

Approved March 30, 1987
Date

MINUTES OF THE Senate COMMITTEE ON Governmental Organization

The meeting was called to order by Senator Vidricksen at
Chairperson

1:35 ~~xxx~~ p.m. on March 23, 1987 in room 531N of the Capitol.

All members were present except:

Committee staff present:

Jill Wolters - Revisor
Laura Howard - Research

Conferees appearing before the committee:

Larry Cowger - Kansas Department of Corrections
Leonard Ewell - Department of Corrections
Joan Finney - State Treasurer

The Chairman called the meeting to order and announced that the Committee would briefly hear statements from the Department of Corrections on HB 2467. This bill concerns the state surplus property program and the bill would make the transfer of the program from the Department of Administration to the Department of Corrections more complete. It would also authorize a penalty to be charged any state agency that does not dispose of surplus property through the State Surplus Property Act created by the bill and establish a new fund into which each agency would deposit money received from the sale of surplus property. Testimony in support of this bill stated that enactment of this legislation would enable KDOC to operate along the same lines as the federal program. It was pointed out that the bill will provide the needed authority for ensuring proper accountability and control of these assets. (Exhibit A) There was brief discussion and two potential problem areas were pointed out, those being on page 7 in lines 248-251, and in lines 268-271 on page 8. The Department was asked if they were sure they really wanted these sections included as written.

Attention was then turned to SB 348 which deals with the disposition of unclaimed property. A statement was made by the Chairman that this was not a personal or political vendetta but that he felt it was his duty as a Legislator to the people of Kansas and other Legislators to inform.

Senator Francisco stated that he resented the fact that the Committee was using SB 348 to kick around the only Democrat office holder of the state. He stated that they could not have a fair hearing with a Republican Legislature.

The Chairman counteracted by stating that this was not a vendetta and that they were only stating facts that had happened during the campaign.

Joan Finney then addressed the committee and stated that she had worked 20 years to get an Unclaimed Property Law passed. She stressed that she felt it had been very successful and she was not going to give it up without a fight! The Treasurer pointed out the fact that 14½ million dollars had been reported since this law had been in effect and pointed out several facts on unclaimed property. (See Exhibit B)

Arguments were heard from both sides over keeping the names of people holding unclaimed property in the computer. Senator Frey brought up the point that he felt the real heart of the matter dealt with mailing costs and campaign expenses incurred by the State Treasurer's Office. The subject of franking privileges was brought up. (Exhibit C) The Treasurer was asked about the dubs made by WIBW-TV for her office before the campaign and replied that she did not remember any direct conversations concerning this issue.

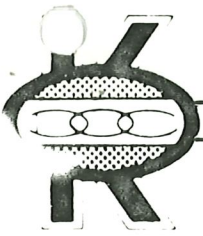
There being no more time, the meeting was adjourned by the Chairman at 2:30 p.m.

GUEST LIST

COMMITTEE: Senate Governmental Organization

DATE: March 23, 1987

NAME	ADDRESS	COMPANY/ORGANIZATION
John Anna	Topeka	Associated Press
Paul Anderson	"	BUDGET DIV
Steve Hirsch	"	State Treasurer
Sally Finney	Tucson	" " -guest
Susan Seltman	Topeka	Met. Treasurer
Juan Finney	"	"
George Martin	Treasurer	State Treasurer
Robert F. Kelley	Topeka	Dept of Corrections
Leonard H. Emell	Lansing	Dept of Corrections
LARRY Cowger	TOPEKA	KDOC.



KANSAS DEPARTMENT OF CORRECTIONS

Mike Hayden — GOVERNOR

RICHARD A. MILLS — SECRETARY

JAYHAWK TOWERS • 700 JACKSON • TOPEKA, KANSAS • 66603-3798
913-296-3317

House Bill 2467

The intent of this Bill is to provide the authority for the Department of Corrections/Kansas Correctional Industries to assume the control and disposition of all state surplus property, with the exception of the highway patrol vehicles, as prescribed in K.S.A. 74-2124 as amended. The enactment of this legislation will enable us to operate the state surplus property program along the same lines as the highly successful federal surplus property program. The objectives of the revised state surplus program are as follows:

1. To promote and achieve maximum reutilization of state surplus property, through the transfer of such property to other state agencies or political subdivisions within the state;
2. To establish minimal transfer and service fees for transferring such property; and,
3. To effectively and productively utilize inmate labor in the operation of this program.

Moreover, this Bill will provide the needed additional authority for ensuring proper accountability and control of these surplus assets.

When we appeared before you during the last session to obtain approval for transferring both the federal and the state surplus property programs from the Department of Administration to Department of Corrections, we outlined several changes that we would make in order to improve the financial stability of the federal program. These changes included a more aggressive screening of all reported surplus property and increasing the effort to market the property upon its availability. These changes were made and the results have been gratifying. I am pleased to tell you that as of the end of February, 1987, the Federal Surplus Property account had a total of \$161,000 of combined cash-on-hand and accounts receivable. In addition, several needed improvements to the facilities have been made and paid for, and we have a great deal of desirable property that has recently been received and is in the process of being marketed.

We are confident that with the enactment of this legislation we can achieve similar results in the state surplus program. There is a fairly high degree of similarity between the types of property declared surplus by the state and the federal government. However, whereas we have been screening all federal property, the mechanism has not been there insofar as screening all state surplus property. This legislation will give us that needed mechanism.

To further illustrate, let me provide to you a few statistics relating to the federal program. From July 1, 1985 through January 31, 1987, the federal surplus program transferred property with an accumulated acquisition value of nearly \$5 million. The transfer or service charges assessed for this

property was \$716,000, or approximately 6.1% of the original value of the property. Of this \$5 million, \$1.162 million was transferred to state agencies and the balance was transferred to political sub-divisions and other eligible donees. Examples of federal surplus property transferred to state agencies included vehicles to various agencies, body armor for the KBI, generators for Kansas State Penitentiary, aircraft and aircraft equipment for Kansas Technical Institute and Wichita State University, electronic equipment for Kansas University, a refuse truck for Winfield State Hospital, various heavy equipment for several agencies, and various machine tools for KDOT. Virtually every state agency was the recipient of federal surplus property during the past eighteen months. Likewise, a variety of very usable federal property was transferred during this same period to political sub-divisions.

This legislation is needed because there is also a variety of state surplus property that can and should be reutilized either within the State or by its political sub-divisions. Unfortunately, this is presently not the case insofar as certain property is concerned. For example, surplus motor vehicles and heavy equipment are generally being disposed of by sealed bid to the general public. Most of the vehicles are declared surplus when they register 80,000 miles and are pulled out of the active vehicle inventory. On the other hand, many of these vehicles can serve a useful, perhaps limited purpose for state agencies, cities and counties. As we all know, virtually all governmental entities are being adversely impacted by declining revenue and

increasing expenses. We feel strongly that these budget impacts can be softened through better reutilization of surplus property. To accomplish this, we must first do a better job of circulating surplus property lists to the state agencies and begin to promote reutilization. Secondly, we need to make these surplus assets available to the political subdivisions for their use. Enactment of this legislation will provide us with the authority to achieve these objectives.

SENATE BILL 348

FACTS ON UNCLAIMED PROPERTY

1. Basic thrust of the law is consumer legislation.
 - A. Requires advertising for public awareness.
2. Items under \$5.00 and liquor pool owners deleted from list.
3. Since enactment in 1979, \$14.5 million reported by holders of unclaimed property.
4. Kansas has one of the highest rates of return to owners of property (29% - over \$4 million to 28,000 owners).
5. Law requires publishing of and a mailing to all names with amounts of \$25.00 or more.
6. Many obvious names that appear make no claim for property even after contact.
7. State General Fund has realized nearly \$2.5 million interest earnings from unclaimed property funds since inception of the Act.
8. Record number of payments to owners this fiscal year. As of February, 1987, 862 claims paid for an average of \$200.00 each.
9. Examples of money received from other states with no cost to the program:

California	\$73,874.68
(Prudential) New Jersey	\$15,625.84

Salaries and Operating Expenses

10. General Fund Cost of the Program

<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>
\$171,769	\$155,877	\$147,351	\$148,815

11. General Fund Receipts

<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1988</u> year to dat
\$1,273,000	\$1,051,000	\$1,378,000	*\$358,000

*\$1,442,000 reported but unpaid until May remi

JOAN FINNEY

KANSAS STATE TREASURER

Unclaimed Property Division
P.O. Box 1517

Topeka, Kansas 66601
913/296-3171

CLAIM FOR UNCLAIMED PROPERTY

NAME _____	OWNER NO.
SOCIAL SECURITY # _____ (Or Bus. I.D. #)	HOLDER NO.
ADDRESS _____ _____	
TELEPHONE _____ (home) _____ (office)	

Helpful Hints for Filing Your Claim

Please do these things for us so that we can pay your claim as soon as possible:

1. Send a copy of your Social Security Card (or give us your Business I.D. #).
2. Be sure to have your signature notarized.
3. Try to answer question # 3. Tell us if you remember this property. (If you have any papers that show you are the owner of the property make us a copy)
4. If you are claiming as an heir please send us the following:
 - A. Something that shows that the original owner is dead. (death certificate, obituary, funeral program)
 - B. Something that shows who the survivors of the deceased person are. (a will or decree of descent is preferable, but an obituary would be good too)
 - C. Please answer question # 4. We need to know who else might be heirs to this property.
5. PLEASE Do Not Send Originals, There's Always A Chance That They Can Get Lost.

1. I am making a claim for \$ _____ .

2. I am claiming as:

_____ The Original Owner

_____ As An Heir (by will or intestacy)

_____ As Executor, Administrator, or Guardian

_____ Other (Please explain) _____

3. I remember something about this property. (Tell us what you remember)

4. There are other heirs: (include yourself)

Name	Relationship	Soc. Sec. #	Address
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_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

5. I swear or affirm that the information I have given is full, true, and correct. I have listed all heirs, if any. I agree to hold the State of Kansas harmless against claim of all others for property which may be paid to me on the basis of my answers to these questions. I will be responsible for making distributions to any others entitled to this property.

6. _____
Signature

7. State of _____)
County of _____) ss:

Subscribed and sworn to before me this _____ day of _____, 19____.

Notary Public

RECEIVED

K.A.R. 19-23-1(a) states in pertinent part, "Costs which relate to communications occurring forty-five (45) days after adjournment sine die of the legislature in an election year when the elected state officer is seeking office are presumed to be for the primary purpose of influencing the candidate's election."

On October 13, 1986, the State Treasurer's office made a 2,894 piece bulk mailing. The cost of this mailing was \$361.75. The mailing consisted of an "Unclaimed Property Poster" and a press release on "Kansas Funds For Kansas Farmers and Small Businesses". According to the Division of Printing, the State Treasurer's office ordered 2,500 unclaimed property posters on July 31, 1986. The total cost of the posters was \$435.15. The "Kansas Funds for Kansas Farmers and Small Businesses" press release was handled through State Central Duplicating. The State Treasurer's office ordered 5,300 copies of the press release on September 22, 1986. The total cost of the press release was \$812.08. A fixed dollar amount for State mailing expense must be ascertained and disclosed for those press releases that were mailed separately. Receipts and Expenditures Report No. 2 must be amended to reflect in-kind contributions from the State of Kansas totalling a minimum of \$1,596.98 for these mailings.

The October 1986 issue of "Demo-Gram" lists the State Treasurer's office address and telephone number as that of Joan Finney's campaign headquarters. It would appear that it is likely that the State of Kansas made an additional in-kind contribution for telephone expenses. If this assumption is correct, this omission should be corrected and a fair market value should be placed on these telephone expenses.

On August 3, 1986, WIBW made 13 dubs for the State Treasurer's office. These TV spots related to unclaimed property. The cost of these 13 dubs was \$320.00. The State Treasurer's office paid for these dubs in September. Receipts and Expenditures Report No. 2 must be amended to reflect a \$320.00 in-kind contribution from the State of Kansas for these TV dubs.

EXHIBIT C
3/23/87

Unclaimed Property

*Duck Amended
Property*

to the address that is important