

Approved

*John E. Morrison* 2/2/99

Date

## MINUTES OF THE SELECT COMMITTEE ON INFORMATION MANAGEMENT

The meeting was called to order by Chairperson Morrison at 3:35 p.m. on January 28, 1999, in Room 526-S of the Capitol.

All members were present.

### Committee Staff Present:

Julian Efird, Kansas Legislative Research Department  
Audrey Nogle, Legislative Research Department  
Gary Deeter, Committee Secretary

### Conferees:

Dan Stanley, Secretary, Department of Administration  
Don Heiman, Director, Division of Information Systems and  
Communications (DISC)

Others Attending: See attached list.

Dan Stanley, Secretary, Department of Administration, introduced a bill draft limiting the state's liability for possible computer hardware or software failure resulting from arrival of the Year 2000 (Y2K). (Attachment 1) He said that costs for computer remediation for Y2K may well exceed \$800 billion nationally; such remediation will cost the State of Kansas \$26.5 million. However, liability resulting from computer failures, according to the Gartner Group, may result in litigation exposing the state to liability in excess of \$50 million. The proposed legislation will amend the Kansas tort claims act to provide sovereign immunity to the State and other governmental entities for any indirect or consequential damages caused by the loss of services based on computer hardware or software failure to process dates after December 31, 1999.

The Strategic Plan Subcommittee provided the following report as a first draft of a strategic plan for the committee, starting with the premise that the mission of the Select Committee on Information Management is three-fold:

- To develop ways to make the work of legislators more efficient;
- To use information technology to effectuate savings; and
- To develop security measures to ensure privacy.

The strategic goals presented to the committee are as follows:

1. Research other legislative information systems;
2. Evaluate computer hardware and software for use in the Capitol;
3. Evaluate computer hardware and software for use in legislators' home districts;
4. Support staff development;
5. Provide a written report to legislative leadership and to all legislators by the end of the 1999 session, and a further report following evaluation of IT use in the legislators' home district;
6. Plan for further ISDN installations in FY 2000.

CONTINUATION SHEET

MINUTES OF THE HOUSE SELECT COMMITTEE ON INFORMATION MANAGEMENT, Room 526-S Statehouse, at 3:30 p.m. on January 28

The SCIM agreed to revise and refine the goals before presenting them to House leadership

In discussion, the SCIM agreed initially to recommend leasing 12 laptop computers at an estimated cost of \$25,000 per year, deferring until FY 2000 further Information Technology purchases estimated to be \$60,000. Staff noted that the initial \$25,000 might be accommodated by present legislative funds. In further discussion, the committee agreed, for the present, to recommend prohibiting the use of all privately-owned software on legislative computers and prohibiting the transfer of any legislative software to privately-owned computers. The committee agreed that staff assistance for legislators' personal computers must be lowest priority for staff.

Don Heiman, Director, Division of Information Systems and Communications (DISC), provided requested information, saying that the interest rate for the proposed computer leases was 3.7%.

Representative Krehbiel alerted the committee to **SB 86** that proposed removing ISDN from the Kansas Universal Service Fund, making ISDN prohibitive for rural areas.

The minutes for the January 26 meeting was unanimously approved (motion, Representative Farmer, second, Representative Holmes).

The meeting was adjourned at 4:30 p.m. The next meeting is scheduled for Monday, February 1, at 3:30 p.m. in Room 526-S. The committee will further refine its goals for presentation to House leadership.

SELECT COMMITTEE ON  
INFORMATION MANAGEMENT

# GUEST LIST

DATE: JANUARY 28 1999

NAME	REPRESENTING
Derek A. Blaylock	Intern for Teresa Sittenauer
Jason Finson	Intern for Clay Award.
Sandra Powell	ASST- Administrative Assoc. in Mary Noores
Dan Starlin	DoA
Mark S. Braun	DoA - Legal
Don Herman	DISE
Debra Luling	INIK

**Legislative Presentation**  
**Select Committee on Information Management**

**Y2K Liability Amendment to  
The Kansas Tort Claims Act**

**Presenter: Dan Stanley, Secretary  
Department of Administration**

**January 28, 1999**

*Attachment 1*  
*SCIM 1-28-99*

Mr. Chairman and Members of the Committee

The Year 2000 computer and chip repair initiatives across the United States is a major national as well as international concern. The repair bill for Year 2000 is estimated by a number of experts to exceed \$800 Billion. Lurking behind this cost is another set of costs associated with litigation should computer and related technology systems fail. In March 1998 the Federal House Science and Technology Committee received testimony from legal experts that the cost for litigation would exceed \$1 trillion in the US alone. Gartner Group has published estimates that indicate the cost for legal services could be two to three times the cost of repair.

In Kansas State government our repair cost for Y2K is \$26.5 million. Based on Gartner's estimate, we face a potential legal exposure in excess of \$50 million dollars.

Today, there are five States who have passed legislation to limit Year 2000 liability.

Florida (282.4045) has passed legislation granting immunity to State government, local governments and medical schools.

Georgia (50-21-24 and 36-60-19) has passed laws exempting State and local governments from liabilities for claims arising prior to 12/31/2003 as long as plans and precautions taken to identify and prevent errors were reasonable.

Hawaii (662-15) has a law that no action can be taken against any person or government entity for errors of government computer systems occurring before 6/30/99, with exceptions.

Nevada (NRS Chp 41) bars all actions against State and local governments, their employees, and prison medical service contractors.

Virginia 8.01-195.3 law invokes sovereign immunity.

This year bills are pending in eight more states to include:

California  
Illinois  
Indiana  
New Hampshire

Pennsylvania  
South Carolina  
Texas  
Washington

We are proposing that Kansas amend the tort claims act to provide sovereign immunity to the State and other governmental entities for any indirect or consequential damages caused by the failure of the governmental entity to provide services based on the failure of computer hardware or software to properly process dates after Year 2000.

Governmental entities could still be sued to compel them to provide mandated services, but they would not be liable for damages caused by their failure to provide services. The sole remedy for indirect or consequential damages involving State agencies would be the right to file a claim on the disputed damages with the Joint Committee on Special Claims Against the State (K.S.A. 46-907 et. seq. (9RS0166)).

A copy of the legislation is attached. Theresa Kierman of the Revisor's Office prepared the legislation draft of the proposal. Thank you for your consideration for introducing this very important legislation.