

Approved May 4, 1988
Date

MINUTES OF THE SENATE COMMITTEE ON ASSESSMENT & TAXATION

The meeting was called to order by Senator Fred A. Kerr at
Chairperson

11:00 a.m./p.m. on April 6, 1988 in room 519-S of the Capitol.

All members were present except:

Senator Burke
Senator Allen

Committee staff present:

Tom Severn, Research
Chris Courtwright, Research
Don Hayward, Revisor's Office
Sue Pettet, Secretary to the Committee

Conferees appearing before the committee:

Harley Duncan, Department of Revenue

Chairman Kerr called the meeting to order and announced that the committee would be having a hearing on H.B. 3103.

HOUSE BILL 3103

Secretary Harley Duncan testified in support of H.B. 3103. (Att. 1) He stated that the bill authorizes the Department of Revenue to obtain an Automated Collection System (ACS). He explained that an ACS is a system of computer hardware and software designed to aid in managing accounts receivables and help in the collection of delinquent taxes.

He stated that the ACS will provide telephone collectors, (state employees) with such features as automatic dialing, on-line update of accounts, instructions to collectors, and information on previous contacts with the taxpayer. He stated that the IRS and 10-15 states currently using Automated Collections Systems report that the system has paid for itself in less than 24 months. Secretary Duncan said that the Kansas ACS will be funded by providing payment to the successful vendor from a portion of the proceeds collected through the system. In answer to a question, Secretary Duncan said that the estimated \$1.5 million cost should be recovered quickly.

Senator Frey moved to recommend H.B. 3103 favorably for passage. Sen. Callahan Salisbury seconded. Motion carried.

SENATE BILL 446

Senator Montgomery moved that the language regarding erosion control seeds and refunds for CRP purchases as contained in H.B. 2626 as amended by the Senate Committee be adopted. Senator Mulich seconded. Motion carried.

Chairman Kerr called a "meeting on the rail" upon Senate adjournment on 3-7-88 regarding Senate Bill 446. Senator Burke moved to recommend S.B. 446 favorably for passage as amended. Senator Karr seconded. Motion carried.

Meeting adjourned.

SUMMARY OF HOUSE BILL 3103

1. The bill authorizes the Department of Revenue to procure an Automated Collection System (ACS). An ACS is a system of computer hardware and software designed to aid in managing accounts receivables and facilitate collection of delinquent taxes. It contains accounting, account tracking and telephone collection support functions.
2. It will provide telephone collectors (state employees) with such features as automatic dialing, on-line update of accounts, instructions to collectors, complete information on accounts, previous contacts with the taxpayer and places to record current contacts.
3. The IRS and 10-15 states currently use Automated Collections Systems. (See attached summaries.) All report that the system has paid for itself in less than 24 months. Benefits cited by the states include:
 - a. Improved collections because of greater collector productivity. Productivity improvements reported range from 25 -200 percent.
 - b. Better taxpayer relations because accounts do not get lost "in the shuffle" and the collector has complete information at his/her fingertips.
 - c. Better management control of the collection process.
 - d. Better management information on accounts receivables and the effectiveness of various collection techniques.
4. The Kansas ACS will be funded by providing payment to the successful vendor from a portion of the proceeds collected through the system above a base line level of collections under current procedures. Thus the system literally will not cost the state anything because it will be paid from funds that in all likelihood would not have been collected.
5. The contract letting will be handled by the procurement negotiating committee procedure provided in current law. A report on the system will be provided to the Legislature annually.

Kansas Department of Revenue
April 6, 1988

A & T

4/6/88

Att. 1