

Approved _____

MAR 25 1991

Date _____

MINUTES OF THE House COMMITTEE ON Governmental Organization

The meeting was called to order by Rep. Gary Blumenthal at _____
Chairperson

9:00 a.m. on March 7, 1991 in room 522-S of the Capitol.

All members were present except:

Committee staff present:

Carolyn Rampey, Research Dept.
Avix Swartzman, Revisor of Statutes
Nita Shively, Committee Secretary

Conferees appearing before the committee:

Rep. Kerry Patrick
Senator Don Sallee
Rep. Elaine Wells
Rep. Keith Roe
Rep. Kent Glasscock

Chair called meeting to order and welcomed American Government students from Marion to the G.O. committee.

HB 2473 - AN ACT abolishing the office of legislative counsel; amending K.S.A. 46-1222 and repealing the existing section; also repealing K.S.A. 46-1223 and 46-1224.

Rep. Patrick testified in support of HB 2473, stating that this bill is a follow-through of the Appropriations subcommittee recommendation to abolish this position, which is currently vacant. His other arguments are that the LCC has withdrawn funding and the Supreme Court has ruled that the legislative counsel cannot represent the legislature in any reapportionment matter in court, merely give advise.

HEARING CLOSED ON HB 2473

HB 2277 - AN ACT relating to public officers and employees; requiring certain officers and employees to receive a tax clearance concerning the payment of state income taxes as a condition precedent to assuming the duties of such public office or employment.

Chair recognized Sen. Sallee who testified in support of HB 2277. He spoke of the image problem that confronts legislators and his belief that this bill would be a helpful remedy. He also stated that the bill deals mainly with perception; he has no personal knowledge of any wrong doing.

Rep. Wells testified and furnished written testimony in support of HB 2277, (Attachment 1). She emphasized that the passage of this bill would assure the public that elected officials and state employees are in compliance with the law by filing their tax forms. She mentioned the small fiscal note in comparison to the advantages that would be realized.

Rep. Roe testified and furnished written testimony in support of HB 2277, (Attachment 2). He advised that this proposed legislation has been a long-standing practice at the Dept. of Revenue and feels that it would be in the best interest of the legislature to follow their example. He agreed there might be a small problem with some of the wording in this bill, especially the word clearance.

Rep. Glasscock testified in support of HB 2277, stating that honesty in government is a vital issue with the public today; he feels this legislation would improve trust in elected officials.

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Governmental Organization,
room 522-S, Statehouse, at 9:00 a.m./~~p.m.~~ on March 7, 1991

All conferees answered questions following their testimony. Mr. Steve Stotts, from the Dept. of Revenue, also answered questions from the committee.

HEARING CLOSED ON HB 2277

HB 2439 - AN ACT concerning the citizens' utility ratepayers board increasing the membership thereof; relating to budgeting, management and finance of operation.

Rep. McClure made a motion to pass HB 2439 favorably, motion seconded by Rep. Bishop. Brief discussion followed. Motion carried.

HB 2080 - AN ACT concerning the Kansas sunset law; continuing in existence the department of transportation and the office of secretary of transportation.

Rep. Hamilton moved for adoption of subcommittee report that was submitted on March 5th, seconded by Rep. Weimer, discussion followed. The question of the minority report, submitted by Rep. Bishop, was deliberated, (Attachment 3). The decision was reached to file it as an attachment to the subcommittee report. Motion carried.

Motion to amend HB 2080, line 18; to extend KDOT for 5 years, until 1996, made by Rep. Hamilton, seconded by Rep. Lawrence, motion carried.

On the bill as a whole, Rep. Lawrence moved to pass HB 2080 favorably as amended, seconded by Rep. Hamilton, motion carried.

HB 2472 - AN ACT relating to the Kansas emergency planning and community right-to-know act.

Rep. McClure reported that his subcommittee recommends passage of HB 2472 with a few technical changes. Rep. Brown distributed a sheet describing the proposed changes (Attachment 4). Motion to amend HB 2472 was made by Rep. Brown, seconded by Rep. Bishop, motion carried.

On the bill as a whole, motion by Rep. Brown to pass HB 2472 favorably as amended, seconded by Rep. Weimer, motion carried.

HB 2473 - AN ACT abolishing the office of legislative counsel.

Motion to pass HB 2473 favorably was made by Rep. Benlon, seconded by Rep. Bishop, motion carried.

Chair asked for subcommittee report on HB 2182. Rep. Lahti advised that the subcommittee recommended this bill be considered for interim study.

Meeting adjourned at 10.20 a.m.



TOPEKA

HOUSE OF
REPRESENTATIVES

ELAINE L. WELLS
 REPRESENTATIVE, FIFTY-NINTH DISTRICT
 OSAGE AND NORTH LYON COUNTIES
 R.R. 1, BOX 166
 CARBONDALE, KANSAS 66414
 913) 665-7740

COMMITTEE ASSIGNMENTS
 MEMBER ELECTIONS
 INSURANCE
 PENSIONS, INVESTMENTS AND
 BENEFITS

HOUSE GOVERNMENT ORGANIZATION COMMITTEE

MARCH 7, 1991

TESTIMONY ON

HB2277

by

REPRESENTATIVE ELAINE L. WELLS

Mr. Chairman and Committee, thank you for hearing this bill. I appreciate the opportunity to testify on it.

The concept of HB2277 is not a new one in state government. It currently is a policy used by the Kansas Department of Revenue. I can only surmise that the reason the Department implemented the policy was to assure the public that the employees who work to collect the taxes that fund the state budget are upstanding tax-paying citizens, themselves.

In brief, the legislation provides for the filing of a tax clearance request with the Department of Revenue by all elected officers under the laws of the State of Kansas to whom compensation is paid, excluding the congress, and by all nonelected officers and employees who are seeking employment with the state. The basis for the legislation is the same as that for the Department of Revenue: to, in essence, assure the public that those who are elected to public service are meeting their citizenship obligation of filing their state income tax returns.

Obviously the question has been asked, "Are there elected officers and new employees who have not filed?" Due to the confidentiality nature of who pays or does not pay their taxes, it was only brought to my attention that there is a need for the policy to be implemented.

It is natural for the public to assume that those who are elected to a public office fulfill the first duty they have, which is

g.O. 3-7-91
 Attachment 1

being law-abiding citizens. Knowing that those who serve are honest taxpayers will help ensure that government is under the guidance of leaders who honor those duties. Ethics has been at the forefront in politics and the necessity of upgrading the system was indicated in the Special Commission on Ethics this past year.

In the House Elections Committee on which I serve, Chairman Sawyer saw the necessity and introduced a proposed amendment to the Ethics Bill that is the same as HB2277 in case this committee fails to recommend it's passage. Since we are all working on a limited time frame, and the disposition of the Ethics bill is yet unknown, I strongly urge that you take action on HB2277 to pass it out favorably.

Attached to my testimony is a copy of the fiscal note from the Department of Revenue and the Legal Impact Report that the bill will have. The Secretary of Revenue's suggestions and positive encouragement stated on the second page are well worth considering.

As you can see by the fiscal note the cost will be minimal. The benefits derived from this legislation on the other hand are great, as it may generate more tax dollars to the state from those who had failed to pay their taxes, i.e. new employees or newly elected officials.

In summary, this is a very simple idea in which Kansas can become one of the leading states in setting an important example for other states to follow. Requiring elected officials and state employees to be law-abiding citizens and honest taxpayers should be a mandate considered an passed this session. In a year of anti-incumbency, as we experienced during the elections we should take necessary measures this session to rebuild the public's trust.

Again, thank you, and I will be happy to respond to any questions. Representatives from the Department of Revenue are here also to answer any questions.

*g.o. 3-7-91
attachment 1-2*

MEMORANDUM

TO: Mr. Louis Chabira, Deputy Director
Division of Budget

DATE: February 26, 1991

FROM: Kansas Department of Revenue

RE: House Bill 2277
As Introduced

BRIEF OF BILL:

House Bill 2277, as introduced, is new legislation providing for the filing of a tax clearance request with the Department of Revenue by certain individuals. All officers elected under the laws of the State of Kansas, with the exception of the members of the congress of the United States and all non-elected officers and employees of the State of Kansas to whom compensation is paid are covered by the legislation. The exact form and contents of the request are also stipulated.

The effective date of this bill would be July 1, 1991.

FISCAL IMPACT:

Passage of this bill would not affect State revenues.

ADMINISTRATIVE IMPACT:

In Fiscal Year 1990 there were approximately 13,000 appointments to positions in the State of Kansas government. The Kansas League of Municipalities reports that there are approximately 4,000 taxing subdivisions in the State with an average of 5 elective positions per unit for a total of roughly 20,000. The Kansas Association of School Boards reports approximately 2,100 school board positions state-wide; and the Kansas Association of Counties reports approximately 750 elective positions at the county level. If it is assumed that the 13,000 state employees appointed in FY 90 is representative of an average year, the Department will start with a base of 13,000 and build upward dependent upon which elections for which offices are held in a particular year.

The Income and Inheritance Tax Bureau is responsible for processing the tax clearances and, because of the confidential nature of the information, only a select few individuals would be working on the project. It is felt that the bureau could handle the additional work without additional personnel. However, Macintosh computers would be needed to allow the employees performing the clearance checks the ability to transmit the tax clearance directly to the appropriate authority. Without the additional equipment, an additional Tax Examiner II would be required at a yearly cost of \$22,450.

The equipment needed would be: 4 Microcomputer Systems @ \$2,200 and 1 Laser printer @ \$4,760 for a total of \$13,560.

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attachment 1-3*

LEGAL IMPACT:

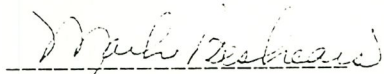
Section 2 provides that the provisions of this bill apply only to appointees or employees to whom compensation is paid. Consideration should be given to extending the provisions of this bill to the many persons who serve on state boards and commissions without compensation.

The provisions of this bill are limited to compliance with individual income tax filing requirements. Consideration should be given to extending the tax clearance requirements to other taxes enforced and administered by the Department of Revenue such as sales tax, withholding tax or corporate income tax.

There is the possibility that the provisions of this bill could conflict with other provisions of law regarding the election and qualification of candidates for public office. Careful analysis would be required to determine whether enactment of this bill would violate any existing constitutional or statutory provision.

Finally, the bill contains no objective criteria for the Director of Taxation to use in determining whether to approve or disapprove a tax clearance request. This should be addressed in further detail.

APPROVED BY:



Mark Beshears
Secretary of Revenue

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attachment 1-4

TO: House Governmental Organization Committee
FROM: Representative Keith Roe
DATE: March 7, 1991

RE: House Bill 2277

1. House Bill 2277 would require people seeking a job with the state of Kansas to have filed a state income tax return

- (a) existing policy of the Department of Revenue
- (b) policy in many other states

2. Not an audit- policy would simply insure job seekers have filed a state income tax return in recent years, each individual may or may not have actually paid tax

3. Would apply to Kansas Legislators and local elected officials; proposal was considered by Ethics Commission in 1990

4. Rationale: Any Kansan receiving state salary or payment should have this simple obligation of citizenship; should boost confidence of people in government and increase credibility of state employees

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Attachment 2

THOMAS A. BISHOP
"TOM"

REPRESENTATIVE, 91ST DISTRICT
SEDGWICK COUNTY
1500 W. 32ND N.
WICHITA, KANSAS 67204



TOPEKA

HOUSE OF
REPRESENTATIVES

COMMITTEE ASSIGNMENTS
MEMBER: ECONOMIC DEVELOPMENT
GOVERNMENTAL ORGANIZATION
PUBLIC HEALTH AND WELFARE
ADVISORY COUNCIL ON AGING

To: Members of Committee on Governmental Organization
From: Representative Tom Bishop
RE: Minority Report KDOT Sunset Subcommittee
Date: March 7, 1991

This minority report addresses how the Kansas Department of Transportation issues bonds to finance highway projects.

ISSUE #1

There is currently no regulation under statute governing how KDOT determines firms selected for bond counsel, underwriting, or trustee services and the costs they pay for those services. Total responsibility rests with the Secretary of Transportation.

There are no written procedures or policies for obtaining the services required for the issuance of these bonds.

RECOMMENDATION #1

That written procedures be developed for obtaining the services required for issuing highway bonds.

ISSUE #2

Most states use some provision for competitive proposals for services relating to the issuing of bonds.

Kansas Development Finance Authority (K DFA) has an administrative policy to issue Request for Proposals (RFPs) on projects under their jurisdiction. The attached charts reveal the ranges of bids received and the savings realized. In five relatively small issues managed by K DFA the difference between high and low bid price was \$270,916.86.

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attachment 3

Committee on Governmental Organization
KDOT Minority Report/Page 2

I feel we must ensure that taxpayers are getting the most for publicly financed projects. It appears that if competitive bids were required we could be producing more highways for the money or reducing the costs of government for us all.

If you apply the range of costs in a typical KDFA bond counsel bidding to the \$890,000,000 in highway bonds to be issued after July 1, 1991 cost could range from \$445,000 to \$3,115,000. It is possible that up to \$2,670,000 could be saved taxpayers through a formal Request for Proposal process.

RECOMMENDATION #2

That KDOT use a formal Request for Proposal process for issuing bonds.

ISSUE #3

KDOT is well equipped to build and maintain Kansas Highways. However, it appears the department has not been involved in bond issues and finance to a large extent, especially in recent years. The last bonds issued by KDOT was in 1985, and that was refinancing of a former issue.

KDFA was created by the Legislature in 1987 as the state's only multi-purpose finance authority. It was created for the primary purpose of enhancing the function of debt issuance and management, thus improving access to long term financing for state agencies, political subdivisions, public and private organizations and businesses. KDFA is a "public body politic and corporate, with corporate succession, to be an independent instrumentality of this state exercising essential public function."

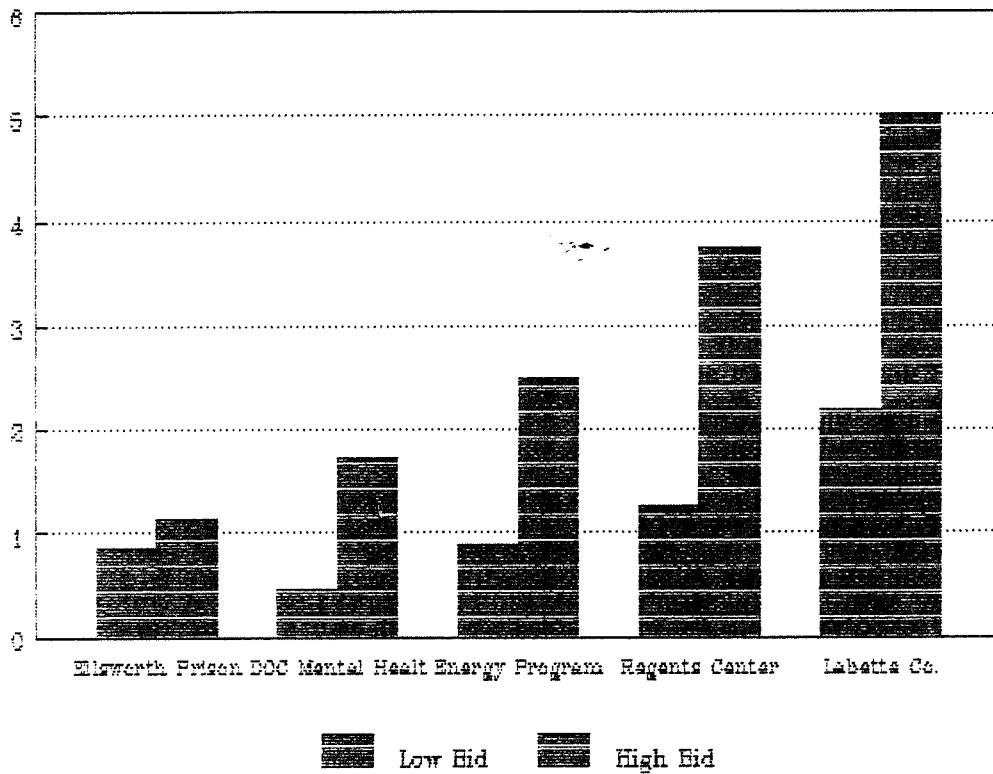
RECOMMENDATION #3

That KDOT use KDFA, the states official finance authority, for debt issuance and management of the Comprehensive Highway Program.

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Attachment 3-2*

Cost Range for Bonding Activity

Bond Counsel Fees—Cost Per \$1,000

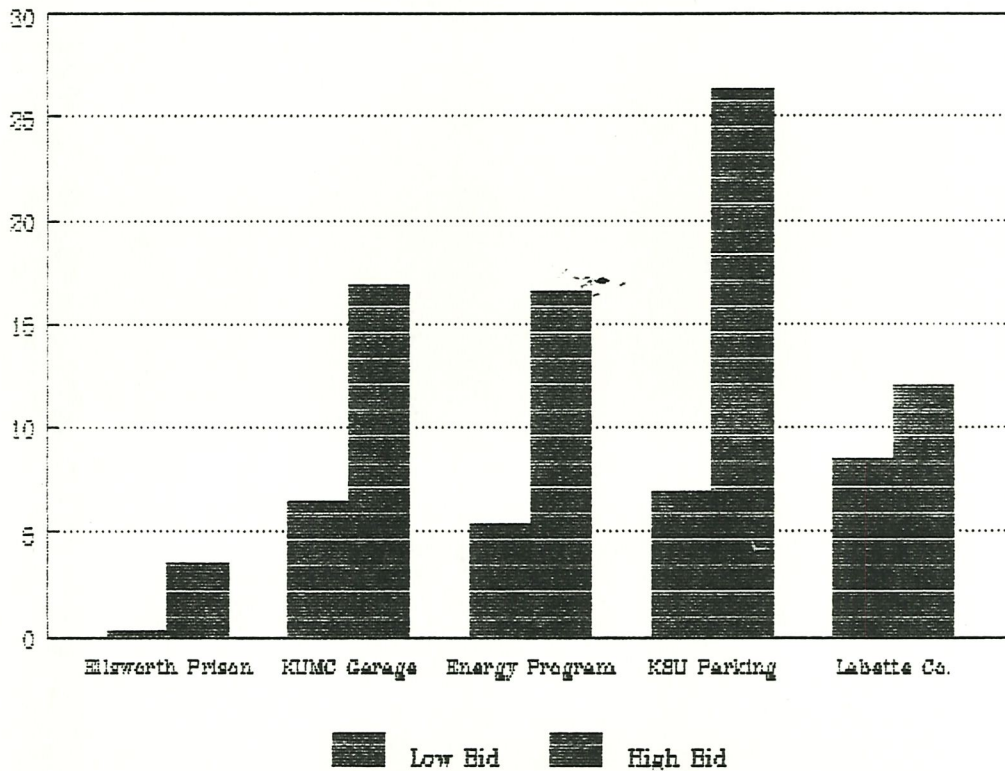


Data from representative NDPA samples

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attachment 3-3

Cost Range for Bonding Activity

Underwriting Services Fee Per \$1,000

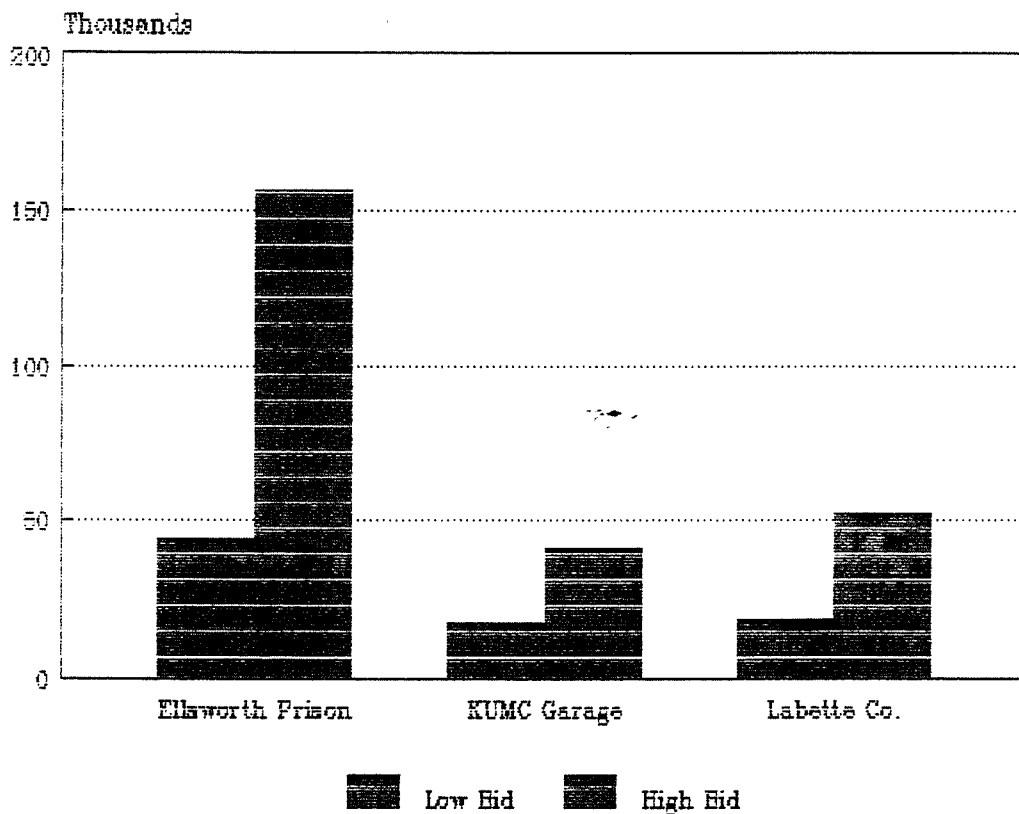


Data from representative KDFB samples

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attachment 3-4

Cost Range for Bonding Activity

Trustee Fee Quotes—Lifetime Costs

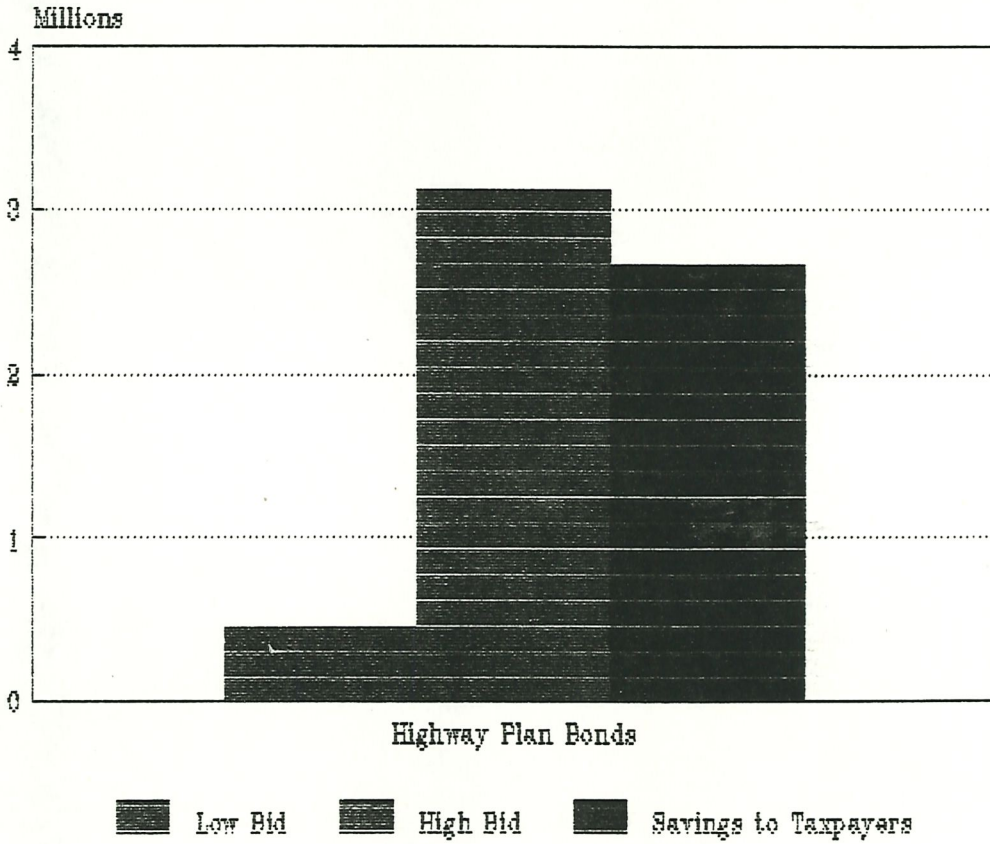


Data from representative KDFB samples

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attachment 3-5

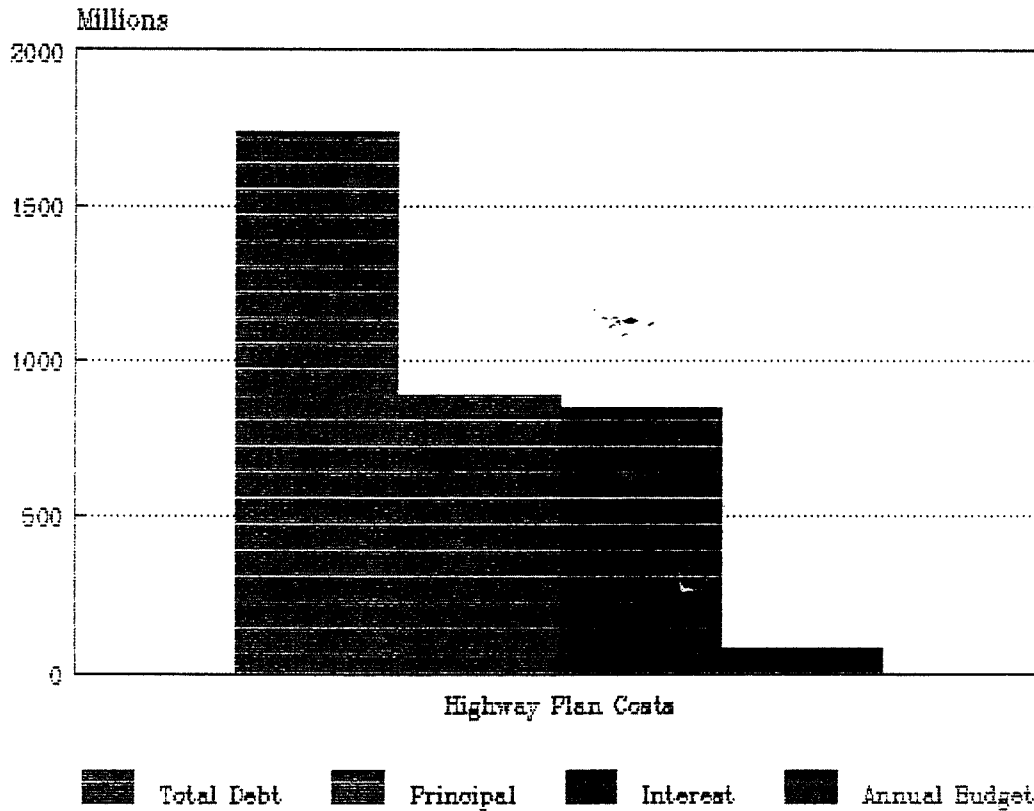
Highway Plan Bonds

Typical K DFA Cost Range & Savings



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attachment 3-6

Highway Program Debt Service Estimates



from Robert Haley, Dir. of Admin.

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attachment 3-7

Proposed Amendment to House Bill No. 2472

On page 1, in line 16, after "act", by inserting "and for the purpose of providing assistance in the coordination of state agency activities relating to: (1) Chemical emergency response training, preparedness, and response; and (2) chemical release reporting and prevention, transportation, manufacture, storage, handling, and use"; in line 40, by striking all after "shall"; by striking all of lines 41 through 43;

On page 2, by striking line 1; in line 2, by striking all before "in" and inserting "perform such duties as are specified in the federal act to be performed by such commissions and, in addition thereto, such duties as are specified in the laws of this state or as are deemed necessary and appropriate by the commission to achieving its purposes. In accordance with the requirements of the federal act, the commission shall establish local planning districts, subject to approval by the secretary of health and environment and the adjutant general, and shall appoint a local planning committee for each such district. Local planning committees shall perform such duties as are specified in the federal act to be performed by such committees, and in addition thereto, such duties as are assigned by the commission or any member of the commission, or as are deemed necessary and appropriate by each such committee to achieving its purposes. The duties of the commission and the local planning committees shall be performed"

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attachment 4