

Approved Mar 6, 1989
Date

MINUTES OF THE HOUSE COMMITTEE ON AGRICULTURE AND SMALL BUSINESS

The meeting was called to order by Representative Susan Roenbaugh at
Chairperson

9:04 a.m./~~p.m.~~ on February 21, 1989 in room 423-S of the Capitol.

All members were present ~~except~~

Committee staff present: Norman Furse, Revisor of Statutes Office
Raney Gilliland, Legislative Research Department
Marjorie Brownlee, Committee Secretary

Conferees appearing before the committee: PROPONENT:

Representative Lawrence J. Wilbert

OPPONENT:

Bill Curtis, Assistant Executive Director,
Kansas Association of School Boards.

Chairman Susan Roenbaugh declared hearings to be open for House Bill 2270, a bill concerning the Kansas prompt payment act.

The first conferee to be acknowledged by the Chair was Representative Lawrence J. Wilbert who was in favor of the bill. (Attachment 1) According to Representative Wilbert's testimony this bill amends K.S.A. 75-6403 to accomplish two things: (1) delete the fifteen-day grace period for full payment without penalty, and (2) establishes the required payment date as the 30th day after receipt of the bill therefor. The bill also retains the authority for the government agency and the vendor to fix a different required payment date or to make other provisions for payment.

Bill Curtis, Assistant Executive Director, Kansas Association of School Boards, testified in opposition to the bill. (Attachment 2) The Association of School Boards believes the current law is fair to both the vendor and the school district.

Chairman Roenbaugh called for discussion. Following a brief question and answer period, the Chair announced the closing of hearings for House Bill 2270.

Committee action was called for on House Bill 2101 concerning civil liability for a worthless check. After explanation and discussion of the bill, Representative Heinemann moved that House Bill 2101 be passed. Representative Solbach seconded the motion. The motion passed.

Chairman Roenbaugh asked the Committee to consider for passage House Bill 2068. This bill also addresses civil liability for a worthless check but further takes into consideration "pre-existing" debt. After discussion, Representative Solbach moved to table the bill pending further research. Representative Hamm seconded the motion. The motion carried.

Minutes for the Committee meetings on February 14, 15, and 16, 1989, were presented to the Committee. Representative Eckert moved that the minutes be approved as submitted. Representative Jenkins seconded the motion. The motion passed.

Chairman Roenbaugh called for meeting adjournment at 9:30 a.m.

The next meeting will be on February 22, 1989, at 9:00 a.m.

Unless specifically noted, the individual remarks recorded herein have not been transcribed verbatim. Individual remarks as reported herein have not been submitted to the individuals appearing before the committee for editing or corrections.

MEMORANDUM

TO: Representative Lawrence J. Wilbert
FROM: James A. Wilson, Senior Assistant Revisor of Statutes
RE: Summary of 1989 H.B. No. 2270

This bill amends the Kansas prompt payment act. The law was originally enacted in 1984. It was amended to expand its application in 1986 when the definition of "government agency" was amended to include community colleges and libraries which serve the public. As originally enacted, this act applied only to state agencies and unified school districts.

The law requires prompt payment for goods and services "on or before the 30th calendar day after the date of receipt by the government agency of the goods and services or the date of receipt. . . of the bill therefor, whichever is later, unless other provisions for payment are agreed to in writing by the vendor and the government agency." K.S.A. 75-6403.

If payment is not made by such 30th day, the "required payment date," an interest penalty of 1.5% per month is imposed . . . ", except that no interest penalty shall be paid if full payment of the amount due. . . is made on or before the 15th calendar day after the required payment date. . . ." K.S.A. 75-6403. This provision of current law in effect creates a fifteen-day grace period, during which payment in full avoids any interest penalty.

This bill amends K.S.A. 75-6403 to accomplish two basic policy changes:

(1) The bill deletes the fifteen-day grace period for full payment without penalty by all government agencies after the "required payment date" (lines 63 through 66 and 75 through 78); and

(2) the bill establishes the required payment date as the 30th day after receipt by the government agency of the bill therefor (lines 32 and 33 and 35 through 38), without delaying the required payment date until the 30th day after "all such goods and services are completely delivered and finally accepted by the government agency." K.S.A. 75-6403.

The bill retains the authority for the government agency and the vendor to fix a different required payment date or to make other provisions for payment by agreeing thereto in writing. (Lines 33 through 35).

AG & SB
02-21-89

KANSAS
ASSOCIATION



OF
SCHOOL
BOARDS



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Testimony on HB 2270
before the
House Agriculture and Small Business Committee

by

Bill Curtis, Assistant Executive Director
Kansas Association of School Boards

February 21, 1989

Madam Chairman and members of the Committee, we appreciate the opportunity to testify today on behalf of the 301 members of the Kansas Association of School Boards. KASB opposes HB 2270. HB 2270 makes significant changes in the prompt payment act, passed by the 1984 Session of the Kansas Legislature.

During the original discussions on the prompt payment act, KASB insisted upon two important points. The first was to start the "clock" only after receipt of the goods or services. It would seem to us that it is simply good business practice to delay payment until after the receipt of the goods or services. Second, KASB sought recognition of the fact that school boards only meet once a month and the 30 day limit may not be long enough. HB 2270 would strike both of those provisions in the current law.

KASB believes the current law is fair to both the vendor and the school district. We see no need to give an undue advantage to the vendor. Thank you for your attention and we urge the committee not to pass HB 2270.

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ATTACHMENT 2