

Approved 3-13-89
Date

MINUTES OF THE SENATE COMMITTEE ON GOVERNMENTAL ORGANIZATION

The meeting was called to order by Senator Lana Oleen at
Chairperson

1:30 ~~xxx~~/p.m. on February 21, 1989 in room 531-N of the Capitol.

All members were present except: Senator Doyen - Excused
Senator Vidricksen - Absent

Committee staff present: Julian Efird - Research
Jill Wolters - Revisor
Nancy Jones - Secretary

Conferees appearing before the committee: Mary Beth Green - Post Audit
Jim Parker - Bureau of Resource Management

Chairman Oleen asked committee members to direct their attention to the Audit Report on Delinquent Tax Collection Process.

Mary Beth Green presented a review of the Post Audit Report stating approximately \$238 million, to include corporate taxes, is shown as being owed the state in the fall of 1988 in uncollected taxes. More consistent and aggressive procedures are being initiated by the Department for collection, but records indicate lack of followup. In addition, ineffective bonding practices have been identified. There is a continuing problem with delinquent taxes which remain uncollected for a longer period of time. The longer there is no activity on uncollected tax accounts, the less likely the Department collects on them, so they are written off in seven years. Losses from this type of procedure could not be estimated. It is recommended that a system be developed that would record actual length of time accounts have been delinquent, and to write off accounts when they become totally uncollectable, such as in different chapters of bankruptcy. Changes initiated and procedures followed by the Department of Revenue were outlined. Collection procedures could be improved by the agency through changes in state law. Enhancement of collection procedures by automation is to be implemented by the department. It is recommended a private collection agency be employed for collection attempts as it would be more economical. It is recommended that the Division of Collections adhere to established procedures to improve proficiency. Committee members had questions regarding the write off policy of seven years, revenues lost with present procedures, tax warrants not filed and use of garnishment for collection. It is felt bonding procedures need immediate attention by the Department. Secretary Rolfs further stated the Post Audit report is extremely helpful to the agency in eradication of problems and giving an early response to existing problems.

Jim Parker testified in support of SB 205 stating the optic disc is an emerging technology important in preventing loss of accounts and information. It was further stated that oversight of the system by the Bureau is vital but standards must be set for agencies employing the system. Complete compatibility of the optic disc and micro computer systems is not feasible due to technological costs. Total dependence on the optic disc for permanent records is possible with development of longevity replacements as needed.

Motion was made by Senator Francisco to recommend favorably as amended HB 2048; seconded by Senator Strick. Motion carried.

Chairman Oleen offered an amendment to SB 204 regarding term of office for members of the Employee Awards Board for consideration by the committee.
(Attachment 1)

Motion was made by Senator Francisco to amend SB 204; seconded by Senator Strick. No action was taken.

Motion was made by Senator Bogina to recommend favorably SB 205; seconded by Senator Francisco. Motion carried. Meeting adjourned.

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.

GUEST LIST

COMMITTEE: SENATE GOVERNMENTAL ORGANIZATION

DATE 2/21/89

| NAME | COMPANY / ORGANIZATION | ADDRESS |
|----------------------------|------------------------|------------------|
| James H. Parker | DISC | LSOB-7th floor |
| Sam P. Phillips | KDHE | 2504 - 1st floor |
| Jan Harvey | Close-Up Kansas | Junction City |
| Angela Welch | Close-Up Kansas | Junction City |
| Phyllis Cho | " " | " |
| Ed Roy | KDOR | H |
| Susan Kluff | DOR | SSOB |
| Mary Beth Green | Leg Post Audit | Junction |

SENATE BILL No. 204

By Committee on Governmental Organization

2-8

S.G.O.
2-21-89
ATTACH-1

15 AN ACT concerning the employee suggestion award program; re-
16 lating to cash awards; amending K.S.A. 1988 Supp. 75-37,110 and ~~75-37,107~~
17 repealing the existing ~~section~~ sections
18

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

20 Section 1. K.S.A. 1988 Supp. 75-37,110 is hereby amended to
21 read as follows: 75-37,110. (a) Subject to criteria approved by the
22 board, the payment of cash awards to state employees and immediate
23 supervisors for meritorious suggestions and accomplishments may be
24 made: (1) From appropriations made therefor, or (2) by the state
25 agency employing the employee or by a state agency which has
26 expenditures reduced as a result of the suggestion or accomplishment
27 of the employee, from money appropriated for such state agency and
28 available for operating expenditures or salaries and wages or from
29 money appropriated in any item of appropriation from which ex-
30 penditures are so reduced.

31 (b) The maximum net cash award made to a state employee for
32 a suggestion shall be limited to 10% of the first year's estimated
33 savings, or \$5,000, whichever is less, except that cash awards ap-
34 proved for suggestions that have a first year's estimated savings of
35 less than \$250 shall be \$25.

36 (c) On the first day of each regular session of the legislature the
37 secretary of administration shall report to each member of the leg-
38 islative coordinating council the amount and the purposes for which
39 all awards granted during the preceding calendar year were made.

40 ~~Sec. 2.~~ K.S.A. 1988 Supp. 75-37,110 ~~is~~ hereby repealed. and 75-37,107 are

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

Sec. 2. K.S.A. 1988 Supp. 75-37,107 is hereby amended to read as follows: 75-37,107. (a) There is hereby established within the department of administration an employee award board which shall be composed of three persons who are in the classified service under the Kansas civil service act named by the secretary of administration and two persons named by the chairperson of the legislative coordinating council.

(b) On July 1, 1989, the two persons named by the chairperson of the legislative coordinating council shall be appointed for terms of three years and the three persons who are named by the secretary of administration shall be appointed for terms of four years. Upon the expiration of the term of office of any member, a successor shall be appointed for a term of four years. Each person shall hold office for the term of appointment until the successor is appointed.