

Approved 02/17/87  
Date

MINUTES OF THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT

The meeting was called to order by Phil Kline at  
Chairperson

3:30 a.m./p.m. on Tuesday, February 10, 1987 in room 423-S of the Capitol.

All members were present except:

Representatives Love and Foster (Excused)

Committee staff present:

Jim Wilson, Revisor  
Lynn Holt, Research  
Molly Mulloy, Secretary

Conferees appearing before the committee:

Art Griggs, Chief Attorney, Department of Administration

Chairman Kline called the meeting to order. He asked that a bill be introduced concerning the KCC's requirement that balance sheet statements which businesses file with their annual reports be open to public disclosure. Rep. Aylward moved to accept the bill, Rep. Helgerson seconded the motion and it carried.

H.B. 2077: Jim Wilson distributed copies of page 3 of H.B. 2077 on which he had included the amendments suggested by conferees at the hearing (Attachment 1). Rep. Heinemann suggested that the amended wording in line 0113 be changed from "developing a level of core funding for each basic research center of excellence" to "developing a level of core funding for each center of excellence for basic research" in order to be consistent with other wording in the bill. Rep. Leach moved to accept the amendment with the word change, Rep. Chronister seconded and the motion carried.

Rep. Miller moved that the bill, as amended, be passed. Rep. Chronister seconded the motion. Rep. Heinemann then moved that all the words between the hyphens in lines 0150-0153, "and the new center at Pittsburg state university, if established by the 1986 Kansas legislature-" be removed since the referenced center was not established. Rep. Moomaw seconded the motion. After some discussion, Chairman Kline told the Committee he was asking for research staff to come to the meeting to clarify several issues and, in the meantime, would open discussion on H.B. 2078.

H.B. 2078: Rep. Miller distributed a Memorandum from the Department of Administration and amendments to H.B. 2078 which would broaden its application in the areas of procurements, out of state travel and payment of travel expenses (Attachment 2). It would apply not only to sponsored research and development activities but also to other state agencies and activities. Miller stated that Rep. Braden, chairman of the Legislative Commission on Economic Development, had asked the Post Audit Dept. to review purchase requests from the centers of excellence. Rep. Miller stated that the Post Audit report recommended that research centers be treated like any other state agency. He noted that the three amendments he recommended (see Att. 2) were proposed by the Department of Administration in lieu of the provisions now contained in the bill.

Chairman Kline invited Art Griggs, Dept of Administration Assistant Secretary who drafted the Memorandum in Attachment 2, and Nick Roach, state Director of Purchases, to respond to questions from Committee members concerning the proposed amendments.

Rep. Barkis noted that the changes suggested were substantial and that perhaps there should be a new bill on the amendments, with hearings. Another comment was that the original intent of H.B. 2078 was to deal with problems in timely purchasing by the centers of excellence and that the amendments greatly broadened the intent of the bill.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT,  
room 423-S, Statehouse, at 3:30 a.m./p.m. on Tuesday, Feb. 10th, 1987.

Rep. Mainey said H.B. 2078 referred to educational institutions and felt the amendments for bidding procedures and travel requirements for all state agencies should not be on the same bill. Rep. Mainey offered a substitute motion to introduce a new bill which would incorporate Rep. Miller's proposed amendments. The motion was seconded by Rep. Miller and carried.

Rep. Mainey moved to pass out H.B. 2078 favorably and Rep. Chronister seconded. Rep. Miller opposed the motion, reading excerpts of the Post Audit Report which indicated that research centers ought to follow rules similar to those other state agencies are using for procurement. Rep. Miller said he didn't think most parts of the original bill were necessary and that the problems in H.B. 2078 would be addressed in the new bill. Rep. Mainey's motion failed.

Chairman Kline announced that the next meeting of the Committee is scheduled for Thursday, February 12. The meeting adjourned at 4:50pm.

Date: 5/10

GUEST REGISTRE

HOUSE

Committee on Economic Development

<u>NAME</u>	<u>ORGANIZATION</u>	<u>ADDRESS</u>
Ervin Steele	AAM	LeCompton
Nicky Foth	KS Natural Resource Council	Topeka
Stephen Anderson	Alma Family Farmer	AAM
Mary Harper	family farmer	Healy, Ks.
Jerry Gost	Kansas Rural Center	Whiting, KS.
Jake Berger		Robinson, Ks.
FON SCHWEIDER	KS. RURAL CENTER	TOPEKA, KS.
Tex Lumb	Gov's Office	
Irving Boldridge	"FAN" (FARM ADVOCATE NETWORK)	Effingham KS
Kenneth Wallingford	Farm advocate network	Effingham, Kansas
Don Laird	GARDEN CITY CHAMBER	GARDEN CITY, KS
Bruce Zarkin	Rep.	
Mike Jensen	Ks Pork Producers Council	Marhattan
Chip Wheeler	McGill & Assoc.	Topeka
Eldon Fastep	KS state Board of Ag.	Topeka
Nick Rosen	Division of Purchases	Topeka
Yland Stevens	Edward Co. Commission	Kinsley, Ks.
Art Griggs	Dept. of Adm.	Topeka



2-4-87

Attachment 1  
2/10/87

0082 specifically so designated. The fund is not to be used for basic  
0083 research, applied research and development, technical assist-  
0084 ance or training but only for actual technology transfer except as  
0085 it is incidental to the technology transfer intended to be ben-  
0086 efitied by this section.

0087 (2) The corporation may use the Kansas technology enter-  
0088 prise technology transfer fund to carry out the purposes of this  
0089 act by awarding funds to establish new centers of technology  
0090 transfer or to increase funding to such already established cen-  
0091 ters of excellence so long as those centers are determined to be  
0092 carrying out only primarily technology transfer.

0093 (3) Awards of funds shall be made on a competitive basis and  
0094 all proposals shall be subject to external peer review on the basis  
0095 of merit which meets national standards of excellence and po-  
0096 tential for increasing the competitiveness of Kansas business.

0097 (e) The corporation shall award funding to centers of excel-  
0098 lence transfer in accordance with subsections (g) and (h).

0099 (f) In carrying out its functions under this section, the corpo-  
0100 ration is directed to create a centers of excellence committee to  
0101 assist in evaluating the establishment of new centers of excel-  
0102 lence and in evaluating increases in funding for already estab-  
0103 lished centers of excellence. The membership of the centers of  
0104 excellence committee may include both directors and staff  
0105 members of the corporation, and other persons drawn from  
0106 sources other than the corporation who meet standards similar to  
0107 those applying to the board of directors and who are recognized  
0108 by their peers for outstanding knowledge and leadership in their  
0109 fields.

0110 (g) The corporation shall award funding for new centers and  
0111 increased funding for established centers only after:

0112 (1) Developing, adopting and publishing the criteria it shall  
0113 use when evaluating centers of excellence; and

0114 [(2)] receiving the recommendation of the centers of excel-  
0115 lence committee which will review proposals for new or estab-  
0116 lished centers of excellence containing:

0117 (A) Documentation that not less than 50% of the center's [total]  
0118 funding will be matched by sources other than the corporation;

(2) developing a level of core funding for each basic research center of excellence; and

(3)

above the established level of core funding

STATE OF KANSAS



DEPARTMENT OF ADMINISTRATION

State Capitol  
Topeka 66612-1572  
(913) 296-3011

H. Edward Flentje, *Secretary*

February 10, 1987

M E M O R A N D U M

TO: House Committee on Economic Development  
FROM: Art Griggs, *AG* Assistant Secretary of Administration  
SUBJECT: House Bill 2078

The above-captioned bill provides for deviations from current statutes and regulations in the area of (1) procurements; (2) out-of-state travel; and (3) payment of travel expenses of state employees. As introduced, deviations in these three areas would be applicable only to research and development activities at state educational institutions. The Department of Administration is not unsympathetic to the concerns that this bill addresses. We are recommending that the bill be amended to broaden its application to other state agencies and activities beyond solely research and development.

Attached are proposed amendments that we are recommending in lieu of the provisions now contained in the bill.

1. Procurement procedures - K.S.A. 75-3739. Amendments in subsection (d) increase the dollar amount which can be delegated to agencies to make local purchases. This raising of the current \$2,000 limit to \$10,000 could be utilized to address not only research activities, but other areas where there is justification for such authority. There are some checks and balances through this delegation of authority approach in that the authority can be limited or withdrawn if competition is not appropriately sought when making local purchases.

Amendments to subsection (g) remove the findings and approval of the secretary of administration requirements that currently are involved before a state agency can contract with other government entities.

Attachment 2  
2/10/87

Amendments to subsection (b) liberalize the requirement to advertise bids in the Kansas Register. This requirement adds up to 17 days to the bid processing time. Mailing solicitations for sealed bids or taking telephone bids can provide appropriate competition in such cases.

2. Out-of-State Travel Approvals - K.S.A. 75-3208. The current law has been in effect since 1937 and requires the officer who appointed the head of a department to approve any out-of-state travel. For Regents institutions, the travel requests are sent to the Board of Regents' office. For most other executive branch state agencies, the requests are sent to the Governor's office. The written approval process can be very time consuming, particularly for requests coming from state agencies outside Topeka.

For the executive branch, the proposed amendments provide for travel approval by the head of the state agency or state institution, or such individual's designee; however, the officer or board that appointed the head of the agency or institution can prescribe a different approval process. Similar provisions address the judicial and legislative branches.

3. Travel Expenses of Out-of-State Employees - K.S.A. 75-3207a. Current regulations on travel expenses have limits on the amount paid for lodging and meal expenses. In general, the per day lodging maximums are as follows:

IN-STATE

Shawnee, Sedgwick, Johnson and Wyandotte Counties	\$50.00
Other Kansas Counties	40.00

OUT-OF-STATE

Designated High Cost Areas	\$85.00
District of Columbia and Borough of Manhattan, New York	98.00
Other out-of-state areas	60.00

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Meal allowances are posed on a per quarter-day rate as follows:

In-state	\$4.00
Out-of-state	4.50
Out-of-state, High Cost Areas	5.50

While the regulations attempt to provide equitable and reasonable policies, they may not adequately address every travel situation. For instance, when a conference or meeting is held in a particular lodging or convention facility, it may charge more than the maximum reimbursement rate allowed.

The amendments would permit an agency head to approve reimbursement of actual lodging expenses in excess of the current lodging expense limits.

We respectfully request that you consider the adoption of these amendments.

AHG:jDeS



PROPOSED BILL NO. \_\_\_\_\_

By

①

AN ACT concerning

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

Section 1. K.S.A. 75-3739 is hereby amended to read as follows: 75-3739. In the manner as provided in this act and rules and regulations established thereunder:

(a) All contracts for construction and repairs, and all purchases of and contracts for supplies, materials, equipment and contractual services to be acquired for state agencies shall be based on competitive bids, ~~and sales of property shall be to the highest responsible bidder, at an advertised public auction or after advertising for sealed bids in the same manner provided for purchase of property herein as may be determined by the director of purchases,~~ except that competitive bids need not be required:

(1) For contractual services ~~where~~ when, in the judgment of the director of purchases, no competition exists; or (2) ~~sales in an established market; or~~ (3) when, in the judgment of the director of purchases, chemicals and other material or equipment for use in laboratories, shops and like experimental studies by state educational institutions may be purchased to the best advantage of the state agencies are best purchased without competition, or where rates are fixed by law or ordinance; or (4) ~~for items traded in on like items; or~~ (5) (3) when, in the judgment of the director of purchases, an agency emergency requires immediate delivery of supplies, materials or equipment, or immediate performance of services; or (4) when any statute authorizes another procurement procedure.

The director of purchases shall make a detailed report at least once in each calendar quarter to the legislative coordinating council and the chairpersons of the senate and the

house of representatives committees on ways and means of all emergency purchases under subsection (a) ~~(5)~~ (3).

(b) If the amount of the purchase or sale is estimated to exceed approximately \$5,000 \$10,000, sealed bids shall be solicited by notice published once in the Kansas register not less than 10 days before the date stated therein for the opening of such bids. The director of purchases may waive this publication of notice requirement when the director determines a more timely procurement is in the best interest of the state. The director of purchases may also may designate a trade journal for such publication. The director of purchases shall also shall solicit such bids by sending notices by mail to all--active prospective bidders known--to--the--director. All bids shall be sealed when received and shall be opened in public at the hour stated in the notice.

(c) All purchases or sales estimated to exceed approximately \$2,000 \$5,000 but not more than \$5,000 \$10,000, shall be made after receipt of sealed bids following at least three days' notice posted on a public bulletin board in the office of the director of purchases or after the receipt of two or more telephone bid solicitations. The director of purchases may also solicit sealed bids by mail in such cases in like manner as provided in subsection (b).

(d) ~~All--purchases--or--sales--estimated--to--be--approximately \$2,000--or--less--may--be--made--either--upon--competitive--bids--or--in--the open--market,--in--the--discretion--of--the--director--of--purchases--but, so--far--as--practicable,--shall--be--based--on--at--least--three competitive--bids--and--recorded--as--provided--in--K.S.A.--75-3740,--and amendments--thereto,--except--that--the--director--of--purchases, With the approval of the secretary of administration, the director of purchases may delegate authority to any state agency to make small purchases or sales of less than \$2,000 \$10,000 either on the open market or under certain prescribed conditions and procedures.~~

(e) Subject to the provisions of subsection (d), contracts

and purchases shall ~~in all cases~~ be based on specifications fixed approved by the director of purchases. When deemed applicable and feasible by the director of purchases, such specifications shall include either energy efficiency standards or appropriate life cycle cost formulas, or both, for all supplies, materials, equipment and contractual services to be purchased by the state. The director of purchases may reject a contract or purchase on the basis that a product is manufactured or assembled outside the United States. No such specifications shall be fixed in a manner to effectively exclude any responsible bidder offering comparable supplies, materials, equipment or contractual services.

(f) Notwithstanding anything herein ~~to the contrary~~, all contracts with independent construction concerns for the construction, improvement, reconstruction and maintenance of the state highway system and the acquisition of rights-of-way for state highway purposes shall be advertised and let as now or hereafter provided by law.

(g) ~~Notwithstanding anything herein to the contrary and except as otherwise provided in this subsection, the director of purchases, with the approval of the secretary of administration,~~  
The director of purchases may authorize state agencies to contract for services and materials with other state agencies, or with federal agencies, political subdivisions of Kansas, agencies of other states or subdivisions thereof, or private nonprofit educational institutions, without competitive bids if: ~~(1) The obligations and duties imposed on, and the benefits and privileges to be received by, each state agency which is a proposed party to the contract does not exceed the authority and powers delegated to such state agency by the legislature, including the authority to enter into the contract;~~ ~~(2) the obligations and duties imposed on the state agency required to perform services or supply materials are within the normal scope of duties of the state agency and the competence of the state agency to perform the contracted services and to deliver the prescribed materials is demonstrated to the satisfaction of the~~

director--of--purchases;--and--(3)--the--director--of--purchases determines--that--materials--are--not--available--from--responsible sources--other--than--state--agencies--at--a--lower--cost;--in--addition--to the--requirements--of--clauses--(1)--to--(3),--inclusive,--of--this subsection,--if--a--contract--for--services--is--financed--entirely--from moneys--derived--exclusively--from--the--state--general--fund,--the director--of--purchases,--with--the--approval--of--the--secretary--of administration,--may--authorize--state--agencies--to--enter--into--such--a contract--for--services--with--other--state--agencies,--or--with--federal agencies,--political--subdivisions--of--Kansas,--agencies--of--other states--or--subdivisions--thereof,--or--private--nonprofit--educational institutions,--without--competitive--bids--only--if--the--director--of purchases--determines--that--comparable--services--are--not--reasonably available--from--responsible--sources--other--than--such--agencies--at--a lower--cost.

(h) Except as otherwise specifically provided by law, no state agency shall enter into any lease of real property without the prior approval of the secretary of administration. Such state agency shall submit to the secretary of administration such information relating to any such proposed lease as the secretary may require. The secretary of administration shall either approve, modify and approve or reject any such proposed lease.

(i) Notwithstanding---anything---in---this---section---to---the contrary,--sales--of--retired--motor--vehicles,--mowers,--graders--and other--highway--machinery--and--equipment--of--the--Kansas--highway patrol,--central--motor--pool--and--department--of--transportation--shall be--to--the--highest--responsible--bidder--at--either--an--advertised public--auction--or--by--sealed--competitive--bids--or--as--otherwise authorized--by--this--section: Sales of state personal property shall be to the highest responsible bidder. Such sales shall be conducted in accordance with procedures prescribed by the director of purchases. Nothing in this subsection shall preclude a state agency from trading in such vehicles and or equipment when authorized to do so by the director of purchases. The--motor vehicle--and--highway--equipment--sales--fee--fund--is--hereby--created

~~and shall be utilized by the director of purchases to pay all or part of the expenses of sales authorized by this subsection. Fees for such expenses shall be deducted from the proceeds received from such sales and shall be deposited in the state treasury to the credit of the motor vehicle and highway equipment sales fee fund.~~

Sec. 2. K.S.A. 75-3739 hereby repealed.

Sec. 3. This act shall take effect and be in force from and after its publication in the statute book.

**75-3208. Same; out-of-state expenses; approval.** No claim for expenses for any trip made beyond the borders of the state by any appointive state officer or employee shall be allowed unless, prior to the making of such trip, approval therefor has been given in writing by the officer who appointed the head of the department in which such officer or employee is employed.

History: L. 1937, ch. 340, § 3; April 6.

subject to the provisions of subsection (e)

paid by the state unless the trip has been approved pursuant to subsection (a), (b) or (c).

(a) Except as otherwise prescribed by a majority of the justices of the supreme court, authority to grant written approval for any such trip by an officer or employee of the judicial branch is vested in the judicial administrator or the judicial administrator's designee.

(b) The legislative coordinating council shall designate the individuals authorized to give written approval for any such trip by a legislator or an officer or employee of the legislative branch.

(c) Except as otherwise prescribed by the officer, board or commission that appointed an agency head, authority to grant written approval for any such trip by an officer or employee of the executive branch is vested in such officer's or employee's agency head or the agency head's designee.

(d) As used in this section, "agency head" means the chief administrative officer of a state agency or state institution.

(e) In cases involving such a trip by an agency head or by appointive members of a board, commission or similar body that appoints an agency head, no approval is required unless their appointing authority requires the appointing authority's approval.

**75-3207a.** Same; rates established by rules and regulations of secretary of administration; designation of high-cost cities and rates therefor; exceptions; special allowances and reimbursements; advances. (a) The secretary of administration, ~~at least annually,~~ shall establish the rates of subsistence allowance for in-state and out-of-state travel for official purposes, including travel to designated high-cost cities, and the rates so fixed shall be paid to public officers and employees who are subject to the provisions of K.S.A. 75-3207. The secretary may authorize and prescribe limitations and procedures for payment of such subsistence allowances by separate categories for reimbursement for meal expenses under a daily allowance basis and for reimbursement for lodging expenses under an actual cost incurred basis. Advances for such costs shall also be at the discretion of the secretary. Such rates, authorizations, limitations, procedures and other provisions for subsistence allowances shall be established by rules and regulations adopted in the manner prescribed by K.S.A. 75-3706.

(3)

(b) All such rates and designations shall be fixed only after consideration by the secretary of actual costs incurred in such travel, the rates allowed by the internal revenue service, and such other matters as the secretary deems pertinent.

(c) The provisions of rules and regulations adopted pursuant to the provisions of this section shall apply to all official travel on and after the effective date of such rules and regulations.

(d) Nothing in this section shall apply to the officers and employees specified in K.S.A. 75-3216 and amendments thereto.

~~(e) The rates for subsistence allowances for in-state and out-of-state official travel established by rules and regulations adopted under this section shall be the rates of subsistence allowance for the in-state and out-of-state official travel of officers and employees who are subject to this section until a different rate of subsistence allowance for in-state official travel or out-of-state official travel is established therefor by rules and regulations adopted by the secretary of administration under this section. All rules and regulations adopted by the secretary under this section shall continue to be effective until amended, revoked or nullified pursuant to law.~~

(e) Subject to policies prescribed by the officer, board or commission that appointed the agency head, the rates for lodging expense reimbursement established by the secretary for in-state and out-of-state travel by officers and employees who are subject to this section may be exceeded upon written approval by the agency head or the agency head's designee responsible for approval of travel under K.S.A. 75-3208, and any amendments thereto. In cases involving an agency head or appointive members of a board, commission or similar body that appoints an agency head, no approval is required unless their appointing authority requires the appointing authority's approval. However, in all cases the lodging reimbursement shall not exceed necessary and actual lodging expenses incurred during the official travel.

HOUSE BILL NO. \_\_\_\_\_

By Committee on Economic Development

AN ACT relating to corporations; concerning confidentiality of certain statements filed with the secretary of state.

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

Section 1. The statement of the assets, liabilities and net worth filed after December 1, 1988, of a foreign or domestic corporation organized for profit contained in the annual report required pursuant to K.S.A. 17-7503 and 17-7505, and amendments thereto, shall not be subject to public disclosure except that: (1) Such statement shall be disclosed upon proper written request of a law enforcement officer or agency of this state or of any political subdivision thereof; and (2) such statement shall be subject to disclosure if the officers of the corporation have indicated, on the form or otherwise, that they have no objection to disclosure of such statement. The secretary of state shall provide for such statement to be filed on a form separate from the remainder of the corporation's annual report.

Sec. 2. This act shall take effect and be in force from and after its publication in the statute book.