

Approved: February 20, 1998  
Date

MINUTES OF THE SENATE COMMITTEE ON COMMERCE.

The meeting was called to order by Chairperson Alicia Salisbury at 8:00 a.m. on February 19, 1998 in Room 123-S of the Capitol.

Members present: Senators Salisbury, Barone, Brownlee, Donovan, Feleciano, Gooch, Jordan, Ranson, Steffes and Steineger.

Committee staff present: Lynne Holt, Legislative Research Department  
Bob Nugent, Revisor of Statutes  
Betty Bomar, Committee Secretary

Conferees appearing before the committee:  
Linda Merrill, President, CEO of Envision  
Barry Adamson, President & CEO Multi Community Diversified Services,  
McPherson County, Kansas

Others attending: See attached list

Upon motion by Senator Barone, seconded by Senator Jordan, the Minutes of the February 18, 1998 Meeting were unanimously approved.

**SB 546 - Kansas use law; creating the Kansas use commission**

Bob Nugent, Revisor of Statutes, briefed the Committee on **SB 546**, explaining it would establish a nine-member use commission, define the membership, establish an administrative fee imposed on all sales to pay for the costs of the administrative commission, define "rehabilitation facility", and establishes a stringent enforcement procedure.

Linda Merrill, President, CEO of Envision and a member of InterHab, testified in support of **SB 546**. Ms. Merrill stated there are presently eight community rehabilitation agencies participating in the state use program which are pleased with the current administration as directed by the Director of Purchases. The community agencies support the provisions of **SB 546** which would ensure fairness among the participating rehabilitation agencies, promote growth, ensure quality, target noncompliance, provide enforcement mechanism, provide best value for customers and increase awareness of the abilities of people with disabilities. (Attachment 1)

Ms. Merrill stated the present use law mandates that products and services placed in the catalogue are to be purchased by state agencies and unified school districts. The mandate is not enforceable; hence the enforcement section in the bill found on Page 8. The enforcement provision in **SB 546** is modded after use program law in another state.

Ms. Merrill stated there will be an initial cost to the state of \$94,835 for 2 full time employees. In subsequent years, the cost of the Commission will be covered by an administrative fee imposed on all sales which occur.

Barry B. Adamson, President & CEO Multi Community Diversified Service (MCDS), an organization that provides services and support to people with disabilities, testified in support of **SB 546**. Mr. Adamson stated as a part of MCDS, its work training and employment service produce wood pallets and grade stakes which are sold to local businesses and state agencies. They also own a Cartridge King dealership where toner cartridges are remanufactured for laser printers, fax machines and personal computers. (Attachment 2)

Mr. Adamson stated **SB 546** strengthens the existing state use program by establishing a Commission to oversee the pricing, establishing a mechanism to better inform agencies and school districts of the requirement to purchase items listed in the catalogue and providing for an enforcement mechanism. The enforcement provision is needed to encourage purchasers to follow the use law.

The Committee questioned the severity of the enforcement provision.

The meeting was adjourned at 9:00 a.m.

The next meeting is scheduled for February 20, 1998.





**Envision**<sup>SM</sup>

February 19, 1998

TO: Senate Commerce Committee

FROM: Linda Merrill  
President, CEO of Envision  
InterHab Member

**Thank you, Chairman Salisbury and members of the Senate Commerce Committee, for your time and willingness to hold this hearing.**

I represent two agencies. The first, my employer, Envision, a non-profit organization whose corporate office is in Wichita. Envision's mission is to enhance the personal independence of individuals whose blindness, often accompanied by other disabilities, impacts their opportunities for employment, success, and integration into community life.

Secondly, I represent InterHab, the state's largest organization of community service providers for Kansans with disabilities. InterHab is a resource network which serves its members through support, technical assistance and advocacy and, through its members, provides leadership at the local, state, and national level to support people with disabilities.

I am here today to speak in support of Senate Bill 546.

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Web Attachment # 1-1 thru 1-3

## **I. A Short History and Overview of K.S.A. 75-3317-3322**

K.S.A. 75-3317 through 3322 was originally enacted for the purpose of creating a marketplace within the state government for the goods and services manufactured and provided by community rehabilitation agencies. This statute has commonly been known as the “state use law.” The Kansas state use law is similar in some ways to the federal Javits-Wagner-O’Day (JWOD) Act passed by Congress in 1938 and still in effect today. The purpose of the two acts is the same. There are many existing and active state use laws found throughout the country.

Currently, there are eight (8) community rehabilitation agencies participating in the state use program. Senate Bill 546 is the cumulative effort of these eight agencies.

## **II. Participants Objective of SB 546**

The participating agencies wish to state up front we are very pleased with the current administration of the state use program as directed by Mr. John Houlihan, Director of Purchases. However, we would like to see a few changes to the law which would ensure fairness among participating rehabilitation agencies, promote growth, ensure quality, target noncompliance, provide enforcement mechanism, provide best value for our customers, and increase awareness of the abilities of people with disabilities.

## **III. Proposed Legislation**

New Section 1.

States the new purpose of the statute. *Lines 14-23, page 1*

New Section 2.

Establishes a nine (9) member commission. *Lines 24-43, page 1*

Provides for terms of the commission. *Lines 1-12, page 2*

Provides commission appointment guidelines. *Lines 13-18, page 2*

Addresses decisions of the commission. *Lines 19-21, page 2*

Provides for frequencies of meetings *Lines 22-27, page 2*

Appoint an executive secretary *Lines 28-35, page 2*

Provides for no compensation for commissioners. *Lines 36-43, page 2*

Funding for the commission. *Lines 2-30, page 3*

Provision for central nonprofit agency (CNA) *Lines 31-39*

New Section 3.

Duties of the commission. *Lines 40-42, page 3 and lines 1-34 page 4*

Section 4. K.S.A. 75-3317

Definitions *Lines 35-39, page 4; lines 4-38, page 5*

Section 5. K.S.A. 75-3319

Duties of Kansas Use Commission regarding pricing. *Lines 39-43, page 5*

Quality requirements of products and services. *Lines 1-9, page 6*

Duties of rehabilitation agencies. *Lines 10-15, page 6*

Criteria of products and services. *Lines 16-19, page 6*

Section 6. 75-3320

List of products and services provided. *Lines 24-43, page 6; lines 1-26, page 7*

Section 7. 75-3321

Application of the state use law. *Lines 34-43, page 7*

Enforcement of the state use law. *Lines 3-29, page 7*

Section 8. 75-3322

Inability of rehabilitation agencies to supply. *Lines 30-41, page 8*

#### **IV. Cost/Benefit of the Proposed Legislation**

Mr. Houlihan, Director of Purchases estimates the first year cost of this legislation at \$94,835.00. Subsequent years are estimated at \$87,801. This cost will be covered by an administrative fee imposed on all sales which occur under this bill.

It is anticipated that jobs available to people who are severely disabled or blind will increase by 20% as a result of this legislation. With the addition of the enforcement parameters provided by this legislation, jobs will be retained and new jobs will be created as sales increase. Sales = employment.

#### **V. Conclusion**

On behalf of the eight participating agencies who represent hundreds of employed and thousands of unemployed people with disabilities, we ask for your support to move this bill forward.

February 19, 1998

TO: The Senate Commerce Committee

FROM: Barry B. Adamson, President & C.E.O.  
Multi Community Diversified Services  
CDDO for McPherson County, Kansas

Good morning Chairman Salisbury and members of the committee. Thank you for allowing me to come before you today to testify in support of Senate Bill 546.

My name is Barry Adamson, and I am the President of Multi Community Diversified Services (MCDS). MCDS is the Community Developmental Disability Organization for McPherson County and also has operations in Emporia. We provide services and supports to assist people with disabilities to live and work in their community.

As a part of our work training and employment services we have a wood shop that produces pallets and grade stakes that we sell to local businesses and state agencies. To a greater extent, we own a Cartridge King dealership where we remanufacture toner cartridges for laser printers, fax machines, and personal copiers. These also, are sold to state agencies and private businesses and individuals. The man hours required to do the work is performed by the people with disabilities whom we serve. We produce quality products, in a timely fashion, at a competitive price.

As I previously said, we are in the business of assisting people with disabilities to live and work in the community. This is a goal that the state wants people to achieve and, in fact, provides funding to organizations like MCDS to help people achieve.

The state, in the normal course of conducting it's business, buys products and services in support of it's operations. In my view, it makes eminently good sense for the state to buy products and services that it is going to buy anyway from those with whom it provides funding to achieve a common goal --- namely employment and community integration. Further, a state use program provides organizations that provide services and supports to people with disabilities an additional revenue source with which to fund community needs not paid for by state funding, such as building repairs, equipment, transportation, subsistence subsidy, etc....

Senate Bill 546 strengthens the existing state use program by establishing a State Use Commission to oversee the pricing, and addition of products and services to the list as well as a means by which violations of the state use requirements can be handled. An additional function of the commission will be to better inform state agencies and school districts of the req Senate Commerce Committee

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Attachment # 2-1 thru 2-2

purchase items listed in the catalogue and thereby promote the state use program. Since commissions paid by the providers of the products and services will pay for the fiscal support of the State Use Commission, the commission will not require additional state appropriations.

The current law requires that when products that a state agency or school district desires to purchase are listed in the state use catalogue, the state agency or school district is required to purchase them from the provider listed in the catalogue. This is not being done and there are no enforcement provisions or sanctions in the current law. The proposed legislation addresses this discrepancy by allowing the State Use Commission to assess a fee equal to the amount of the errant invoice against the state agency or school district which violated the act. We feel this provision is needed in order to encourage purchasers to follow the law. While we believe that the state and school districts should not be required to use inferior products, we also believe that they should not be able to ignore the law without any consequences.

We ask that you endorse Senate Bill 546 and send it to the full Senate with your affirmative recommendation.

Thank you for your time and attention. I will be glad to answer any questions you may have.