

Approved: March 7, 2000
Date

MINUTES OF THE SENATE COMMERCE COMMITTEE.

The meeting was called to order by Chairperson Alicia Salisbury at 8:00 a.m. on March 2, 2000 in Room 123-S of the Capitol.

All members were present except: Senator Steineger

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

Conferees appearing before the committee:

Bud Grant, Kansas Chamber of Commerce and Industry
Steve Kelly, Department of Commerce and Housing
Charles Ranson, President, Kansas, Inc.
Janette Luehring, Kansas Corporation Commission

Others attending: See attached list

HCR 5059 - Strategic economic analysis

Bud Grant, Kansas Chamber of Commerce and Industry (KCCI), testified in support of **HCR 5059** stating the success Kansas has experienced since the Redwood-Krider report in 1985-86 is testimony of what can be achieved as the result of a thorough strategic analysis and a joint public-private sector effort. The economy today is not the economy of the 1980's. KCCI believes it is time for another strategic economic in-depth study.

A new economic development strategy is a priority with the KCCI membership, and the Board of Directors has unanimously approved KCCI participation in the project. KCCI has set a goal of raising \$50,000 to contribute to the funding of the report. (Attachment 1)

A question was asked about why Kansas, Inc. was asking for additional funding for this type of a strategic study when it is charged by statute to make such reports and findings and to file an annual report with the Legislature. Mr. Ranson, President, Kansas, Inc., stated Kansas, Inc. is responsible for strategic planning, but it does not have the funding for an intensive analysis. Kansas, Inc. has completed two updates since the 1985-86 plan which have had significant expense attached to them; however, in both cases the reports have fallen short in projections and the setting of priorities as to what the state should be doing. The impetus for **HCR 5059** is a statement by the House that it is time to do an in-depth strategic plan and fund it adequately to ensure that the study is done well. The Chair informed the Committee that the Senate Ways and Means Committee has appropriated \$41,000 in the Kansas, Inc. budget to partially fund the study. There is to be a partnership for funding between the public and private sector.

A question was raised about why there is not a time line or a target date set out in **HCR 5059** as to when the study is to be completed. Mr. Ranson stated the last time a strategic up-date was done in 1997, it was done with an imposed deadline. In talking with people involved with that process, many expressed a frustration that they could not get the in-depth analysis they desired and still meet the deadline. There is a consensus that an effort of the magnitude envisioned in this study requires time to do the job right. The 1997 up-date was good on goals and objectives; but there were no specific recommendations for prioritized steps as to how to achieve those goals and objectives, causing, in part, the frustration experienced by the people working on the project. The 1985-86 plan contained 50 specific recommendations, 47 of which were implemented, including seven constitutional amendments. That is the type of in-depth analysis that needs to be done again.

Steve Kelly, Kansas Department of Commerce and Housing (KDOC&H), stated KDOC&H supports the request identified in **HCR 5059**. The Redwood-Krider report, which is 15 years old, still

CONTINUATION SHEET

provides the basis for the programs presently in place in the state. The state's economy has experienced many changes since that report, particularly in technology and telecommunications. Industries that were modest players at the time of the report are now significant drivers to the economy. It is necessary that the state identify, in a systemized manner, the direction where the state is headed and where it would like to be. KDOC&H believes it is an appropriate time for this sort of a review and that the plan should be a strong plan with balance and objectivity.

The hearing was concluded.

The concern as to the cost of the report was discussed and Mr. Ranson stated the projected cost for the report would be between \$150,000 and \$200,000. The cost would be shared by monies from KTEC, KDOCH, KCCI, Kansas Calvary and other public or private entities, in addition to EDIF appropriated in the Kansas, Inc. budget.

Senator Steffes moved, seconded by Senator Donovan that HCR 5059 be recommended favorably. The recorded vote was unanimous in favor of the motion.

HB 2580 - Telephone solicitations: automated dialing machines

Jerry Donaldson, Legislative Research Department, briefed the Committee on **HB 2580**. The bill amends the Consumer Protection Act relating to unsolicited telephone calls to residential numbers by requiring a live operator or an automated dialing announcing device to answer the line within five seconds of beginning the call. Presently the law requires a live operator or an automated dialing announcing device to answer the line within fifteen seconds.

The Chair informed the Committee the telemarketing bills will be considered next week but requested a consensus as to the direction it wished to take.

Senator Ranson stated she did not think legislation should do too much, inasmuch as technology would soon be taking care of the matter as reflected in a newspaper article distributed to the Committee. (Attachment 2)

The Committee on the whole, voiced its desire not to enact restrictive legislation, but rather legislation that would direct the Kansas Corporation Commission to adopt rules and regulations along the lines of those requested by the Chair and prepared by Legislative Research.

Lynne Holt briefed the Committee on the requested proposed legislation to require the Commission to promulgate rules and regulations that would: 1) require local exchange carriers to educate its subscribers regarding the Telephone Preference Service maintained by Direct Marketing Association, 2) set out specific information to be provided to residential subscribers, 3) specify methods to inform all telephone solicitors in Kansas of certain requirements prior to accessing Kansas-specific portions of the database, and 4) require all local exchange carriers and telecommunication carriers to collectively develop a method for educating consumers of their rights and remedies under the Kansas Consumer Protection Act, the Telephone Consumer Protection Act, Telemarketing and Consumer Fraud and Abuse Prevention Act, and the Direct Marketing Association's Telephone Preference Service. (Attachment 3)

Janette Luehring, Chief of Telecommunications, Kansas Corporation Commission, testified the Commission could adopt rules and regulations as set out in the proposed legislation.

A paper entitled "Customer Service/Call Center Operations" which reflects the location, number of employees and KEOIF-KEIEP money involved in obtaining Call Center Operations in Kansas was prepared by the Kansas Department of Commerce and Housing and distributed to the Committee. The paper reflects the investment the state has made to attract telemarketers to Kansas. (Attachment 4)

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

The next meeting is scheduled for March 3, 2000.

SENATE COMMERCE COMMITTEE GUEST LIST

DATE: March 2, 2000

NAME	REPRESENTING
Gail Bright	A.G.
Steve Rarnick	A.G.
Mike Reecht	AT&T
Mike Murray	Sprint
Jackie Clark	Hallmark
Bill Lyles	K. Dept. Human Resources
Stephanie Buchanan	DOB
Christine Arnes	KCC
Steve Montgomery	MC I Worldcom
Douglas Johnston	House Dist. 92
Erik Sartorius	Johnson Co. Board of Realtors
Bill SNEED	S W Bell
Kathy Damon	" "
Bernie Koch	Wichita Area Chamber
Roger Franke	KGC
Brook Smart	KUEA

LEGISLATIVE TESTIMONY



The Unified Voice of Business

835 SW Topeka Blvd. • Topeka, KS 66612-1671 • 785-357-6321 • Fax: 785-357-4732 • E-mail: kcci@kansaschamber.org • www.kansaschamber.org

HCR 5059

March 2, 2000

KANSAS CHAMBER OF COMMERCE AND INDUSTRY

Testimony Before the

Senate Committee on Commerce

by

Bud Grant

Madam Chair and members of the Committee:

My name is Bud Grant and I appear on behalf of the Kansas Chamber of Commerce and Industry. Thank you for this opportunity to express KCCI's support for HCR 5059.

The Kansas Chamber of Commerce and Industry (KCCI) is a statewide organization dedicated to the promotion of economic growth and job creation within Kansas, and to the protection and support of the private competitive enterprise system.

KCCI is comprised of more than 2,000 businesses which includes 200 local and regional chambers of commerce and trade organizations which represent over 161,000 business men and women. The organization represents both large and small employers in Kansas, with 48% of KCCI's members having less than 25 employees, and 78% having less than 100 employees. KCCI receives no government funding.

The KCCI Board of Directors establishes policies through the work of hundreds of the organization's members who make up its various committees. These policies are the guiding principles of the organization and translate into views such as those expressed here.

The success Kansas has realized since it last committed to build a strategy for economic development should be all the testimonial needed to support HCR 5059. Mired in a stagnant economy where the aircraft, oil & gas, & agricultural communities were all depressed, the Kansas Legislature had much at stake when the state's commitment to economic development was cemented in the mid-1980's. How the state went about meeting this challenge w

Senate Commerce Committee

Date: 3-02-00

Attachment # 1-1 thru 1-2

with the Redwood-Krider report, a joint public-private sector effort, which provided a blueprint to focus on in revitalizing the state's approach to economic development & job creation. There can be little doubt that these efforts have played an important part in the economic successes our state is enjoying today.

However, it is a different Kansas today than the one reviewed in the Redwood-Krider report. While the report has served the state well, it is appropriate to review where we are today and want to go in the future. As a result, the timing of HCR 5059 is very appropriate.

Support for a new economic development strategy is high among the membership of the Kansas Chamber. Under the direction of the Chairman of KCCI's Economic Development Committee, former Kansas Senate President Bud Burke, Chamber policy endorsing development of a new strategy has been unanimously approved by the Committee and ratified by our Board of Directors.

We urge your favorable consideration of HCR 5059 and would be pleased to attempt to answer any questions.

My phone company tells off telemarketers

A new service from Wheat State Telephone means its customers don't ever have answer annoying sales calls again.

BY DION LEFLER
The Wichita Eagle

Here's a question for our times: What would you pay to not have to answer the phone when telemarketers call?

A tiny Kansas phone company

hopes the answer will be \$2.99 a month.

The Wheat State Telephone Co. today becomes the first in Kansas to offer "Telemarketing — Do Not Disturb" service.

All callers to customers who have the service get the following recorded message: "You have called a party who does not accept calls from telemarketers. If you are not a telemarketer and would like to complete the call, please press 1."

By federal law, telemarketers that

Please see **TELEPHONE**, Page 4A

TELEPHONE

From Page 1A

ignore the warning can be fined \$500 — payable to the customer — for harassment, said Berniece Millsap, spokeswoman for Wheat State.

The new service was approved Monday by the Kansas Corporation Commission and becomes available today to all of Wheat State's 2,400

customers in Udall, Rock, Olpe, Matfield Green, Cassoday and Potwin.

To kick off the service, the company's employees are wearing shirts that say "STOMP," which stands for "stop telemarketing on my phone," Millsap said.

Wheat State has given a free trial to a handful of customers.

Beth Evans of Udall has had it for about two weeks and said she and her husband have been very pleased.

"We'd be at opposite ends of the

house, (and) it got t chasing down what would be a personal telemarketer," she s

A few people who Evanses have been a the new message at first. "But when we tell them it's to keep telemarketers away, they think it's a good idea," she said.

The Evanses plan to keep the service, even though they now have to pay for it.

But, Beth Evans added, "if the

Senate Commerce Committee

Date: 3-02-00

Attachment # 2

Wichita Eagle 3/1/00

Legislature comes through, we might not have to."

It might.

Two bills to restrict telemarketing practices passed the state House of Representatives last week and are headed for the Senate.

One bill would set up a list to be kept at the attorney general's office through which people could register that they don't want telemarketing calls. Companies would have to buy the list and abide by it or face fines of as much as \$5,000, said the bill's

sponsor, Rep. Doug Johnston, D-Wichita.

The other bill, also sponsored by Johnston, would crack down on telemarketers that use automated systems to ring dozens of phone lines at a time but then only talk to the first few people who answer. Consumers targeted by the systems answer their phones only to find nobody's there, Johnston said.

His bill would require telemarketers to identify themselves to everyone they call, either live or through an

automated message.

He predicted that there's enough public anger at the telemarketers to get the bill through the Senate, despite strong opposition from the industry.

The American Teleservices Association, the telemarketing industry's international trade organization in Washington, D.C., did not return a phone call seeking comment.

Reach Dion Lefler at 268-6527.

(a) No later than July 1, 2001, the commission shall adopt rules and regulations that:

(1) Require each local exchange carrier and each telecommunications carrier to inform its residential subscribers about the availability of the Telephone Preference Service maintained by the Direct Marketing Association at no cost to such subscribers.

(2) Require the information provided to residential subscribers in (a)(1) to specify, at a minimum, the following: the method of registering with the Telephone Preference Service; the frequency with which the data base maintained by the Telephone Preference Service is updated; the types of calls registered subscribers should still expect to receive; the measures subscribers must take to register if they move or receive a new telephone number; the duration for registration and the procedures for registration renewals; and the remedies available to registered subscribers if they receive unsolicited consumer telephone calls pursuant to KSA 1999 Supp. 50-670.

(3) Specify a method or methods to inform all telephone solicitors in Kansas of: the requirements for membership in the Direct Marketing Association; charges for members and non-members of the Direct Marketing Association to access the data base of the Telephone Preference Service; and options available to telephone solicitors for accessing Kansas-specific portions of the data base.

(4) Require all local exchange carriers and telecommunications carriers to collectively develop a method or methods for annually notifying residential subscribers of their rights and remedies available to them in the Kansas Consumer Protection Act, the Telephone Consumer Protection Act, Telemarketing and Consumer Fraud and Abuse Prevention Act, and the Direct Marketing Association's Telephone Preference Service.

Senate Commerce Committee
Date: 3-02-00

Attachment # 3

Customer Service/Call Center Operations					
<u>Company</u>	<u>Location</u>	<u>Employees</u>	<u>Center Type</u>	<u>KEOIF/KEIEP</u>	<u>IMPACT</u>
FY2000					
Farmers Insurance	Olathe	500	Inbound	\$ 400,000.00	\$ 1,500,000.00
McLeod USA	Overland Park	83	Inbound	\$ -	KIT
Contact America	Victoria	130	Mixed	\$ 40,000.00	KIT
Royal Caribbean II	Wichita	350	Inbound	\$ 75,000.00	KIT
FY1999					
Teletch	Kansas City	1300	Inbound	\$ -	\$ 3,000,000.00
Intek	Fort Scott	400	Inbound	\$ 400,000.00	\$ 800,000.00
Teletch	Topeka	725	Inbound	\$ 150,000.00	\$ 1,857,621.00
Western Wireless	Manhattan	400	Inbound	\$ 250,000.00	\$ 600,000.00
IMS	Independence	150	Mixed	\$ 50,000.00	KIT
FY1998					
Alliance Data Systems	Lenexa	530	Inbound	\$ 450,000.00	\$ 1,400,000.00
Royal Caribbean	Wichita	170	Inbound	\$ 50,000.00	KIT
Viking Office Products	Wichita	300	Inbound	\$ -	KIT
*Sykes Enterprises	Manhattan	600	Inbound	\$ 590,000.00	\$ 1,018,000.00
Aerial Communications	Lenexa	410	Inbound	\$ 200,000.00	\$ 515,000.00
TSI Marketing	Leavenworth	562	Mixed	\$ 275,000.00	\$ 561,165.00
		6610			

Senate Commerce Committee

Date: 3-02-00

Attachment # H