

MINUTES OF THE HOUSE COMMITTEE ON GOVERNMENTAL ORGANIZATION AND ELECTIONS.

The meeting was called to order by the Chair, Carol Dawson, at 9:00 a.m. on February 9, 1995 in Room 521-S of the Capitol.

All members were present except: Rep. Herman Dillon, Excused
 Rep. Ruby Gilbert, Excused

Committee staff present: Carolyn Rampey, Legislative Research Department
 Arden Ensley, Revisor of Statutes
 Donna Lutjohann, Committee Secretary

Conferees appearing before the committee: Rep. O'Connor
 Kelly Jennings, KAPE
 Rep. Tim Carmody
 Carol Williams, Comm on Governmental Standards
 and Conduct
 Rep. Gary Haulmark
 Chris Hahn, KS Special Olympics

Others attending: See attached list

Chairman Dawson called the Committee's attention to HB 2138 regarding the Board of Technical Professions and relating to land surveyors continuing education. Rep. Benlon made a motion to amend the bill to include license renewal "or reinstatement" to line 39 of the bill. It was seconded by Rep. Horst. The motion to amend carried. Rep. Benlon made a motion to favorably pass the bill as amended. It was seconded by Rep. Chronister. The motion carried.

The Chairman called the committee's attention to HB 2103 regarding waiver of filing fees for members of citizen participation organizations. Rep. Chronister made a motion to accept the proposed amendment to the bill and favorably pass it out of Committee. It was seconded by Rep. Haley. The motion carried.

Chairman Dawson opened the public hearing on HB 2129 regarding state officials using postage for personal use.

Rep. O'Connor was recognized by the Chairman as the author of the bill. She testified that the words "personal use" would be more legally defined with the passage of this legislation. See Attachment 1.

Chairman Dawson recognized Kelly Jennings as a proponent of the bill. She testified that the bill seeks to further define the misuse of state postage. See Attachment 2.

The Chairman closed the public hearing on HB 2129.

Chairman Dawson opened the public hearing on HB 2148 regarding requirements that would mandate a candidate to open an interest bearing account for their campaign contributions.

Rep. Carmody was recognized by the Chairman as the author of the bill. He testified that a 3% increase in revenue could be seen if all candidates used an interest bearing account. See Attachment 3.

The Chairman recognized Carol Williams. She explained to the Committee that some candidates worked strictly with cash during an election and that it made it difficult to monitor their accounts.

Chairman Dawson closed the public hearing on HB 2148.

The Chairman opened the public hearing on HB 2168 regarding state employees being able to make contributions to Kansas charities through payroll deduction.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON GOVERNMENTAL ORGANIZATION AND ELECTIONS, Room 521-S Statehouse, at 9:00 a.m. on February 9, 1995.

Rep. Haulmark was recognized by the Chairman as the author of the bill. He testified that this would enable Kansas state employees to decide where their charitable dollars go. See Attachment 4.

Chris Hahn was recognized by the Chairman as a proponent of the bill. He testified that this method of funding for charities such as his, would enable the organizations to more easily maintain the direct services needed. See Attachment 5.

Chairman Dawson recognized Kelly Jennings as a proponent of the bill. She testified that this legislation would encourage more employees to contribute to charitable organizations. See Attachment 6.

Chairman Dawson closed the public hearing on HB 2168.

The Chair adjourned the meeting at 10:16 a.m.

The next meeting is scheduled for Tuesday, February 14, 1995, at 9:00 a.m. in Room 521-S of the Capitol.

STATE OF KANSAS

KAY O'CONNOR
REPRESENTATIVE, DISTRICT 14

TOPEKA ADDRESS:
STATE CAPITOL—303-N
TOPEKA, KANSAS 66612-1504
(913) 296-7649


OLATHE ADDRESS:
1101 N. CURTIS
OLATHE, KS 66061
(913) 764-7935



TOPEKA

HOUSE OF
REPRESENTATIVES

COMMITTEE ASSIGNMENTS
MEMBER: GOVERNMENTAL ORGANIZATION &
ELECTIONS
PUBLIC HEALTH & WELFARE
TOPEKA HOTLINE
DURING SESSION • 1-800-432-3924

TO: Governmental Organization and Elections
FROM: Representative Kay O'Connor 
DATE: February 8, 1995
SUBJECT: HB 2129

Madam Chair and Committee Members:

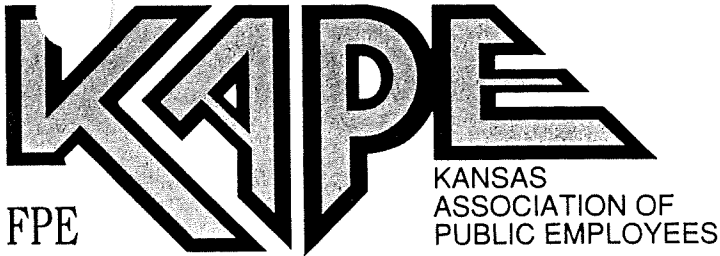
HB 2129 is a bill requested by the former Attorney General, Bob Stephan. It came to our attention that a state official was apparently using State postage for personal use. This person, when notified, reimbursed the State. However, due to the fact that Kansas statutes are not clear enough for a successful prosecution, HB 2129 is needed.

With the assistance of the Attorney General and Representative Vince Snowbarger and others, this bill was drafted using some of the language of federal law and should indeed make "personal use" more legally defined and thereby enhancing the chances of successful prosecution.

I will stand for questions at the will of the committed.

KOC/mlld

HOUSE GOVERNMENTAL ORGANIZATION
AND ELECTIONS
February 9, 1995
Attachment 1



1300 South Topeka Avenue Topeka, Kansas 66612 913-235-0262 Fax 913-235-3920

TESTIMONY OF
KELLY JENNINGS
REPRESENTING
KANSAS ASSOCIATION OF PUBLIC EMPLOYEES
IN SUPPORT OF
H.B. 2129

Distinguished members of the committee, good morning. My name is Kelly Jennings, I appear before you this morning in behalf of the Kansas Association of Public Employees, to speak in favor of House Bill 2129.

H.B. 2129 seeks to further define the misuse of state postage. KAPE supports this amendment to the statute clearly defining the misuse of state postage.

KAPE is aware that some employees in the past have unknowingly misused state postage. This is not a practice KAPE condones. Members of KAPE are warned against the misuse of state property of any kind, including state postage, for personal use.

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Attachment 2

Affiliated with the Federation of Public Employees / AFT / AFL-CIO



Passage of H.B. 2129 would clearly define proper usage of state postage and aid in eliminating misuse. Therefore, it is our position that H. B. 2129 is a positive step and as such should be given favorable consideration.

TIM CARMODY
 REPRESENTATIVE, SIXTEENTH DISTRICT
 10710 W. 102ND STREET
 OVERLAND PARK, KS 66214

ROOM 175-W
 STATE CAPITOL
 TOPEKA, KANSAS 66612-1504
 (913) 296-7695



TOPEKA

HOUSE OF
 REPRESENTATIVES
 February 9, 1995

COMMITTEE ASSIGNMENTS
 VICE-CHAIR: APPROPRIATIONS

Testimony in
Support of HB 2148
by Rep. Tim Carmody

The idea behind this bill is not an original one. It is already in effect and being used in a program called Interest On Lawyer Trust Accounts, a program instituted by Kansas Supreme Court rule for attorneys in the State of Kansas and a program that is required for attorneys in Missouri. IOLTA, as that program is known, requires lawyers to keep their clients' money in an interest bearing account and the interest is paid regularly by the bank to the Kansas Bar Foundation. The Kansas Bar Foundation conducts public information programs on the role of law in our society. IOLTA is an encouraging precedent on the bill before you already because it has resolved many of the issues concerning the participation of financial institutions and how interest is remitted. As I understand from the Bar Foundation people, since the interest is not under the control of the taxpayer-lawyer, it is not reported to the IRS as taxable income to that lawyer. This is one aspect that stirred my interest in proposing a similar program for campaign accounts.

I have conducted an informal survey of legislative and local candidates and I have found that most candidates do not keep their campaign funds in an interest bearing account for the reason that the paper work and tax implications are simply not worth the trouble. For instance, some candidates who do put their campaign accounts in an interest bearing account, then report the interest on their Form 1040 each year and pay the additional tax from their own funds. A variation of this is that the candidate pays the tax but then reimburses him or herself from their campaign account for the tax attributable to the interest on the campaign account. This practice has been approved by the Kansas Commission on Governmental Standards and Ethics. However, most candidates, myself

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included, simply do not want the time and hassle of doing this and it seems to me to be "a dog chasing its tail" situation when we receive campaign contributions, earn interest on those contributions, pay tax on those contributions from our own funds, and then reimburse ourselves from the same campaign accounts. Would it not be easier to have the interest paid directly to a third party and not attribute the tax to the candidate at all?

Another question should be how much this program would generate and is the amount generated a significant amount? A report of the Kansas Commission on Governmental Standards and Ethics shows balances in candidates accounts. Based on the accounts at the end of December '92 and attributing an interest rate of approximately 3%, this bill should generate between \$80,000 and \$100,000. I recognize that an end of year balance is not the same as an average balance over a calendar year but it is nevertheless a reasonable starting point. I also recognize the fact that the amount generated will always be variable due to the balances in the accounts and the prevailing rate of interest. Balances can vary tremendously in a gubernatorial election year and the rate of interest can change significantly over a period of time. However, I might point out that simply a change in prevailing interest rates from 3 to 4% would generate 25% more revenue on the same amount of money.

The Kansas Commission on Governmental Standards and Ethics has consistently been in the middle of disputes over funding. These disputes are in part a fundamental dispute over the scope of jurisdiction of the commission and the wisdom of the public policy which established it. However, my feeling is that whether we agree or disagree on those points, the commission is a fact of life and if we are to have the commission exist at all it should be adequately funded in order to do its job. In the FY95 budget approximately \$73,000 is generated by lobbyist and candidate filing fees. In the Governor's recommendations for FY96 this will be about \$147,000. Interest on campaign accounts going into that same fund is a logical extension of this principle.

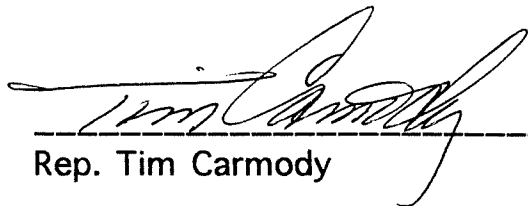
It has also come to my attention that our current law does not require candidates to keep their cash in an account, interest bearing or not. Although there are only a few of these "cash only" accounts, these accounts are difficult if not impossible to adequately monitor or audit. Therefore, this bill would also require all covered candidates to keep their

funds in a bank account and all expenses must be paid from that account, thus easing the job of the Commission.

The final issue I would like to address is the question of the administrative burden this might place upon financial institutions. A bank may recover part of its costs by charging an administrative fee for transferring these funds directly into a state fee fund. But the actual practice is now routinely used in business and commercial circles. For instance, Wal-Mart "sweeps" all local stores' accounts everyday by electronically transferring the balances to one central account.

Currently banks loan out and otherwise invest campaign accounts and I am sure that they receive the prevailing rate of interest on those loans. However, most are not paying any interest on those accounts and I simply pose the question: Is it fair to provide institutions with a source of loan money without asking something in return that would benefit the people of the state of Kansas?

I urge your support of HB 2148 and will stand for any questions.



Rep. Tim Carmody



TOPEKA

HOUSE OF
REPRESENTATIVES

GARY HAULMARK

REPRESENTATIVE, 30TH DISTRICT
JOHNSON COUNTY
8709 GALLERY
LENEXA, KANSAS 66215
(913) 894-2035

ROOM 181-W, CAPITOL BLDG.
TOPEKA, KANSAS 66612-1504
(913) 296-7640

COMMITTEE ASSIGNMENTS

APPROPRIATIONS
TAX, COMMERCE & TRANSPORTATION
SUB-COMMITTEE
BUDGET REFORM & GOVERNMENTAL IMPACT
SUB-COMMITTEE

Madame Chair and Committee Members,

Thank you for the opportunity to testify today in favor of HB 2168.

Currently state employees can have payroll deductions made to the United Way. This legislation would give state employees much more say in where their charitable dollars would go and be of benefit to Kansas charities.

The Governor would appoint a committee of 20 state employees who would designate and supervise the annual state employee charitable campaign. The committee would look at and choose from any organization that was designated a 501(c)(3) by the IRS and is registered with the Secretary of State's office.

If a charity was approved by the committee, State employees would be able to make payroll deductions to the charity of their choosing. Employees would pay a fee for making payroll deductions. The deduction plan would be established and administrated by the Director of Accounts and Reports, just as it currently is.

The Department of Administration has agreed that this is a good plan and can easily be put in place. Similar plans are currently in place in Florida, Massachusetts and Missouri. Let's join these states and allow Kansas state employees to decide where their charitable dollars will go.

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TESTIMONY

House Bill 2168
February 9, 1995

Thank you for the opportunity to appear before you today on H.B. 2168, which provides for a state employee charitable campaign in support of Kansas 501(c)(3) organizations as well as establishes a state employee charitable committee. My name is Chris Hahn, President/CEO of Kansas Special Olympics. Rather than bore you with the details about Special Olympics, I want to share a couple of little known facts about the program.

Mission - to provide a year-round sports training, education and athletic competition program for children and adults with mental retardation

- Presently 7,500 athletes representing all 105 counties
- 6,000 plus family members involved
- 1400 coaches involved in the daily training of the Special Olympians
- 20,000 volunteers utilized yearly on a state-wide basis
- 100 competitions offered with more than 125 formal training opportunities outside the daily local opportunities
- Special Olympics has recently been identified in a study by The Chronicle of Philanthropy as the Most Credible charity in America
- A recent first time medical research project substantiates the benefits and positive influence of participation in Special Olympics
- Every \$1.00 of cash provides \$3.07 of direct services

Why a charitable campaign for state employees? Today, charitable organizations are being taxed beyond their means as more and more demands are placed upon them by society. Unfortunately, greater needs exist and our ability to respond to these needs is often

based upon our financial resources. Charitable organizations are being asked to today provide services previously provided by the public schools and government. This Bill would help bridge the gap between what government should do and what government can do. A state employee charitable campaign would provide funding assistance to state-wide charitable organizations to help ensure the continuance of essential quality supplemental programs to all Kansans. Further, it affords state employees the opportunity to voluntarily contribute to a charitable organization. Many of Kansas' charitable organizations are the sole provider with the state of their direct services. As citizens, we have a responsibility to maintain and provide these direct services.

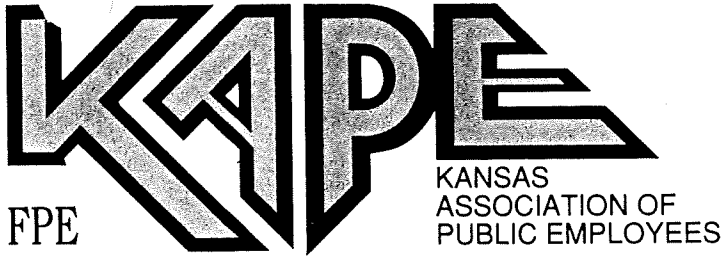
Across the United States today, there are radical reforms occurring within education that will have a direct impact upon charitable organizations and the demand for the services we provide. Without additional funding sources, the charitable organizations who will be called upon to fill the gaps, will be unable to do so. It is imperative that steps be taken today to ensure the future stability of our charitable direct services. Included among the reforms are:

- * Education is lifelong. It will not stop with high school completion.
- * Schools will become centers for a wide variety of community services (health, social, welfare, family, etc.), not just educational services.
- * More education will take place in community settings instead of within artificial school settings.

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- * The school building principal, teachers and parents will have the greatest authority in determining what goes on in the school. Gone will be the large, centralized, administration-heavy school systems.
- * Outcome-based education, or a focus on the educational outcomes to be attained by students, is replacing process-based education (length of school day/year; segregation vs integration, open vs traditional classrooms, etc.) as the measure of success.

The decision you must make is not an easy one, but I ask that prior to making your decision, you weigh, as you always do, your decision on the merits of this Bill and the impact upon the citizens of Kansas and the future of the services they will receive. I will be happy to answer any questions. Thank you.



1300 South Topeka Avenue Topeka, Kansas 66612 913-235-0262 Fax 913-235-3920

TESTIMONY OF
KELLY JENNINGS
REPRESENTING
KANSAS ASSOCIATION OF PUBLIC EMPLOYEES
IN SUPPORT OF
HOUSE BILL 2168

Distinguished members of the committee, good morning. I appreciate the opportunity to appear before you today.

House Bill 2168 will simply allow state employees the opportunity to contribute to charitable organizations by payroll deduction if they so choose.

This bill is a positive step for all parties involved. Charitable organization, state employees, and all Kansas citizens will benefit from this legislation.

By allowing payroll deduction more employees will be encouraged to contribute to charitable organizations which will ultimately benefit the entire state of Kansas.

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The cost of this bill will be borne by the charitable organizations receiving the donations. Each charitable organization receiving payroll deductions from employees will pay to the state .15 per deduction to cover the administrative costs.

Currently state employees are allowed payroll deduction for numerous organizations. United Way, Aetna, and employee organizations such as KAPE are a few examples. Since this capability exists to provide payroll deduction, would it not be in the best interest of all parties to extend the opportunity for payroll deduction to state employees for all charitable organizations.

KAPE encourages its members just as the state of Kansas encourages its employees to become active in community service. By allowing payroll deduction for charitable organizations state employees will be able to provide yet another contribution and service to the citizens of Kansas. It is therefore the opinion of KAPE that H.B. 2168 should receive favorable consideration.

I will answer any questions you may have.