u> 19
Tied to some standard rate (federal T-bill rate, major banks prime rate, etc.)	<u>17%</u>
Other (please specify) _____	<u>1%</u>

7. QUESTION

Are there **state regulations** which may be appropriate and necessary for certain business operations but are burdensome, costly, and unnecessary for you as a **small business** operation? (Please use Comment section for examples)

Yes	No	Undecided	
<u>45%</u> 1	<u>18%</u> 2	<u>37%</u> 3	20

BACKGROUND

On the 1982 NFIB/Kansas State Ballot voting members favored by 68% (19% opposed) a state regulatory flexibility law which would require state agencies, before adopting regulations, to consider the ability of small businesses to comply. Furthermore, periodic review would be required to deter-

mine the necessity and appropriateness of a regulation and whether certain modifications could be permitted for small businesses. This means that regulations would be "flexible," allowing certain exceptions for specific businesses or types and sizes of businesses.

GENERAL BUSINESS

8. QUESTION

Is there a possibility you would hire one or more **additional employees** in the next 12-18 months?

Yes	No	Maybe	
<u>47%</u> 1	<u>36%</u> 2	<u>17%</u> 3	21

8A. Would any of the following changes encourage you to hire additional employees? (Rank the **three** highest priorities as 1, 2, 3)

Reduction in unemployment security taxes	<u>9%</u>
Reduction in workers compensation taxes	<u>6%</u>
Reduction in interest rates	<u>13%</u>
Reduction in minimum wage for teenagers	<u>6%</u>
Reduction in minimum wage for adults	<u>3%</u> 22-24
Tax incentives to expand current operation	<u>8%</u>
Reduction of state reporting requirements, regulations, etc.	<u>3%</u>
Reduction in corporate income taxes	<u>4%</u>
Reduction in business property taxes	<u>9%</u>
Other (specify in Comment section) _____	<u>1%</u>
No response	<u>38%</u>

BACKGROUND

Many are concerned about improving the Kansas economy and reducing unemployment. Government officials are interested in what changes you, the business person, believe are necessary to accomplish this goal.

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913-273-3600

Testimony on HB 2303
before the
House Ways and Means Committee
by
John W. Koepke, Associate Executive Director
Kansas Association of School Boards

Mr. Chairman and members of the Committee, we appreciate the opportunity to appear before you on behalf of the 300 member unified school district boards of education of the Kansas Association of School Boards. We have grave reservations about the need for, and the effect of, H.B. 2303 as it applies to boards of education in Kansas.

We fully understand the need for vendors to receive prompt payment for their goods and services from units of government, especially in these perilous economic times. However, we do not believe that the establishment of rigid guidelines and fixed penalties is the appropriate remedy for a problem whose dimensions have not been fully assessed. We are not aware of any study which would indicate that boards of education have been unnecessarily derelict in their payment to vendors.

Study should be given to the nature of the problem and alternative remedies explored before arbitrary timelines are developed which may only exacerbate the problem. It is also possible that there are existing remedies to protect vendors from governmental units who do not pay their bills on time. All such avenues should be explored before more mandated guidelines and paperwork burdens are placed on those governmental units by the state. We would ask you to proceed cautiously in this area and to postpone action on this matter until all of the facts are known.

We appreciate the opportunity to appear before you and express our views.
Thank you for your consideration.

Atch. V

GEORGE R. DEAN
 REPRESENTATIVE IN SENATE DISTRICT 18
 SEDGWICK COUNTY
 WICHITA, KANSAS 67202



TOPEKA

HOUSE OF
 REPRESENTATIVES

PETERSON ANNUAL GUIDE TO
 UNDERGRADUATE STUDY
 1983

COMMITTEE ASSIGNMENT
 MEMBER COMMUNICATIONS, COMPUTERS AND
 TECHNOLOGY
 LOCAL GOVERNMENT
 ELECTIONS

<u>University</u>	<u>Res. Tuition</u>	<u>N. Res Tuition</u>	<u>Percent Res.</u>
WSU	\$ 930	\$ 2,000	85
K.U.	918	2,234	73
KSU	898	2,214	85
M.U.	1,020	2,040	88
U of Ark	730	1,040	84
Ark. St.	720	1,220	90
Co. U.	981	4,392	66
O.U.	633	1,722	81
N.U.	970	2,425	92
U. of Wash.	1,176	3,255	88
U. of Utah	802	2,569	88
U. of Az.	710	3,250	81
Az. St. U.	710	3,250	66

Electronic Engineering Times - Monday, January 31, 1983

FOREIGN ENROLLMENT ON THE UPSWING

According to figures released by the Institute of International Education, foreign student enrollments in U.S. colleges have more than doubled in the last seven years. Back in 1955 when the first data were compiled by the institute, there were 34,232 foreign students enrolled in the U.S. In 1975 the figure was 154,580, and by 1982 it had more than doubled—328,299. Foreign enrollment may reach 500,000 by 1985, the institute projects, and could well represent 10 percent of total student enrollment by the year 2000.

Other interesting data compiled by the institute: in 1980, 114,220 of the foreign students (39.9 percent) were enrolled in engineering, science, math and computer-science courses. The largest number of foreign students, 100,360, or 35 percent, hailed from OPEC countries. But 51,310 were from Iran and 17,560 from Taiwan. (The 1980 high of 51,310 Iranian students has undoubtedly declined as a result of the Iranian political situation, but the institute has no current data available yet to support the contention.)

Atch. VI

TESTIMONY ON
HOUSE BILL 2343

Marjorie Van Buren
Office of Judicial Administration
Unified Court System

This bill may be considered a technical follow-up to the docket fee changes made by the 1982 legislature. It amends K.S.A. 20-362 and 120-2801 to simplify the accounting procedure required for that portion of the docket fees which the clerk of the district court sends to the state treasurer.

The proposed language directs the clerk to transfer monthly to the state treasurer the balance remaining after deducting the amounts allocated to the county treasurer and county law library fund. The state treasurer, rather than the clerk, is given responsibility for separating the state portion of the fees into the various required categories.

This bill would save one step in accounting for each of the many thousands of cases for which a docket fee is collected.

Atch. VII

SUBCOMMITTEE REPORT

Agency: Kansas Energy Office Bill No. 2140 Bill Sec. 18
 Analyst: Efird Analysis Pg. No. 384 Budget Pg. No. 1-131

<u>Expenditure Summary</u>	<u>Agency Req. FY 84</u>	<u>Governor's Rec. FY 84</u>	<u>Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 697,652	\$ 635,966	\$ (176,532)
Aid to Local Units	62,275	60,665	400,000
TOTAL	<u>\$ 759,927</u>	<u>\$ 696,631</u>	<u>\$ 223,468</u>
State General Fund:			
State Operations	\$ 233,830	\$ 43,947	\$ (2,126)
F.T.E. Positions	8.0	5.5	1.0

* The agency submitted an FY 1984 budget request for an independent Kansas Energy Office. The Governor's recommendations for funding apply to a proposed new agency, the Kansas Office of Federal Energy Grants Management, addressed in 1983 H.B. 2434.

House Subcommittee Recommendations

FY 1983. The Subcommittee concurs with the Governor's recommendations for a reduction of \$113,789 in the energy special projects fund expenditures because of a reduction in federal funds. The Subcommittee would point out that \$2,103,600 from the petroleum violation escrow fund administered by the U.S. Department of Energy has been deposited in the Kansas Energy Office's energy special projects fund for state use as of February 7, 1983. Recommendations by the Subcommittee for use of those funds are made in the FY 1984 section of this report.

In addition, the Subcommittee notes that an additional \$400,000 from the U.S. Department of Housing and Urban Development for an energy conservation loan subsidy program to be distributed through the state's financial lending institutions has been awarded the Kansas Energy Office and will be received in the near future. The Subcommittee recommends that no action be taken with regard to the HUD grant unless a Governor's budget amendment is forthcoming this Session. After the receipt of an amendment, the Subcommittee would urge careful consideration be given to how an estimated \$10,000 administrative match that is required by the federal program would be financed.

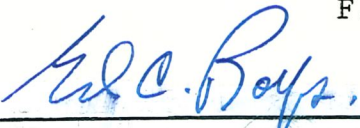
FY 1984. The Subcommittee concurs with the Governor's proposal that a new energy agency be established and with the Governor's recommended expenditures, with the following exceptions:

1. Delete the 4 percent cost-of-living increase of \$2,126 financed by the State General Fund and \$3,829 financed by all other funds.
2. Adopt Substitute for H.B. 2434 which would establish the Kansas Office of Energy Conservation Management to administer certain federal energy conservation programs in the state and to prepare a fuel resources emergency preparedness plan.

VII

3. Increase staffing from 5.5 to 6.5 F.T.E. positions to provide a Chief Energy Analyst to manage the fuel resources emergency preparedness planning; add \$28,956 for salary and benefits for the additional position and \$7,045 for other operating costs related to such duties, to be financed by a transfer from the Conservation Fee Fund of the Kansas Corporation Commission. The Governor has recommended the position be established in the Kansas Corporation Commission special division. The Subcommittee concurs with the Governor's suggested funding out of a fee fund of the Kansas Corporation Commission but recommends the position to be established in the Energy Conservation Management Office.
4. Shift federal State Energy Conservation Program funds amounting to \$22,000 from the weatherization program to the residential energy conservation program at Kansas State University for continuing a toll-free energy "hot-line" and the "Energy Ingenuity" publication. (This recommendation has no fiscal impact of increasing or decreasing expenses, only how funds are to be used.)
5. Transfer the weatherization program funds of up to \$206,578 that will be financed by State Energy Conservation Program monies to the Department of Social and Rehabilitation Services instead of contracting with SRS. (This results in a decrease in expenditures by the agency of up to \$206,578.)
6. Transfer \$1,703,600 of the petroleum violation escrow funds to SRS for use only in the weatherization program. (This has no fiscal impact on agency spending.)
7. Authorize expenditure of \$400,000 of the petroleum violation escrow funds for capital improvement grants under the authority of the Institutional Building Conservation Program for energy conservation at schools and hospitals. The Subcommittee would strongly urge administrators of the schools and hospitals program to assign a high priority to cycle five energy conservation programs. The Subcommittee would note quite a significant number of technical energy audits have been completed and that those audits are required before actual energy conservation measures can be implemented with matching federal funds. The Subcommittee is of the strong opinion that with the completion of the significant number of technical audits, the focus of the schools and hospitals program should, as far as is allowed under federal regulations, be shifted to the implementation of energy conservation measures.

<u>Expenditure Summary</u>	<u>Subcommittee Recommendation</u>
All Funds:	
State Operations	\$ 459,434
Aid to Local Units	460,665
TOTAL	\$ 920,099
State General Fund:	
State Operations	\$ 41,821
F.T.E. Positions	6.5


 Representative Ed Rolfs, Chp.


 Representative Mike Meacham


 Representative Bill Wisdom

SUBCOMMITTEE REPORT

Agency: Board of Tax Appeals Bill No. — Bill Sec. —

Analyst: Efird Analysis Pg. No. 368 Budget Pg. No. 1-179


<u>Expenditure Summary</u>	<u>Agency Req. FY83</u>	<u>Governor's Rec. FY 83</u>	<u>Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 516,617	\$ 513,334	\$ (14,261)
F.T.E. Positions	15.0	15.0	—

House Subcommittee Recommendations

The Subcommittee concurs with the Governor's recommended expenditures, except for the following:

1. Increase salary turnover savings by \$14,261 because two new attorneys were hired this year at lesser salaries than budgeted and for other technical adjustments related to overfunding the cost-of-living adjustments by the Finance Council. The savings should be reappropriated to FY 1984.


 Representative Sanford Duncan, Chairman


 Representative David Heinemann


 Representative Jack Shriver

Atch. VIII
IX

Agency: Board of Tax Appeals Bill No. 2140 Bill Sec. 13Analyst: Efird Analysis Pg. No. 368 Budget Pg. No. 1-179

<u>Expenditure Summary</u>	<u>Agency Req. FY 84</u>	<u>Governor's Rec. FY 84</u>	<u>Subcommittee Adjustments</u>
State Operations:			
State General Fund	\$ 612,026	\$ 563,995	\$ (39,251)
F.T.E. Positions	15.0	15.0	(1.0)

House Subcommittee Recommendations

The Subcommittee concurs with the Governor's recommended expenditure, except for the following:

1. Delete the cost-of-living adjustment of \$24,172.
2. Increase salary turnover savings from \$8,837 to \$12,350, an increase of \$3,513, to reflect additional savings attributed to hiring two new attorneys in FY 1983 at lower than budgeted salaries.
3. Abolish 1.0 F.T.E. position and delete funding of \$11,566 for salary and benefits of one Clerk Typist II position. The Board is authorized to employ eight clerical staff in the current fiscal year, but has not filled one of the eight positions the past two years. Other clerical positions include another Clerk Typist II, two Clerk III's, two Secretary II's, one Secretary III, and one Official Reporter.

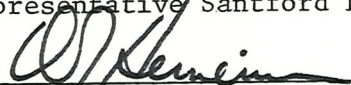
The Subcommittee also wishes to address three other areas of concern:

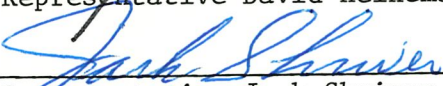
1. S.B. 132 would require the Board to only publish orders which have statewide application, modifying K.S.A. 1982 Supp. 75-430 which requires all orders to be published in the Kansas Register. The Subcommittee recommends passage of the bill since the fiscal impact of publishing all orders is estimated at \$5,000 in FY 1984, and the Board would have to amend its budget since funding was not requested for this expenditure.
2. The Subcommittee notes the budgeted travel expenditures and the supporting narrative justification do not reflect the actual pattern of holding meetings throughout the state. In preparing the revised FY 1984 and requested FY 1985 budgets next year, the Committee recommends that the Board should give more accurate details about travel plans.
3. The Subcommittee recommends that the Board undertake a study, in cooperation with DISC, of possible automated data reporting capabilities and make a report available to the 1984 Legislature on January 9, 1984. The Subcommittee notes that this is not a recommendation for such a system and reflects only a desire for additional information.

Atch. 7

4. The Subcommittee notes that in 1981, the salaries of Board members were tied to salaries of associate and district court judges. Following an FY 1983 adjustment to those levels, future salary increases for Board members will be consistent with increases for the judges. The Subcommittee recommends no cost-of-living increases be granted the Board in FY 1984, and further recommends that the policy of tying salary adjustments for Board members to increases granted associate and district court judges be discontinued. The Subcommittee recommends that legislation be introduced to implement this recommendation.


Representative Sanford Duncan, Chairman


Representative David Heinemann


Representative Jack Shriver

Position Paper on House Bill #2143
presented by
Harry L. Falgren, Director
Kansas City Area Vocational-Technical School

The Kansas City, Kansas Public Schools through the Kansas City Area Vocational-Technical School has been operating a Licensed Practical Nursing program along with other health related programs since 1970. For the most part, we have experienced a good working relationship with the State Board of Nursing.

This past year, however, we had some experiences that were almost intolerable. The following is a short review of significant events since November, 1981:

1. A revised curriculum was submitted in November of 1981 for review and approval of the State Board of Nursing.
2. In January, we received a letter from the Nursing Education Specialist indicating that the revised curriculum was reviewed and approved for the 1982 school year.
3. In June, we had a 2-day survey visit made by the same person who had approved the curriculum in January. During this 2-day period, we were never informed of any deficiencies nor were we given any suggestions for improvement.
4. We received a telephone call during the last week of July from the Nursing Education Specialist indicating that our program was being placed on warning.
5. Received a letter dated July 26, 1982, indicating five requirements and ten recommendations. The first requirement was that we could not start our next class. The other were reasonable.
6. Met with Executive Administrator on October 5, 1982, and appeared before the State Board on October 21, 1982. Recommendation No. 1 was rescinded with deadline changed to February, 1983. In the meantime, the deadline has been extended to March, 1984.

I have mentioned these experiences only as a way of reinforcing the need for the proposed changes.

Atch. XI

Currently, each school is required to develop their own curriculum. Each school is subject to the same inconsistent approach.

The current revised 1982 Laws and Administrative Regulations relating to Registration of Nurses and Nursing Education on Page 17 states under Article 2--Requirements for Approved Schools of Nursing Section E.2 Curriculum for Schools of Practical Nursing: (a) as printed; (b) as printed; (c) as printed.

The faculty has to second-guess from that point. We are now being asked to convert our curriculum format to a system that we were using in 1978. In 1978, we were told that our system was too cumbersome and should be streamlined.

I strongly support the change that would require the development of a standard minimum curriculum and standards for accreditation.

Every practical nursing graduate is required to take the same licensure exam. I see no reason for there to be a different curriculum in each school.

It would be nice to have a curriculum developed and approved for accreditation by the State Board of Nursing that would also be adopted by the State Board of Education for funding purposes.

I would also like to support the change effecting survey or resurvey visits conducted by the State Board of Nursing. Combining these visits with our other accreditation requirements using the procedure outlined would improve the system greatly. Representatives of state agencies are welcome at anytime to visit our programs and other assistance or suggestions.

I hope that you consider these changes favorable.

Proposed Amendment to HOUSE BILL NO. 2143

Be amended:

On page 1, in line 27, by striking "500.00" and inserting in lieu thereof "600.00";

On page 2, in line 86, by striking "1986" and inserting in lieu thereof "1984";

On page 4, in line 153, by inserting after "assessed" the following: "during the survey"; in line 154, by striking "during the survey"; in line 158, following the period, by inserting the following: "The preliminary survey or resurvey report shall be considered by the board prior to the assessment by the board of any deficiencies against the applicant or accredited school."

PROPOSED AMENDMENTS TO HOUSE CONCURRENT RESOLUTION NO. 5015

For Consideration by House Committee on Ways and Means

"A CONCURRENT RESOLUTION concerning community health centers; modifying Kansas administrative regulation 30-5-86, as adopted by the secretary of social and rehabilitation services and filed with the revisor of statutes on December 14, 1982."

Be amended:

On page 1, in line 41, by striking "240" and inserting in lieu thereof "200";

On page 2, in line 53, preceding "masters" where it appears for the first time by inserting "psychologist,"; following line 61, by inserting the following material to read as follows:

"Be it further resolved: That Kansas administrative regulation 30-5-104, as adopted by the secretary of social and rehabilitation services and filed with the revisor of statutes on December 14, 1982, is hereby rejected.

"Be it further resolved: That this resolution shall become effective on May 1, 1983.";

On page 1, in the title, in line 15, following "community" by inserting "mental"; in line 16, preceding the semicolon, by inserting "and reimbursement for psychologists' services"; in line 17, preceding the comma, by inserting "and rejecting Kansas administrative regulation 30-5-104";

And the resolution be adopted as amended.

Chairperson

Atch. XIII

REPORTS OF STANDING COMMITTEES

MR. SPEAKER:

Your committee on Ways and Means

Recommends that House Bill No. 2143

"AN ACT concerning the board of nursing; relating to accrediting nursing programs; amending K.S.A. 74-1106 and K.S.A. 1982 Supp. 65-1118a and 65-1119 and repealing the existing sections."

Be amended:

On page 1, by striking all in line 27, and inserting in lieu thereof the following material to read as follows:

"Biennial renewal of accreditation -- schools of nursing..... 300.00";

On page 2, in line 60, by striking "four" and inserting in lieu thereof "two"; by striking all in lines 84 to 86, inclusive;

On page 3, in line 116, preceding "renewal" by inserting "biennial";

On page 4, in line 153, by inserting after "assessed" the following: "during the survey"; in line 154, by striking "during the survey"; in line 155, by striking "date" and inserting in lieu thereof "data"; in line 158, following the period, by inserting the following: "The preliminary survey or resurvey report shall be considered by the board prior to the assessment by the board of any deficiencies against the applicant or accredited school.";

On page 8, in line 281, by striking all after "board"; in line 282, by striking all preceding "may"; in line 293, by striking all after the period; by striking all in lines 294 and 295; in line 296, by striking all preceding "On";

And the bill be passed as amended.

Don W. Austin Chairperson