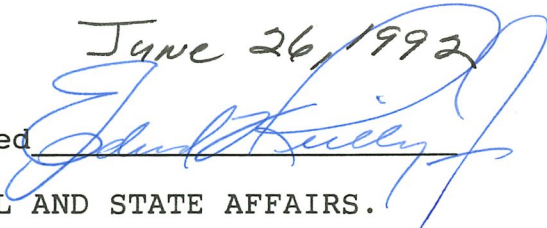


June 26, 1992

Approved



MINUTES OF THE SENATE COMMITTEE ON FEDERAL AND STATE AFFAIRS.

The meeting was called to order by Sen. Edward F. Reilly, Jr. at 11:30 a.m. on April 8, 1992 in Room 254-E of the Capitol.

All members were present except:
Sens. Bond and Ehrlich were excused

Committee staff present:
Mary Torrence, Office of Revisor of Statutes
Mary Galligan, Legislative Reserach Department
Jeanne Eudaley, Committee Secretary

Conferees appearing before the committee:
Bill Ervin, Chief, Municipal Accounting, Dept. of Admin.
Art Griggs, Chief Attorney, Dept. of Administration

Others attending: See attached list

Sen. Reilly reviewed Senate Bills 736, 740 and 741, all relating to fire safety and prevention. The committee held hearings on the three bills previously. Sen. Morris made a motion that SB 736 be reported favorably, and the motion was seconded by Sen. Vidricksen; the motion passed.

Sen. Webb moved SB 740 be passed out of committee favorably, and it was seconded by Sen. Morris. The motion passed. The committee discussed SB 741, and Sen. Morris made a motion that on Page 1, Line 14, \$10,000 be changed to \$2,500, and the motion was seconded by Sen. McClure. The motion passed. Sen. Webb moved SB 741 be passed as amended, and the motion was seconded by Sen. Ward. The motion passed, and SB 741 will be reported favorably as amended. (Committee Report - Attachment 1)

Sen. Reilly introduced Bill Ervin, who gave testimony (Attachment 2) in support of HB 3188. He explained the concept of the Setoff Program and answered questions from the committee. Art Griggs spoke briefly in support of HB 3188 and also answered questions.

The Chairman announced the committee will meet tomorrow.

Meeting adjourned at 12:05.

ATTACH. 1
Turned in
CRS741r
4-8-92
255E

REPORTS OF STANDING COMMITTEES

MR. PRESIDENT:

Your Committee on Federal and State Affairs

Recommends that Senate Bill No. 741

"AN ACT concerning the Kansas fire prevention code; relating to violations thereof; hearings; appeals; prescribing certain penalties."

Be amended:

On page 1, in line 14, by striking "\$10,000" and inserting "\$2,500";

And the bill be passed as amended.

Chairperson

Att. 1
1

Testimony of Bill Ervin, Chief, Municipal Accounting
H.B. 3188 Relating To Expansion Of Setoff Program
Senate Federal and State Affairs Committee

The Setoff Program is an office responsible for implementation of the State Debt Setoff Act (K.S.A. 75-6201 et seq.) and in doing so assists other state agencies in collecting their accounts receivable. The process by which this is done is as follows:

State agencies submit to the Setoff Program certain debtor information (name, social security number, debt amount and debt description) which information is then entered into the computer "debtor file." On a regular basis computer tapes of the debtor file are matched against payments in process of state "payor" agencies (e.g. tax refunds of Department of Revenue, unemployment compensation benefit payments by Department of Human Resources). When a match is made between a debtor and a payment from the state to that debtor, the payment is suspended and the debtor is sent a notice that the setoff program intends to apply the suspended money to the debt. The debtor is also advised that if he or she disputes the validity of the debt a due process hearing can be requested before a hearing officer appointed by the Secretary of Administration. If no hearing is requested the money is transferred to the creditor state agency. If a hearing is requested within 15 days, the money is held until resolution by the hearing officer.

During FY 91 the Setoff Program had gross collections of \$4,955,124, representing a growth in collections of 20.7% over that collected in FY 90. For the first seven months of FY 92 the Setoff Program has gross collections of \$2,207,801, representing a 23.2% growth over gross collections of the first seven months of FY 91.

We believe the benefits of this successful collection program should be extended to other units of government, limited, however, to collection of real and personal property tax debts, student loans, and debts which have been reduced to a civil judgment. House Bill No. 3188 would allow municipalities to participate in the program to this extent.

This bill also incorporates the Department of Revenue's initiative on reciprocal collection efforts of income tax debts with other states.

Thank you for the opportunity to appear before you today. I appreciate your consideration of House Bill No. 3188.

Attachments

4694L

SETOFF PROGRAM
SUMMARY OF COLLECTIONS (SETOFF AND WRITE OFF) BY AGENCY
FY 1989 - FY 1991

AGENCY NAME	FY 1989	FY 1990	FY 1991
ATTORNEY GENERAL	\$ 0	171	0
BOARD OF REGENTS	0	0	111
COMMISSION ON VETERANS AFFAIRS	0	0	133
DEPARTMENT OF ADMINISTRATION	25	369	1,439
DEPARTMENT OF HUMAN RESOURCES	445,444	501,145	382,955
DEPARTMENT OF REVENUE	19,089	72,573	67,047
DEPARTMENT OF TRANSPORTATION	0	0	180
EMPORIA STATE UNIVERSITY	21,091	32,909	26,803
FORT HAYS STATE UNIVERSITY	16,119	10,106	16,911
GRAIN INSPECTION DEPARTMENT	0	65	1,324
HEALTH AND ENVIRONMENT	0	6	0
HIGHWAY PATROL	0	0	80
INSURANCE DEPARTMENT	30	0	42
JUDICIAL BRANCH	0	0	1,581
KANSAS DEVELOPMENT FINANCE AUTHORITY	0	0	568
KANSAS SOLDIERS HOME	0	233	0
KANSAS STATE UNIVERSITY	15,789	27,319	29,066
KANSAS COLLEGE OF TECHNOLOGY	237	663	841
KANSAS NEUROLOGICAL INSTITUTE	1,317	1,128	2,197
KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM	362	306	0
KANSAS UNIVERSITY MEDICAL CENTER	541,446	606,290	697,265
LARNED STATE HOSPITAL	510	1,453	7,642
OSAWATOMIE STATE HOSPITAL	25,392	22,439	22,113
PARSONS STATE HOSPITAL	283	192	969
PITTSBURG STATE UNIVERSITY	28,701	23,947	19,127
RAINBOW MENTAL HEALTH FACILITY	2,724	6,139	4,739
SCHOOL FOR THE DEAF	0	17	0
SOCIAL AND REHABILITATION SERVICES	1,809,050	2,721,791	3,602,156
TOPEKA STATE HOSPITAL	10,350	12,505	13,089
UNIVERSITY OF KANSAS	32,118	40,628	42,843
WICHITA STATE UNIVERSITY	23,986	19,967	13,903
WILDLIFE AND PARKS	6	735	0
WINFIELD STATE HOSPITAL	0	430	0
TOTAL	\$ 2,994,069	4,104,026	4,955,124

The following write off collections are included in the above amounts:

DEPARTMENT OF REVENUE	\$ 2,772	3,468	8,695
KANSAS STATE UNIVERSITY	3,397	10,633	8,838
KANSAS UNIVERSITY MEDICAL CENTER	217,415	238,775	260,150
UNIVERSITY OF KANSAS	6,162	11,747	7,114
OTHER AGENCIES	7,824	8,726	10,379
TOTAL	\$ 237,570	273,349	295,176

Att. 2
2

**SETOFF PROGRAM
SOURCES OF COLLECTIONS
FY 1989 - FY 1991**

<u>SOURCES OF COLLECTIONS</u>	<u>FY 1989</u>	<u>FY 1990</u>	<u>FY 1991</u>
STATE EMPLOYEE PAYROLL	\$ 96,711	108,779	97,859
STATE TAX REFUNDS	1,362,966	1,864,786	1,728,980
OTHER STATE PAYMENTS(A)	216,600	265,193	252,866
DIRECT PAYMENTS(B)	118,692	108,118	122,158
UNEMPLOYMENT INSURANCE(C)	955,200	1,470,808	2,460,213
UNCLAIMED PROPERTY	8,132	10,801	12,144
AGENCY COLLECTIONS(D)	235,768	275,541	244,009
KPERS(E)	0	0	37,095
TOTAL	\$ 2,994,069	4,104,026	4,955,124

- (A) These include miscellaneous vouchers that contain social security or federal employer identification numbers. Also includes Lottery prize winnings.
- (B) These are cash payments received from debtors after they are notified by the Setoff Program.
- (C) Unemployment insurance is only matched against delinquent child support debts.
- (D) When agencies receive direct payments on accounts that are in the Setoff Program and have been notified by the Division of Accounts and Reports, they are required to reimburse the Division 15 percent for its collection activities on setoff accounts and 100 percent on write off accounts.
- (E) Fiscal Year 1991 was the first year for the Setoff Program to intercept KPERS retirement and disability payments for child support debts.