

MINUTES OF THE Senate COMMITTEE ON Governmental Organization

The meeting was called to order by Vice-Chairman Ron Hein at _____
Chairperson

1:43 ~~x.HH~~ p.m. on March 22, 19⁸⁴ in room 531N of the Capitol.

All members were present except:

Senator Vidricksen Senator Francisco
Senator Roitz Senator Gaar
Senator Gaines

Committee staff present:

Bruce Kinzie - Revisor
Julian Efird - Research

Conferees appearing before the committee:

Representative Steve Cloud
Meredith Williams - Post Audit
Dan Morgan - Associated General Contractors
Dan Ramlow - Kansas Contractors Association

Representative Steve Cloud appeared before the Committee to explain the purpose of HB 2751 and HB 2751 which deal with the sunset law. He stated that he felt they were good laws as the sunset law did need to be reviewed periodically. A list of recommendations and legislative responses relating to sunset audit reports reviewed by the 1983 legislature was distributed to members of the Committee. (Exhibit A) A memorandum was also presented from the Research Department explaining legislative oversight mechanisms in states without a sunset law. (Exhibit B) Meredith Williams discussed some of the problems encountered with the request directed to the department and explained that not every request could be audited.

Dan Morgan testified before the Committee in support of HB 2872 which concerns contracts for purchases with nonresident bidders. He explained that there had been some confusion as to what was included in the term "bids for contracts for any purchases" and had asked the State Architect's Office to review this recommended language. (Exhibit C) Dan Ramlow addressed the Committee briefly and stated that he supported the clarification of this bill.

There was not a quorum present, therefore no action was taken on any of the bills.

The Vice-Chairman adjourned the meeting at 2:23 p.m.

GUEST LIST

COMMITTEE: Senate Governmental Organization DATE: Mar. 22

NAME	ADDRESS	COMPANY/ORGANIZATION
Meredith Williams	Topeka	Post Audit
Joe Fuzajic	Topeka	KASB
Gerald L. Mennymaw	Topeka	Division of Purchases
DAN MORGAN	Topeka	AGC of KS.
DAN RAMLOW	TOPEKA	KS. CONTRACTORS ASSN.
Pat May	Topeka	data

Cloud

March 11, 1983
 Revised March 25, 1983
 Revised April 13, 1983
 Revised May 5, 1983
 Revised August 29, 1983
 Revised January 27, 1984

RECOMMENDATIONS AND LEGISLATIVE RESPONSES RELATING TO SUNSET AUDIT REPORTS REVIEWED BY 1983 LEGISLATURE

	<u>Post Audit Recommendation</u>	<u>Legislative Response</u>	<u>Status of Legislative Response</u>
	Public Utility Regulatory Program, Kansas Corporation Commission (KCC)		
S-4 ^(a)	KCC utility regulatory program should be reestablished.	House Governmental Organization Committee endorses S.B. 42 which would extend KCC until July 1, 1991.	S.B. 42 signed by Governor.
S-4	Legislature should amend K.S.A. 66-1503 to enable KCC to make general assessments of utilities for indirect administrative costs on a semiannual or quarterly basis, rather than annually.	H.B. 2497 to permit quarterly assessments of utilities introduced by Legislative Post Audit Committee, endorsed by House Governmental Organization Committee.	H.B. 2497 signed by Governor.
S-5	KCC should increase its use of general investigations.	Recommendation considered, but position adopted is that no recommendation be made.	—
S-5	KCC should make decision whether to adopt unresolved ratemaking standards proposed by Public Utility Regulatory Policies Act (PURPA).	Chairman of the House Governmental Organization Committee should write to Chairman of KCC asking him to respond by January 15, 1984, concerning progress KCC has made to adopt standards.	Letter No. 7 sent March 18, 1983. Response due by January 15, 1984. Response presented to House Governmental Organization Committee January 17, 1984.
S-5	Legislature should consider asking KCC to provide testimony concerning benefits and costs of including construction work in progress (CWIP) in the rate bases of utility companies.	House Governmental Organization Committee rejects proposals to include CWIP in a utility company's rate base and opposes S.B. 88. S.B. 88 is presently in Senate Transportation and Utilities Committee.	—
S-6	KCC should direct staff to compare reported fuel prices with contract prices on a spot check basis during desk audits, and to review reports regarding alternative fuel suppliers when they are received.	Chairman of House Governmental Organization Committee should write to Chairman of KCC asking him to respond by January 15, 1984, concerning what steps, if any, have been taken to respond to post audit recommendation.	Letter No. 7 sent March 18, 1983. Response due by January 15, 1984. Response presented to House Governmental Organization Committee January 17, 1984.
S-6	KCC should direct staff to require all utility companies to include research and development costs in the rates they charge customers rather than allow them to be added as surcharges.	Same as above.	Letter No. 7 sent March 18, 1983. Response due by January 15, 1984. Response presented to House Governmental Organization Committee January 17, 1984.
S-6	KCC should require periodic management audits of all public utilities it regulates.	Same as above.	Letter No. 7 sent March 18, 1983. Response due by January 15, 1984. Response presented to House Governmental Organization Committee January 17, 1984.

a) Refers to page number in audit report.

Ex. A

	<u>Post Audit Recommendation</u>	<u>Legislative Response</u>	<u>Status of Legislative Response</u>
S-7	KCC should direct its staff to handle informal complaints in a more timely manner, and should encourage utility companies to be more timely in their investigation and resolution of complaints.	Chairman of House Governmental Organization Committee should write to Chairman of KCC asking him to respond by January 15, 1984, concerning steps KCC has taken to implement the recommendation that KCC develop procedures to ensure that bills or other communications from utility companies include a specific procedure to ensure the prompt resolution of customer complaints.	Letter No. 7 sent March 18, 1983. Response due by January 15, 1984. Response presented to House Governmental Organization Committee January 17, 1984.
S-7	The KCC should speed up its efforts to train hearing examiners to handle smaller, routine rate cases.	House Governmental Organization Committee recognizes efforts KCC has made and recommends that efforts continue.	—
S-7	Members of the Commission should hear more cases individually rather than as a group.	Same as above.	—
S-7	KCC should create an executive director position over all divisions.	House Governmental Organization Committee rejects the post audit recommendation. Instead, it concurs with KCC plan to expand role of existing executive secretary position and requests that KCC Chairman report to Committee by January 15, 1984, concerning changes that have been made.	Letter No. 7 sent March 18, 1983. Response due by January 15, 1984. Response presented to House Governmental Organization Committee January 17, 1984.
	Not addressed in audit.	H.B. 2479 introduced by House Governmental Organization Committee to amend K.S.A. 66-125 to remove requirement that KCC certify that each securities application it receives is true.	H.B. 2479 signed by Governor.
	Not addressed in audit.	H.B. 2478 introduced by House Governmental Organization Committee to amend K.S.A. 66-1513 to change composition of committee which negotiates contracts for KCC consultants.	H.B. 2478 signed by Governor.
Office of the Securities Commissioner (audit reviewed by 1982 Legislature)		Although the Securities Commissioner's Office is no longer part of the KCC, the House Governmental Organization Committee believes certain recommendations made in the sunset audit report have merit and should be addressed. Committee requests that the Securities Commissioner respond to issues raised in audit by April 15, 1983.	Letter No. 8 sent March 18, 1983. Response due by April 15, 1983. Response received dated March 28, 1983.
Board of Nursing			
S-3	Board of Nursing should be reestablished.	House Governmental Organization Committee recommends that Board be reestablished for four years. S.B. 44 would extend Board until July 1, 1987.	S.B. 44 signed by Governor.

	<u>Post Audit Recommendation</u>	<u>Legislative Response</u>	<u>Status of Legislative Response</u>
S-4	Board should take action to improve complaint reporting and investigation, including increased communication with licensees and employers.	<p>Chairman of House Governmental Organization Committee should write to Board requesting that Board document its responses by April 15, 1983, to recommendations made in audit to improve complaint reporting and investigation. In addition, Committee recommends that Chairman write to Chairman of House Ways and Means Committee urging that \$400 be added to Board of Nursing budget to fund informational bulletin to be sent to licensees and employers.</p> <p>House Ways and Means Committee recommends that Board of Nursing budget include \$400 for informational bulletin. (Board of Nursing appropriation in H.B. 2085.)</p> <p>Chairman of House Governmental Organization Committee should write to Board of Nursing asking that the Board continue work to establish a peer assistance program for drug impaired nurses and report to Committee on progress made by January 15, 1984.</p>	<p>Letter No. 3 concerning complaint reporting and investigations sent March 18, 1983. Response due by April 15, 1983.</p> <p>Response received dated March 30, 1983.</p> <p>Letter No. 6 concerning funding for informational bulletin sent March 18, 1983.</p> <p>Board began publishing quarterly Newsletter early in 1984.</p> <p>H.B. 2085 signed by Governor.</p> <p>Letter No. 14 sent March 31, 1983. Response due by January 15, 1984. (Preliminary response received dated April 14, 1983, agreeing to comply with Committee's request.) Presentation made to House Governmental Organization Committee January 19, 1984.</p>
S-4	Amend law to require employers of nurses and mental health technicians to report to Board of Nursing any disciplinary action taken or resignations due to violations of acts administered by the Board.	<p>H.B. 2526 introduced by House Governmental Organization Committee to require nurses and employers of nurses to report certain illegal acts on the part of nurses to the Board.</p> <p>H.B. 2503 introduced by House Governmental Organization Committee to require mental health technicians and employers of mental health technicians to report certain illegal acts on the part of mental health technicians to the Board.</p>	<p>H.B. 2526 killed.</p> <p>H.B. 2503 signed by Governor.</p>
S-5	Legislation should be enacted to eliminate requirement that licensees be of "good moral character."	<p>H.B. 2529 introduced by House Governmental Organization Committee would eliminate "good moral character" requirement for mental health technicians.</p> <p>H.B. 2501 introduced by House Governmental Organization Committee would eliminate "good moral character" requirement for nurses.</p> <p>S.B. 362 introduced by Senate Public Health and Welfare Committee would eliminate "good moral character" requirement for nurses and mental health technicians.</p>	<p>H.B. 2529 referred to House Public Health and Welfare Committee. Parts of bill incorporated in S.B. 362.</p> <p>H.B. 2501 referred to Senate Public Health and Welfare Committee. Parts of bill incorporated in S.B. 362.</p> <p>S.B. 362 signed by Governor.</p>

	<u>Post Audit Recommendation</u>	<u>Legislative Response</u>	<u>Status of Legislative Response</u>
S-5	Legislation should be enacted to eliminate the requirement that disciplinary action taken by Board against mental health technicians be by two-thirds vote.	<p>H.B. 2529 introduced by House Governmental Organization Committee would require simple majority vote of Board for disciplinary action against mental health technicians.</p> <p>S.B. 362 introduced by Senate Public Health and Welfare Committee would eliminate two-thirds vote requirement for disciplinary action against mental health technicians.</p>	<p>H.B. 2529 referred to House Public Health and Welfare Committee. Parts of bill incorporated in S.B. 362.</p> <p>S.B. 362 signed by Governor.</p>
S-5	Legislation should be enacted to change mental health technician annual license renewal period to biennial renewal.	<p>H.B. 2529 introduced by House Governmental Organization Committee would establish biennial license renewal period for mental health technicians beginning with 1984 calendar year.</p> <p>S.B. 362 introduced by Senate Public Health and Welfare Committee would establish biennial license renewal period for mental health technicians beginning with 1984 calendar year.</p>	<p>H.B. 2529 referred to House Public Health and Welfare Committee. Parts of bill incorporated in S.B. 362.</p> <p>S.B. 362 signed by Governor.</p>
S-5	Legislation should be enacted to establish a mandatory continuing education requirement for mental health technicians.	<p>H.B. 2529 introduced by House Governmental Organization Committee would institute continuing education requirement for mental health technicians beginning with 1984 calendar year.</p> <p>S.B. 362 introduced by Senate Public Health and Welfare Committee would institute continuing education requirement for mental health technicians beginning with 1986 calendar year.</p>	<p>H.B. 2529 referred to House Public Health and Welfare Committee. Parts of bill incorporated in S.B. 362.</p> <p>S.B. 362 signed Governor.</p>
S-5	Legislation should be introduced to provide an exclusion to allow licensed mental health technicians to administer medications.	House Governmental Organization Committee takes no position on S.B. 26 which would implement post audit recommendation to provide an exclusion to allow licensed mental health technicians to administer medications.	S.B. 26 referred to House Public Health and Welfare Committee.
	Not addressed in audit.	Chairman of House Governmental Organization Committee should write to Attorney General seeking explanation and clarification by April 15, 1983, of the rate of turnover among Assistant Attorneys General assigned to the Board of Nursing.	Letter No. 4 sent March 18, 1983. Response due by April 15, 1983. Response received dated March 28, 1983.

	<u>Post Audit Recommendation</u>	<u>Legislative Response</u>	<u>Status of Legislative Response</u>
	Division of Alcoholic Beverage Control, Department of Revenue		
S-5	The Division of Alcoholic Beverage Control (ABC) should be reestablished.	House Governmental Organization Committee endorses recommendation. S.B. 43 would extend Department of Revenue until July 1, 1987.	S.B. 43 signed by Governor.
S-5	Legislature should review regulatory fee structure of ABC to determine whether fees should be increased.	<p>H.B. 2505 introduced by House Governmental Organization Committee would increase initial registration fee for manufacturers, distributors, retailers, and nonbeverage users of liquors from \$50 to \$100; increase renewal registration fees for these licenses from \$10 to \$50; increase initial registration fee for private club license from \$50 to \$100; increase private club renewal application from \$10 to \$50; and increase annual license fee for a Class "A" club license from \$250 to \$500.</p> <p>Senate amendments incorporate provisions of S.B. 327 into H.B. 2505 to increase annual license fees for beer distributors from \$150 to \$300 and for retail liquor stores from \$100 to \$200.</p> <p>S.B. 326 would increase annual license fee for a Class "A" club license from \$250 to \$500.</p> <p>S.B. 327 would increase the initial registration fee for manufacturers, distributors, retailers, and nonbeverage users of liquors from \$50 to \$100 and increase the renewal registration for these licenses from \$10 to \$50.</p>	<p>H.B. 2505 killed.</p> <p>S.B. 326 referred to Senate Federal and State Affairs Committee.</p> <p>S.B. 327 killed. (Provisions amended into H.B. 2505.)</p>
S-5	Legislature should review residency requirements for liquor manufacturers, distributors, retailers, and individual owners of private clubs.	<p>H.B. 2502 introduced by House Governmental Organization Committee would change residency requirements for holding liquor licenses to five years in the state and one year in the county.</p> <p>H.B. 2527 introduced by House Governmental Organization Committee would reduce the residency requirement for private club owners (individual) from five years in the state to one year.</p> <p>S.B. 325 would delete the five years in state and one year in county requirements which apply to persons who hold a private club license.</p>	<p>H.B. 2502 killed.</p> <p>H.B. 2527 rereferred to House Federal and State Affairs Committee.</p> <p>S.B. 325 referred to Senate Federal and State Affairs Committee.</p>

	<u>Post Audit Recommendation</u>	<u>Legislative Response</u>	<u>Status of Legislative Response</u>
S-6	Legislature should reevaluate all liquor advertising requirements.	S.C.R. 1615 would amend rules and regulations to permit the advertising of liquor by price and brand.	S.C.R. 1615 referred to Senate Federal and State Affairs Committee.
S-6	Legislature should review restrictions on business operations in the liquor industry and should eliminate regulations which appear to protect the industry, not the public.	H.B. 2530 would permit liquor retailers to provide gifts of up to \$1.00 value per item and to sell ice, mixes, and cork-screws, can, and bottle openers. In addition, retail liquor stores would be permitted to deliver liquor purchases to licensed private clubs. S.B. 429 would permit retail liquor stores to deliver liquor purchases to licensed private clubs. H.C.R. 5032 would modify rules and regulations to reflect statutory provisions contained in H.B. 2530 above. H.C.R. 5035 would delete the requirement that retailers must place an order with a distributor by 2:00 p.m. on the day preceding the requested delivery. H.C.R. 5035 would delete the prohibition against making deliveries by wholesalers to retailers on Saturdays. H.C.R. 5031 would permit retailers to deliver liquor purchases to licensed private clubs. (Statutory change contained in H.B. 2530 and S.B. 429.)	H.B. 2530 rereferred to House Federal and State Affairs Committee. S.B. 429 killed. H.C.R. 5032 rereferred to House Governmental Organization Committee. H.C.R. 5035 rereferred to Senate Federal and State Affairs Committee. H.C.R. 5035 rereferred to Senate Federal and State Affairs Committee. H.C.R. 5031 rereferred to House Governmental Organization Committee.
S-7	Legislature should eliminate minimum retail price mark-up program.	Recommendation rejected by House Governmental Organization Committee. S.B. 429 would statutorily set the minimum mark-up on all sales of alcoholic liquor, except beer, by retailers to clubs at 15 percent.	— S.B. 429 killed.
S-7	Department of Revenue should improve efforts to monitor reciprocal agreements and tighten requirements so that clubs are not able to circumvent reciprocal statutes with respect to the 50 percent food sales requirement.	H.B. 2527 would delete the requirement that clubs meet a 50 percent food requirement in order to enter into reciprocal agreements. H.B. 2527 amended by House Federal and State Affairs Committee to reduce percentage of food sales required from 50 percent to 35 percent.	H.B. 2527 rereferred to House Federal and State Affairs Committee.

S-9

<u>Post Audit Recommendation</u>	<u>Legislative Response</u>	<u>Status of Legislative Response</u>
	S.B. 328 would reduce 50 percent food requirement to 40 percent for clubs to be eligible to enter into reciprocal agreements.	S.B. 328 referred to Senate Federal and State Affairs Committee.
	S.B. 328 amended by Senate Federal and State Affairs Committee to retain 50 percent food requirement and strengthen ability of Director of Alcoholic Beverage Control to monitor reciprocal agreements.	
Department of Revenue should improve effectiveness and efficiency of routine inspections and investigations conducted as part of the ABC regulatory program.	Chairman of House Governmental Organization Committee should write letter to ABC Director urging him to continue strict enforcement policy to regulate liquor industry, including continuation of criminal background investigations of prospective licensees.	Letter No. 1 sent March 18, 1983.
Not addressed in audit.	H.B. 2504 would increase the penalty for minors purchasing or possessing liquor or for persons selling or giving liquor to an incapacitated person from a fine of up to \$200, imprisonment for up to 30 days, or both, to a fine of between \$250 and \$1,000, imprisonment of up to 90 days, or both.	H.B. 2504 in Conference Committee.
Not addressed in audit.	H.B. 2528 would give the ABC Division the authority to issue permits to liquor salesmen and to charge a fee for the permit.	H.B. 2528 referred to House Federal and State Affairs Committee.
Not addressed in audit.	H.B. 2502 would apply the prohibition against law enforcement officers holding a liquor license to full-time law enforcement officers only.	H.B. 2502 killed.
Not addressed in audit.	House Governmental Organization Committee supports recommendation to appoint an interim committee to study the Model Liquor Control Act and the regulations of the Bureau of Alcohol, Tobacco, and Firearms in relation to the current Kansas liquor laws.	Letter No. 2 requesting interim study sent March 18, 1983.

	<u>Post Audit Recommendation</u>	<u>Legislative Response</u>	<u>Status of Legislative Response</u>
S-11	In order to improve its estimates of liquor excise taxes due the state, the Department of Revenue should monitor the amount of monthly sales to private clubs by retailers, analyze information on the ratio of alcoholic beverage sales to the cost of liquor purchased, and prepare revised estimates of the amount of liquor excise tax shortfall.	House Governmental Organization Committee endorses recommendation and directs that Chairman of Committee should write to Secretary of Revenue urging that the Department implement the Post Audit recommendations.	Letter No. 11 sent March 31, 1983. Response due by January 15, 1984. Response presented to House Governmental Organization Committee January 23, 1984.
S-11	The Legislature should review revised estimates of the amount of the liquor excise tax and also require a report by the start of the 1984 Session concerning additional liquor excise tax revenues collected and any increase in compliance with nontax related matters as a result of recently increased staff available to audit liquor excise tax collections.	Same as above.	Letter No. 11 sent March 31, 1983. Response due by January 15, 1984. Response presented to House Governmental Organization Committee January 23, 1984.
S-11	In order to ensure that private clubs understand how to calculate sales and excise taxes they must collect from their customers, the Department of Revenue should give clearer guidance such as, for example, developing an instructional manual.	Same as above.	Letter No. 11 sent March 31, 1983. Response due by January 15, 1984. Response presented to House Governmental Organization Committee January 23, 1984.
Dealer Licensing Regulatory Program, Department of Revenue			
S-4	The Legislature should take no action to reestablish the Dealer Licensing Bureau or the Dealer Licensing Review Board and their regulatory functions.	House Governmental Organization Committee endorses recommendation that no action be taken to reestablish the Dealer Licensing Review Board and recommends the introduction of legislation to abolish the Board. H.B. 2555, which would abolish the Board, was introduced by the House Ways and Means Committee. Regarding the Dealer Licensing Bureau, the House Governmental Organization Committee recommends that the Secretary of Revenue have the discretion to reorganize the activities of the Bureau if he believes the activities of the Department could be improved.	H.B. 2555 tabled by House Governmental Organization Committee.

	<u>Post Audit Recommendation</u>	<u>Legislative Response</u>	<u>Status of Legislative Response</u>
S-4	Inspections by the Bureau should focus upon new dealers, dealers who have changed locations, or dealers who have a history of problems or violations in their dealerships.	House Governmental Organization Committee endorses recommendation.	--
S-4	The Bureau should provide formal written guidelines for investigators to follow in conducting dealer inspections and in identifying and following up on violations. Inspection report forms should be revised accordingly to provide a checklist of the types of records, items, or practices to be checked for violations.	House Governmental Organization Committee endorses recommendation and commends the Department of Revenue for developing new written guidelines.	--
S-5	The licensing of motor vehicle salesmen should be eliminated.	House Governmental Organization Committee endorses recommendation and recommends that legislation be enacted to effect this change. Committee amendment drafted to be amended into H.B. 2555. S.B. 309, recommended by Senate Committee on Transportation and Utilities, would eliminate licensing requirement for salesmen.	H.B. 2555 tabled by House Governmental Organization Committee. S.B. 309 signed by Governor.
S-5	The regulation of the dealer-manufacturer relationship provided by the Dealer Licensing Bureau should be eliminated. Statutes prohibiting certain actions by manufacturers could be retained to provide dealers with specific civil remedies to pursue through the courts and to act as a deterrent against inequitable practices.	House Governmental Organization Committee endorses provisions of S.B. 309 which amends vehicle dealers and salesmen licensing act.	S.B. 309 signed by Governor.
S-5	The Division of Vehicles should consider reexamining its policy requiring all counties to submit regular title applications to the state on a daily basis. It should also review its working relationship and procedures with regard to counties and make changes when appropriate.	House Governmental Organization Committee believes the Vehicle Information Processing System (VIPS) should help relationship between Division and counties. In addition, Chairman of Committee should write to the Secretary of Revenue asking for a progress report to 1984 Legislature concerning status of the VIPS implementation and any problem areas in relationship between Division and counties.	Letter No. 16 sent March 31, 1983. Response due by January 15, 1984. Response presented to House Governmental Organization Committee January 23, 1984.

S-5

<u>Post Audit Recommendation</u>	<u>Legislative Response</u>	<u>Status of Legislative Response</u>
The Division may wish to propose that the Legislature consider amending K.S.A. 8-145 to impose a penalty provision for counties which do not submit title applications on a timely basis.	Chairman of House Governmental Organization Committee should write to Legislative Post Audit Committee requesting a followup audit prior to the 1984 Session which addresses the concerns about processing time for titles. The Committee does not believe a penalty imposed on counties will improve the timeliness of submitting applications.	Letter No. 17 to Chairman of Legislative Post Audit requesting a limited performance audit sent March 31, 1983. Audit requested by January 15, 1984.
Not addressed in audit.	House Committee on Governmental Organization recommends that Department of Revenue be reestablished for four years. S.B. 43 amended by Committee to extend Department until July 1, 1987.	S.B. 43 signed by Governor.
Not addressed in audit.	Chairman of House Committee on Governmental Organization should write to Department of Revenue requesting an explanation and possible recommendations concerning length of time necessary to obtain a personalized license plate.	Letter No. 15 sent March 31, 1983. Response due by April 20, 1983. Response received dated April 11, 1983. Response presented to House Governmental Organization Committee January 23, 1984.
Not addressed in audit.	House Governmental Organization Committee recommends that legislation be introduced to permit the Department to hire classified attorneys.	
	H.B. 2562 introduced by House Ways and Means Committee would provide that all attorneys, except the Chief Attorney, would be in the classified service.	H.B. 2562 referred to Senate Ways and Means Committee.
Not addressed in audit.	House Governmental Organization Committee recommends funding for three new positions in order to develop a more effective Internal Audit Unit within the Department.	
	Funding for three new positions contained in H.B. 2086 (appropriations bill for the Department of Revenue.)	H.B. 2086 signed by Governor.

	<u>Post Audit Recommendation</u>	<u>Legislative Response</u>	<u>Status of Legislative Response</u>
Department of Transportation			
S-5	The Department should make greater efforts to implement prequalification procedures designed to evaluate contractors before they bid and to reduce the possibility of collusion.	The House Governmental Organization Committee endorses steps taken by the Department to implement the Post Audit recommendations.	—
S-5	The Department should make greater efforts to improve its financial forecasts and estimates of project costs.	Chairman of House Governmental Organization Committee should write to Legislative Post Audit Committee requesting a review prior to the 1984 Session of the effectiveness of the newly implemented Bid Analysis Maintenance System (BAMS).	Letter No. 12 to Chairman of Legislative Post Audit Committee requesting review sent March 31, 1983. Review requested by January 15, 1984.
S-6	The Department should begin analyzing bids to identify patterns that suggest possible collusion.	Same as above.	Letter No. 12 to Chairman of Legislative Post Audit Committee requesting review sent March 31, 1983. Review requested by January 15, 1984.
S-6	The Department should include more extensive information about the penalties for collusion in bidding documents so that contractors are informed about anti-trust violations and penalties.	House Governmental Organization Committee recommends that legislation be introduced which would conform Kansas antitrust laws to criminal penalties in federal antitrust laws. Legislation recommended by Committee should be introduced and held over until 1984 Session.	
		H.B. 2564, recommended for introduction by the House Ways and Means Committee would make penalties for anti-trust violations under state law comparable to those under the corresponding federal legislation.	H.B. 2564 referred to Senate Judiciary
S-7	The Department should keep the Legislature informed of progress being made to settle bid rigging cases.	Same as above.	
S-7	The Legislature should consider amending K.S.A. 50-105 to make antitrust violations a felony under state law and to give the state more flexibility to impose an appropriate penalty.	Same as above.	
S-7	The Office of Inspector General (the Department's internal Audit Office) should periodically review contracting procedures to ensure their effectiveness in discouraging collusion.	House Governmental Organization Committee endorses Department's efforts to implement this recommendation.	—

	<u>Post Audit Recommendation</u>	<u>Legislative Response</u>	<u>Status of Legislative Response</u>
S-7	The Legislature should clarify how the payback of the \$35 million transfer from the State Freeway Fund to the State Highway Fund should be completed.	House Governmental Organization Committee believes the current payback system is adequate.	---
S-8	The Department should make efforts to make its budget more accurate and useful and should report to the Legislature what steps it has taken.	Chairman of House Governmental Organization Committee should write to Secretary of Department requesting an annual report on the status of the implementation of a new accounting system be submitted to the Legislature for the next four years.	Letter No. 13 to Secretary of Department of Transportation requesting annual update sent March 31, 1983. Response due by January 15 of each of the next four years. First annual response presented to House Governmental Organization Committee January 18, 1984.
S-8	The Department should develop accurate projections of monthly cash balances in the State Highway Fund and update its long-range estimates for the freeway funds each year in order to have available accurate information on funding and expenditures.	Same as above.	
S-9	The Department should improve the information it has available concerning the freeway and highway funds.	Same as above.	
S-9	The Department should revise its financial information system.	Same as above.	
	Not addressed in audit.	House Committee on Governmental Organization recommends that Department of Transportation be reestablished for eight years. S.B. 40 would extend Department until July 1, 1991.	S.B. 40 signed by Governor.

	<u>Post Audit Recommendation</u>	<u>Legislative Response</u>	<u>Status of Legislative Response</u>
Division of Taxation, Department of Revenue			
S-5	The Department of Revenue and the Department of Human Resources should make records available to each other in order to better identify businesses required to remit sales and withholding taxes.	House Governmental Organization Committee takes no position on this recommendation, pending the outcome of a post audit review of the Department of Human Resources which is currently underway.	—
S-6	Legislature should provide for filing withholding tax returns monthly, quarterly, and annually, depending on the amounts of taxes remitted.	House Governmental Organization Committee endorses provisions of S.B. 35, which provides for an acceleration in the collection of withholding taxes from employers in order to enhance the state's cash flow and to avoid a negative ending balance at the end of FY 1983.	S.B. 35 signed by Governor.
S-6	Department of Revenue should implement procedures to ensure that sales tax accounts are filed as frequently as required by law and that penalties are assessed if accounts are not filed on a timely basis.	Chairman of House Governmental Organization Committee should ask the Department of Revenue to respond to the 1984 Legislature concerning changes and improvements in departmental procedures as the result of the implementation of the Kansas Business Integrated Tax System (K-BITS).	Letter No. 5 sent March 18, 1983. Response due during 1984 Session. Response presented to House Governmental Organization Committee January 23, 1984.
S-7	Department of Revenue should enforce the filing deadlines for retailers' sales tax and withholding tax, particularly concerning the granting of extensions.	Recommendation rejected by House Governmental Organization Committee, which concurs with Department's position that a grace period for delinquent filings should be retained.	—
S-8	Department of Revenue should change rules and regulations to correspond to statutes concerning interest rates for sales taxes.	House Governmental Organization Committee endorses recommendation and has been informed that the Department has changed its regulation to conform to statutes.	—

	<u>Post Audit Recommendation</u>	<u>Legislative Response</u>	<u>Status of Legislative Response</u>
S-8	Department of Revenue should enforce administrative regulations in a more timely manner.	House Governmental Organization Committee endorses recommendation and notes that Department of Revenue does appear to enforce regulations in a timely manner.	—
S-9	Department of Revenue should determine the tax due pursuant to K.S.A. 1982 Supp. 79-3228(f) and assess a 50 percent penalty when a taxpayer fails to file a withholding tax return within 20 days notice.	Recommendation rejected by House Governmental Organization Committee, which does not agree with the Post Auditor's interpretation of the statutory reference cited as requiring a 50 percent penalty.	—
S-10	Legislature should consider providing for a minimum penalty for businesses delinquent in filing sales and withholding taxes or for delinquent returns that owe no tax.	Recommendation that there be a penalty for delinquent returns that owe no tax rejected by House Governmental Organization Committee, which does not believe recommendation would be cost-effective in helping Department of Revenue recover administrative costs. In addition, the Committee believes that further study is needed to determine whether a threshold or minimum cutoff should be established when attempts to recover delinquent taxes would not be cost-effective.	—
S-10	Department of Revenue should establish a procedure for indicating the postmark date on returns in order to establish whether a return is timely.	Recommendation rejected by House Governmental Organization Committee, which agrees with the Department of Revenue that postmark dates are an unreliable way to determine timely filings.	—
S-10	Department of Revenue should improve its procedures to ensure that jeopardy assessments are made immediately when a taxpayer fails to file a return after notice from the Director.	Chairman of House Governmental Organization Committee should request that Department of Revenue respond to 1984 Legislature concerning the impact of accelerated tax measures which will become effective April 1, 1983. Because the new legislation may effect procedures relating to the collection of taxes, the Committee prefers to review the Department's procedures after the legislation has been implemented.	Letter No. 5 sent March 18, 1983. Response due during 1984 Session. Response presented to House Governmental Organization Committee January 23, 1984.
S-11	Department of Revenue should issue jeopardy assessments more aggressively.	Same as above.	Letter No. 5 sent March 18, 1983. Same as above.
S-13	Department of Revenue should issue warrants on delinquent accounts within 60 days of tax due date.	Same as above.	Letter No. 5 sent March 18, 1983. Same as above.
S-13	Department of Revenue should improve procedures relating to the revocation of sales tax registrations.	Same as above.	Letter No. 5 sent March 18, 1983. Same as above.

	<u>Post Audit Recommendation</u>	<u>Legislative Response</u>	<u>Status of Legislative Response</u>
S-14	Department of Revenue should reduce the time between referral of a case to the Legal Services Bureau and the issuance of a petition for injunction.	Same as above.	Letter No. 5 sent March 18, 1983. Response presented to House Governmental Organization Committee January 23, 1984.
S-15	Department of Revenue should initiate procedures in a more timely manner after legislation is passed.	Same as above.	Letter No. 5 sent March 18, 1983. Same as above.
S-16	Department of Revenue should strengthen its policy regarding bonds which taxpayers and businesses are required to post under certain conditions.	Recommendation rejected by House Governmental Organization Committee on grounds that recommendation would not be cost-effective and would place an undue burden upon small businesses which would have to post a cash bond. Other measures to improve procedures: S.B. 383 introduced by Senate Assessment and Taxation Committee to authorize Department to petition for writ of mandamus to require taxpayers to file income tax returns. S.B. 384 introduced by Senate Assessment and Taxation Committee to authorize Department to contract with a private debt collection agency and enter into agreements with other states for the collection of delinquent taxes from nonresidents. S.B. 382 introduced by Senate Assessment and Taxation Committee to amend sales tax law to make individuals responsible for the tax, regardless of the form of business under which they operate. Later amendments to S.B. 382 delete amendments to sales tax law.	S.B. 383 signed by Governor. S.B. 384 vetoed by Governor. S.B. 382 referred to Senate Assessment and Taxation Committee.
	Driver Control Regulatory Program, Department of Revenue	Chairman of House Governmental Organization Committee should request that Legislative Coordinating Council assign a review of the post audit of the Driver Control Regulatory Program for interim study. (Audit was received too late to be reviewed during 1983 Session.)	Letter No. 18 sent dated April 23, 1983. Proposal No. 41 assigned to Special Committee on Transportation.

	<u>Post Audit Recommendation</u>	<u>Legislative Response</u>	<u>Status of Legislative Response</u>
Board of Healing Arts	No audit performed.	House Governmental Organization Committee endorses S.B. 41 which would reestablish Board of Healing Arts and remove it from the provisions of the Kansas Sunset Law. S.B. 41 amended by Senate Ways and Means Committee to extend Board until July 1, 1984, and to impose mandatory reporting requirements.	S.B. 41 signed by Governor.
		House Governmental Organization Committee recommends that legislation be enacted to eliminate "good moral character" licensure requirement.	S.B. 41 signed by Governor.
		House Governmental Organization Committee recommends that legislation be enacted to establish a mandatory reporting requirement for hospital administrators. The legislation should require administrators to report to the Board of Healing Arts any disciplinary action taken against licensees or conduct which constitutes a violation of the licensing acts.	S.B. 41 signed by Governor.
		S.B. 41 amended by Senate Ways and Means Committee to impose mandatory reporting requirement.	
		Chairman of House Governmental Organization Committee should write to Board of Healing Arts recommending that the complaint form be modified to indicate that notarization of the form is not required by statute.	Letter No. 10 sent March 23, 1983. Response due by April 20, 1983. Response received dated March 31, 1983.
Kansas Sunset Law	No audit performed	—	Letter No. 19 from Chairman of House Governmental Organization Committee requesting interim study of Kansas Sunset Law sent to President of Legislative Coordinating Council May 5, 1983.

MEMORANDUM

January 4, 1984

TO: Senate Committee on Governmental Organization
FROM: Kansas Legislative Research Department
RE: Legislative Oversight Mechanisms in States Without a Sunset Law

The Kansas Sunset Law is scheduled to terminate on July 1, 1984 unless the Legislature reestablishes its provisions or enacts new legislation. The current law was enacted by the 1981 Legislature, replacing the provisions originally passed by the 1978 Legislature as the first Kansas Sunset Law.

Other States. In addition to Kansas, 34 other states currently have a Sunset Law. The remaining 15 states do not have a general Sunset Law, although California has a statutory provision which repeals within six years any statute which establishes a state-mandated local program. In addition, North Carolina abolished its Sunset Law in 1981, while Pennsylvania enacted one the same year.

In reviewing the states' experience with sunset, the Council of State Governments (CSG) in a 1981 study concluded that:

- "(1) Sunset was oversold to the public as a way to reduce the size of government and save money;
- (2) states have found it difficult to assess empirically the costs and benefits of state regulation; and
- (3) sunset staff reports and recommendations have not always been coordinated with other legislative oversight mechanisms."¹

Another CSG study in 1983 described sunset as follows: "Created as part of the legislative oversight process, sunset laws set a mandatory termination date for the state board or agency under review unless new legislation extending the entity's life is passed. Thus, the sunset review process schedules legislative oversight, most frequently every six years, for those boards and agencies specified in sunset legislation."²

For states with or without a Sunset Law, legislative oversight may be accomplished in a number of other ways. The focus of this memorandum is on those 15 states without a Sunset Law and how they undertake legislative oversight.

Survey of States. A questionnaire was sent to the head of legislative staff agencies in the 15 states which appeared not to have a Sunset Law. Respondents were asked whether their state had a Sunset Law, and if not, what mechanisms of legislative oversight were used in reviewing state agencies and their operation. They were also asked to provide copies of statutes or bills which established oversight procedures.

¹ "Sunset: A Schedule of State Sunset Reviews," CSG, 1983: 4

² Ibid.

The tabular data shown below was coded by the Legislative Research Department and was based on the responses by legislative staff from the 15 states. Responses were coded from the answers on the questionnaire and any other correspondence attached to the questionnaire. No responses were coded from other materials, such as statutes or reports.

RESPONSES BY LEGISLATIVE STAFF

	No Sunset Law	Alternative Oversight Procedures				
		Appropriations	Performance and Fiscal Audits	Review of Adm. Rules	Automatic Repealers	Committees
California	X	X			X	
Idaho	X	X		X		
Iowa	X		X	X	X	
Kentucky	X	X		X		X
Massachusetts	X	X	X			
Michigan	X	X				
Minnesota	X	X			X	
Missouri	X			X	X	
New Jersey	X	X			X	X
New York	X	X	X			
North Carolina	X					X
North Dakota	X	X	X	X		X
Ohio	X			X	X	
Virginia	X		X		X	
Wisconsin	X	X	X	X	X	X
TOTAL	15	10	6	7	8	5

As will be noted in the tabular data, responses from the heads of legislative staff agencies or staff assigned to answer the request indicate that none of the 15 states has a Sunset Law as of 1983. California has a limited sunset statute which applies to state-mandated local programs and North Carolina terminated its Sunset Law in 1981.

When asked to identify other mechanisms of legislative oversight used in reviewing state agencies and their operation, legislative staff mentioned procedures which could be classified into five categories:

1. appropriations process,
2. performance and fiscal audits,
3. review of administrative rules,
4. automatic repeal of authorizing legislation, and
5. committee hearings and meetings.

In terms of staff responses, ten mentioned the appropriations process as an alternative mechanism of legislative oversight. Eight respondents mentioned automatic repealers, seven cited the review of administrative rules, six addressed performance

and fiscal audits, and five referenced standing and/or special committees as oversight mechanisms. Automatic repealers were cited as used in specific or limited cases, whereas sunset was conceived as a more comprehensive process by respondents.

A majority of respondents indicated a use of two or fewer mechanisms as alternatives to a Sunset Law. Only one respondent from Wisconsin cited examples from all five categories and the only respondent to mention four was from North Dakota. Eight respondents referred to two alternative mechanisms.

All five mechanisms of legislative oversight could serve as means of reviewing state agencies and their operation, and probably do serve as such in states with and without a Sunset Law. The responses are probably indicative of how certain staff in other states perceive alternative oversight procedures, with the appropriations process identified as the most common alternative to a Sunset Law.

Alternative Oversight Procedures. Information about the procedures used in the 15 states is listed below. The descriptive information was taken from the questionnaire, other correspondence, and in a few cases from statutes and reports when respondents cited those materials or failed to give sufficient detail about procedures in their personal responses.

1. California

a. Automatic Repealers.

Since 1980 there has been a statutory requirement to repeal within six years any statute which establishes a state-mandated local program.

b. Appropriations.

The Legislative Analyst must report to the legislature each year the amount of all reimbursements to local governments and recommend continuation, modification, or repeal of statutes reviewed. The Department of Finance must review statutes annually which mandate local programs but are not subject to termination and report its findings to the legislature.

2. Idaho

a. Administrative Rules.

The legislature reviews all administrative rules and may reject or amend them.

b. Appropriations.

Each agency's operation is reviewed annually when its budget request is considered.

3. Iowa

a. Administrative Rules.

There is legislative review of administrative rules.

b. Performance and Fiscal Audits.

Performance evaluation is performed by the Legislative Fiscal Bureau.

c. Automatic Repealers.

Some state agencies have a repealer clause in their enabling legislation.

4. Kentucky

a. Appropriations.

Budget review staff monitor fiscal operations of all executive agencies for the Interim Joint Committee on Appropriations and Revenue.

b. Committees.

Many interim joint committees monitor implementation of statutorily-mandated programs. Other review committees include the Personal Services Contract Review Subcommittee, Capital Construction Review Subcommittee, and Program Review and Investigation Committee.

c. Administrative Rules.

The Regulations Review Subcommittee provides oversight.

5. Massachusetts

a. Appropriations.

The legislature monitors the performance of agencies supported by state funds during the budget process.

b. Performance and Fiscal Audits.

The House and Senate Committees on Post Audit and Oversight direct performance auditing of agency operations, programs, and administration.

6. Michigan

a. Appropriations.

Legislative oversight is achieved by the annual appropriations process.

7. Minnesota

a. Automatic Repealers.

Certain advisory councils and committees are scheduled for expiration June 30, 1988, but no review procedures are established.

b. Appropriations.

The Finance and Appropriations Committees target a few agencies for abolition each biennium. In some cases agencies are abolished, appropriations reduced, or restrictions imposed on their operations.

8. Missouri

a. Automatic Repealers.

Some newly-created agencies or activities are subject to termination on a certain date.

b. Administrative Rules.

The Joint Committee on Administrative Rules may suspend any rule which it finds contrary to statutory authority. The General Assembly may reinstate such rules by concurrent resolution signed by the Governor.

9. New Jersey

a. Appropriations.

A review of programs and policies of state agencies occurs during the annual appropriations process.

b. Committees.

Ongoing reviews are conducted by standing reference committees, usually in conjunction with proposed legislation. In addition, studies by special committees, such as the Assembly or Senate Legislative Oversight Committees, or by study commissions are conducted.

c. Automatic Repeal.

On occasion, laws are enacted with an expiration date in two or three years to ensure that an assessment of the program will be undertaken prior to re-enactment.

10. New York

a. Appropriations.

The fiscal committees (the Senate Finance Committee and the Assembly Ways and Means Committee) evaluate state agency performance as part of the budget process each year.

b. Performance and Fiscal Audits.

The bipartisan Legislative Commission on Expenditure Review does periodic management audits of state agencies and programs to monitor efficiency and compliance with legislative intent.

11. North Carolina

a. Committees.

The Committee on Agency Review composed of five Representatives and five Senators replaced the Governmental Evaluation Commission which was abolished when the state's Sunset Law was repealed in 1981. The Committee terminated June 30, 1983 after completing the process of reviewing laws and programs that were on the sunset list, but which were not reviewed by the previous Commission.

12. North Dakota

a. Appropriations.

The biennial appropriations process provides periodic review of each state agency and its operation.

b. Performance and Fiscal Audits.

The Legislative Audit and Fiscal Review Committee is responsible for reviewing fiscal transactions of state departments, agencies, and institutions.

c. Administrative Rules.

The Administrative Rules Committee is responsible for reviewing administrative rules assigned by the chairman of the Legislative Council.

d. Committees.

The Legislative Assembly and the Legislative Council may create legislative investigating committees.

13. Ohio

a. Administrative Rules.

A statutory, joint House-Senate committee reviews most rules issued by state agencies and can recommend disapproval by the passage of a joint resolution.

b. Automatic Repealer.

In recent years, the General Assembly, when establishing a new agency, frequently has attached a repealer to abolish an agency within a specified period of time.

14. Virginia

a. Automatic Repealer.

Some agencies have a statutory repealer and in at least two cases staff reviews of agencies have been requested to determine whether legislation creating them should be re-enacted.

b. Performance and Fiscal Audits.

The Legislative Program Review and Evaluation Act directs that the Senate and House shall establish on a seven-year cycle a schedule for review of functional areas of state government and that the Joint Legislative Audit and Review Commission shall select a functional area for review on an annual basis.

15. Wisconsin

a. Automatic Repealers.

The legislature has enacted several laws which contain repealer provisions for agencies and programs.

b. Appropriations.

Because the budget process is necessarily repeated regularly and occurs in a context where agencies must account to some extent for their use of funds, it offers an opportunity for the legislature to systematically review agency activities in-depth.

c. Administrative Rules.

The Joint Committee for Review of Administrative Rules and standing legislative committees are given certain statutory responsibilities in the review of administrative rules.

d. Performance and Fiscal Audits

Periodic audits of each state agency are conducted by the Legislative Audit Bureau, focusing on financial transactions and performance and program accomplishments of agencies.

e. Committees.

Regular and special legislative committee hearings and meetings are used as an oversight mechanism.

RE: HB 2872
MARCH 22, 1984

THANK YOU MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE. MY NAME IS DAN MORGAN. I AM REPRESENTING THE ASSOCIATED GENERAL CONTRACTORS OF KANSAS AND I AM APPEARING IN FAVOR OF HB 2872. OUR ORGANIZATION CONSISTS OF OVER 200 GENERAL CONTRACTOR AND ASSOCIATE SUBCONTRACTOR AND SUPPLIER MEMBERS FROM THROUGHOUT THE STATE ENGAGED IN THE COMMERCIAL AND INDUSTRIAL BUILDING CONSTRUCTION INDUSTRY. WE DO APPRECIATE THE OPPORTUNITY TO BE HEARD ON THIS MATTER.

VERY SIMPLY, HOUSE BILL 2872 IS DESIGNED TO CLARIFY OUR STATE'S SO-CALLED RECIPROCAL BID PREFERENCE LAW AS FOUND PRESENTLY IN K.S.A. 75-3740A. BECAUSE THERE HAS BEEN CONFUSION AS TO WHAT IS INCLUDED BY, QUOTE, "BIDS FOR CONTRACTS FOR ANY PURCHASES", WE HAVE RECOMMENDED THE AMENDMENTS YOU SEE BEFORE YOU WHICH "FLESH OUT" WHAT IS COVERED BY OUR CURRENT LAW. THIS PROPOSED LANGUAGE DOES NOT EXPAND THE COVERAGE OF OUR PRESENT STATUTE. IT DOES, HOWEVER, CLARIFY THE STATUTE AND MAKES IT CLEAR TO CONTRACTORS, BOTH IN AND OUT-OF-STATE, JUST WHAT IS INCLUDED WITHIN THE PURVIEW OF 75-3740A. WE HAVE ASKED THE STATE ARCHITECT'S OFFICE (JOHN HIPPE) AND THE DIRECTOR OF PURCHASES FOR THE DEPARTMENT OF ADMINISTRATION (NICK ROACH) TO REVIEW THIS RECOMMENDED LANGUAGE. THEY HAVE AND THEY FIND NO PROBLEMS WITH IT.

I DO WANT TO MAKE IT CLEAR THAT 75-3740A IS NOT A PREFERENCE LAW AGAINST ALL OUT-OF-STATE CONTRACTORS WISHING TO BID ON PUBLIC WORKS PROJECTS IN OUR STATE. THIS LAW ONLY AFFECTS THOSE CONTRACTORS COMING FROM STATES THAT HAVE PREFERENCE LAWS THEMSELVES. OF OUR NEIGHBORING STATES, ONLY OKLAHOMA HAS SUCH A PREFERENCE LAW -- THEY HAVE A 5% PREFERENCE FOR THEIR RESIDENT BIDDERS. K.S.A. 7503740A SAYS, IN EFFECT, THAT KANSAS WILL

EXHIBIT C

EX. C

IMPOSE THE SAME PREFERENCE AGAINST OUT-OF-STATE CONTRACTORS SUCH AS OKLAHOMA CONTRACTORS, FOR EXAMPLE, WHO ARE BIDDING PUBLIC WORKS IN KANSAS AS THEY DO AGAINST KANSAS CONTRACTORS BIDDING PUBLIC WORKS IN THEIR STATES. IN OTHER WORDS, KANSAS IMPOSES A 5% BID PREFERENCE FOR RESIDENT BIDDERS AGAINST OKLAHOMA CONTRACTORS BECAUSE THEY IMPOSE A 5% PREFERENCE AGAINST KANSAS CONTRACTORS BIDDING IN THEIR STATE.

THIS BILL WAS INTRODUCED AS A COMMITTEE BILL AT OUR REQUEST IN THE HOUSE COMMITTEE ON LOCAL GOVERNMENT AND THE CHAIRMAN (IVAN SAND) DESCRIBED IT, IN THE BIBLICAL SENSE, AS A "DO UNTO OTHERS AS THEY DO UNTO YOU" SORT OF LAW. I THINK THAT SAYS IT QUITE ACCURATELY. OUR LAW DOES NOT, HOWEVER, AFFECT ANY CONTRACTORS COMING FROM STATES THAT HAVE NO BID PREFERENCE LAWS THEMSELVES -- AND WE WOULD STRONGLY OPPOSE ANY LEGISLATIVE PROPOSAL THAT WOULD GIVE KANSAS BIDDERS A PREFERENCE AGAINST ALL OUT-OF-STATE BIDDERS. WE BELIEVE SUCH LAWS ARE BARRIERS TO THE FREE AND OPEN ENTERPRISE SYSTEM OF DOING BUSINESS AND SHOULD BE OPPOSED VIGOROUSLY. WE ALSO BELIEVE THAT RECIPROCAL BID PREFERENCE LAWS SUCH AS OUR OWN DISCOURAGE THE PASSAGE OF STRAIGHT PREFERENCE LAWS BY OTHER STATES.

IN SUMMARY, THESE PROPOSED AMENDMENTS DO NOT CHANGE THE SCOPE OF OUR PRESENT LAW. THEY DO, HOWEVER, MAKE IT CLEAR WHAT THE LAW COVERS AND THAT IS WHAT WE WOULD LIKE TO ACCOMPLISH.

THANK YOU VERY MUCH. WITH THAT I'D BE GLAD TO TRY TO ANSWER ANY QUESTIONS YOU MIGHT HAVE.