

MINUTES OF THE SENATE COMMERCE COMMITTEE

The meeting was called to order by Chairperson Karin Brownlee at 8:15 A.M. on March 15, 2007 in Room 123-S of the Capitol.

All members were present.

Committee staff present:

Amy Deckard, Kansas Legislative Research Department  
Kathie Sparks, Kansas Legislative Research Department  
Jason Long, Revisor of Statutes  
Jackie Lunn, Committee Assistant

Conferees appearing before the committee:

Chris Howe, Director of Purchasing, Department of Administration  
Doug Schwinn, Springhill School District  
Lisa Hoopes, Post Audit  
Philip Hayes, Kansas Society for Human Resource Management  
Bill Goodlatte, LDF Companies, Wichita  
Doug Robinson, Finance Director, City of Lenexa  
Kathleen Olsen-Kansas Bankers Association  
Kim Winn, LKM  
Bob Mackey, Department of Administration  
Secretary Jim Garner, Department of Labor

Others attending:

See attached list.

**HB 2169-KDFA issuance of bonds for energy conservation measures**

**HB 2316-Authorizing paperless payroll methods for employers**

**SB 342-Enacting the Kansas investment credit act and the Kansas jobs credit act**

Chairperson Brownlee introduced Lisa Hoopes, Post Audit, to review the E911 Post Audit Report. (On file in Post Audit) Ms. Hoopes reviewed the report for the Committee. She explained that the Enhanced 911 (E-911) which automatically identifies the location from which an emergency call is being made, has been available for calls made from regular "land-line" telephones for many years. In contrast enhanced 911 for "wireless" calls made from cell phones is a fairly recent development. Determining the location from which a wireless E-911 phone call is being made involves complex, costly technology that many Public Safety Answering Points (PSAPS) can't afford. A funding source was established in 2004 to help pay for implementation of wireless E-911 services. A statewide grant fund was created to help pay for the implementation of wireless E-911 services. The statewide grant fund will be eliminated in 2010.

Post Audit concluded that it is too early to say with any certainty how PSAPS's financial status will be affected by the changes in the fee structure in 2010, there are indications of potential problems ahead. Even assuming that PSAPSs will change the maximum allowed by law for wireless and VoIP subscribers, those fees probably won't generate enough revenue just to pay ongoing monthly operating costs for about 14% of the PSAP.s.

Post Audit recommends that the Department of Administration should do the following:

- use its statutory authority to conduct periodic audits of providers' records, in addition to the initial audits mandated in 2006 for wireless providers and in 2008 for VoIP providers.
- require these audits to identify all providers who should be collecting 911 fees, make sure they are collecting the fees, and make sure they are remitting the fees. Such audits could include site visits to review and evaluate applicable accounting and control procedures, and to ensure those procedures are appropriately followed.

Post Audit also recommends The Wireless Advisory Board should follow up with the PSAP's implementing Phase II in 2008 or later. The Board should determine whether the PSAP's need technical assistance in

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planning for implementation, and whether they have a reliable funding strategy.

Questions and discussion followed. It appears some funds are higher than needed and may need to be reduced.

Chairperson Brownlee called the Committee's attention to **HB 2169** and introduced Representative Sloan to explain the balloon he offered on the bill. (Attachment 1) Representative Sloan stated the balloon addresses concerns of KCC and KDFA and they are both in agreement and in support of the bill with the amendments.

**Senator Barone made a motion to accept the balloon presented by Representative Sloan. Senator Jordan seconded. Motion carried.**

**Senator Schodorf made a motion to move the bill out favorably as amended. Senator Emler seconded. Motion carried.**

Chairperson Brownlee introduced Chris Howe, Director of Purchasing, to give a presentation on the State Tax Use Law. Mr. Howe presented written copy (Attachment 2) He stated the state use laws were modified creating the State Use Committee which consists of members of the vendor community, advocates for persons with disabilities, representatives from a large school district, a small school district and the Board of Regents, as well as the Director of Purchases and two members of the Kansas Legislature.

He stated some Catalog Vendors make their products available through the State of Kansas office supplies contractor improving efficiency and delivery. Sales have increased and he feels that the program is successful.

Chairperson Brownlee introduced Doug Schwin, Spring Hill School District. He also serves on the State Use Committee. He presented written copy. (Attachment 3) He stated quality has improved over the years but the prices are problems in some areas. The Committee is in the process of making several improvements. In closing he stated the amount of sales have increased.

Ron Pasmore, President/CEO of KETCH and a vendor representative on the State Use Law Committee presented written only testimony regarding the presentation of the State Use Law. (Attachment 4)

Chairperson Brownlee opened the hearing on **HB 2316** and introduced Jason Long, Revisor, to explain the bill. Mr. Long stated the bill adds a new method of payment into the statute. A payment card is an additional option for employers if they use the electronic fund transfer method but have employees that do not have a bank account. The employer deposits funds into a bank account set up by the employer and then gives the employee a debit card and the employee can access funds in that account using the debit card. Employee would be allowed to withdraw funds one time during each pay period without any usage fees being charged to the employee.

Questions and discussion followed.

Chairperson Brownlee introduced Philip Hayes, Kansas Society for Human Resource Management, to give his testimony as a proponent of **HB 2316**. He presented written copy. (Attachment 5) Mr. Hayes stated the bill is similar to the bill from last session with a few changes. He stated the bill allows Kansas employers the flexibility they need to more efficiently manage payroll processes and payment methods. Mr. Hayes called the Committee's attention to a newspaper article from the Wichita Eagle (Attachment 6) and an article from Business & Money. (Attachment 7)

Chairperson Brownlee introduced Bill Goodlatte, LDF Companies, Wichita, to give his testimony as a proponent of **HB 2316**. He presented written copy. (Attachment 8) He stated employers and employees both benefit from the electronic payroll processing. He urged the Committee to support the bill.

Chairperson Brownlee introduced Doug Robinson, Finance Director, City of Lenexa, to give his testimony as a proponent of **HB 2316**. He presented written copy. (Attachment 9) Mr. Robinson stated the City of Lenexa strongly supports the bill and any other statewide legislation that would aid local governments in

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becoming more efficient and effective in paying their employees.

Chairperson Brownlee introduced Kathleen Olsen, Kansas Bankers Association, to give her testimony as a proponent of **HB 2316**. She presented written copy. (Attachment 10) Ms. Olsen stated the Kansas Bankers Association is in support of the bill and urged the Committee to vote favorably.

Chairperson Brownlee introduced Kim Winn, League of Kansas Municipalities, to give her testimony as a proponent of **HB 2316**. She presented written copy. (Attachment 11) Ms. Winn stated authorizing the use of electronic transfers will save time and money at the local level. LKM strongly supports the use of technology to provide government services in a more efficient manner.

Chairperson Brownlee introduced Robert Mackey, Director, Division of Accounts & Reports, Department of Administration to give his testimony as a proponent of **HB 2316**. He presented written copy. (Attachment 12) He stated the Department of Administration would like to offer an amendment to **HB 2316**. He stated the balloon would bring consistency between the statute governing payment for state employees with the statute that covers all other employers within the state.

Chairperson Brownlee introduced Secretary Garner, Department of Labor, to give his testimony as a neutral party of **SB 2316**. (Attachment 13) Secretary Garner stated Department of Labor would like to offer an amendment to this bill to allow KDOL to use debit cards for the payment of unemployment insurance benefits.

Chairperson Brownlee called the Committee's attention to the written only proponent testimony of:

Ron Hein, Kansas Restaurant and Hospitality Association (Attachment 14)

Carol Gonzales, City Manager, City of Shawnee (Attachment 15)

Marlee Carpenter, KCCI (Attachment 16)

Patrick Salmans, Vice President of Human Resources, Sunflower Bank, N.A., Salina (Attachment 17)

Questions for the proponents and discussion followed.

**Senator Emler made a motion to adopt the amendment offered by the Department of Labor allowing them to use the debit cards for the payment of unemployment insurance benefits. Senator Reitz seconded. Motion carried.**

**Senator Emler made a motion to adopt the amendment offered by the Department of Administration, bringing consistency between the statute governing payment for state employees with the statute that covers all other employers within the state. Senator Jordan seconded. Motion carried.**

**Senator Jordan made a motion to pass HB 2316 out of the Committee favorably as amended. Senator Emler seconded. Motion carried.**

Chairperson Brownlee announced that **SB 342** would be worked in the Committee meeting on Tuesday morning, March 20<sup>th</sup>.

Chairperson Brownlee adjourned the meeting at 9:28 a.m. with the next scheduled meeting for Tuesday, March 20<sup>th</sup> at 8:30 a.m. in room 123 S.

**Senate Commerce Committee  
Guest List**

**Date:** March 15, 2007

Cindy Lash	Post Audit
Lisa Hoopes	LPA
Doris Rosenthal	KTIA
Robert Walker	KEEMS
Rep. Van Allen	
Jim Gaudin	KDOL
Cheryl Austin	KHA
Ernie Schneider	KDOL
Judith Greber	Envision / KS STATE USE
Don WORMKEY	TECH
Sherry Plenert	Cartridge King / KS State Use
Diane Agerstad	Wichita Public Schools
Chris Howe	Administration / Purchases
Janis Young	IT
Bob Mackley	Accounts + Reports
Jamie Magathin	D.A. A/R
Pam Fowl	AKR
Kent Olson	A/R
Mary Ellen Conlee	Conlee Consulting Group
Carolyn Smith	VCHS
Chad Giles	KTLA
Matt Fletcher	INTERHAS
Jamie Brouser	Governor's Ofc.
Julene Mack	Gov Office
Shunda Anstaeht	Office of State Treasurer



HOUSE BILL No. 2169

By Committee on Energy and Utilities

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Sloan Amendment

10 AN ACT concerning the Kansas development finance authority; relating  
11 to energy conservation improvements and energy conservation meas-  
12 ures; amending K.S.A. 75-37,114 and K.S.A. 2006 Supp. 74-8902 and  
13 75-37,125 and repealing the existing sections.

14  
15 *Be it enacted by the Legislature of the State of Kansas:*

16 Section 1. K.S.A. 2006 Supp. 74-8902 is hereby amended to read as  
17 follows: 74-8902. The following words or terms used in this act shall have  
18 the following meanings unless a different meaning clearly appears from  
19 the context:

20 (a) "Act" means the Kansas development finance authority act.

21 (b) "Authority" means the Kansas development finance authority cre-  
22 ated by K.S.A. 74-8903, and amendments thereto.

23 (c) "Agricultural business enterprises" means facilities supporting or  
24 utilized in the operation of farms, ranches and other agricultural, aqua-  
25 cultural or silvicultural commodity producers and services provided in  
26 conjunction with the foregoing. "Agricultural business enterprise" shall  
27 not include a swine production facility on agricultural land which is  
28 owned, acquired, obtained or leased by a corporation, limited liability  
29 company, limited partnership, corporate partnership or trust.

30 (d) "Agricultural land," "corporation," "corporate partnership," "lim-  
31 ited liability company," "limited partnership," "swine production facility"  
32 and "trust" have the meanings ascribed pursuant to K.S.A. 17-5903, and  
33 amendments thereto.

34 (e) "Board of directors" means the board of directors of the authority  
35 created by K.S.A. 74-8903, and amendments thereto.

36 (f) "Bonds" means any bonds, notes, debentures, interim certificates,  
37 grant and revenue anticipation notes, interest in a lease, lease certificate  
38 of participation or other evidences of indebtedness, whether or not the  
39 interest on which is subject to federal income taxation, issued by the  
40 authority pursuant to this act.

41 (g) "Capital improvements" means any physical public betterment or  
42 improvement or any preliminary plans, studies or surveys relative thereto;  
43 land or rights in land, including, without limitations, leases, air rights,

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1 easements, rights-of-way or licenses; and any furnishings, machinery, ve-  
2 hicles, apparatus or equipment for any public betterment or  
3 improvement.

4 (h) "Construct" means to acquire or build, in whole or in part, in  
5 such manner and by such method as the authority shall determine to be  
6 in the public interest and necessary to accomplish the purposes of and  
7 authority set forth in this act.

8 (i) "Loans" means loans made for the purposes of financing any of  
9 the activities authorized within this act, including loans made to financial  
10 institutions for funding or as security for loans made for accomplishing  
11 any of the purposes of this act and reserves and expenses appropriate or  
12 incidental thereto.

13 (j) "Educational facilities" means real, personal and mixed property  
14 of any and every kind intended by an educational institution in further-  
15 ance of its educational program.

16 (k) "Facilities" means any real property, personal property or mixed  
17 property of any and every kind.

18 (l) "Health care facilities" means facilities for furnishing physical or  
19 mental health care.

20 (m) "Housing development" means any work or undertaking,  
21 whether new construction or rehabilitation, which is designed and fi-  
22 nanced pursuant to the provisions of this act for the primary purpose of  
23 providing dwelling accommodations for elderly persons and families of  
24 low income in need of housing.

25 (n) "Industrial enterprise" means facilities for manufacturing, pro-  
26 ducing, processing, assembling, repairing, extracting, warehousing, dis-  
27 tributing, communications, computer services, transportation, corporate  
28 and management offices and services provided in connection with any of  
29 the foregoing, in isolation or in any combination, that involve the creation  
30 of new or additional employment or the retention of existing employment.

31 (o) "Political subdivision" means political or taxing subdivisions of the  
32 state, including municipal and quasi-municipal corporations, boards, com-  
33 missions, authorities, councils, committees, subcommittees and other  
34 subordinate groups or administrative units thereof, receiving or expend-  
35 ing and supported, in whole or in part, by public funds *and any municipi-*  
36 *ality as defined in K.S.A. 75-1117, and amendments thereto.*

37 (p) "Pooled bonds" means bonds of the authority, the interest on  
38 which is subject to federal income taxation, which are issued for the pur-  
39 pose of acquiring bonds issued by two or more political subdivisions.

40 (q) "Research facilities" means facilities for use in research and de-  
41 velopment activities, whether conducted for profit or not for profit, of an  
42 agricultural business enterprise, industrial enterprise or any other com-  
43 mercial enterprise or educational institution or health care institution.

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1 (r) "State" means the state of Kansas.

2 (s) "State agency" means any office, department, board, commission,  
3 bureau, division, public corporation, agency or instrumentality of this  
4 state.

5 Sec. 2. K.S.A. 75-37,114 is hereby amended to read as follows: 75-  
6 37,114. The projects for energy conservation improvements for state fa-  
7 cilities which are initiated by state agencies under this act are hereby  
8 approved for such state agencies for the purposes of subsection (b) of  
9 K.S.A. 74-8905 and amendments thereto. The total costs of the projects  
10 for energy conservation improvements under this act for any fiscal year,  
11 exclusive of financing costs, shall not exceed ~~\$5,000,000~~ *the amounts ap-*  
12 *proved for such energy conservation improvements by the secretary of*  
13 *administration* **state corporation commission.**

14 Sec. 3. K.S.A. 2006 Supp. 75-37,125 is hereby amended to read as  
15 follows: 75-37,125. (a) As used in this act:

16 (1) ~~"Municipality" shall have the meaning ascribed thereto in K.S.A.~~  
17 ~~75-1117, and amendments thereto.~~ "Federal entity" means the govern-  
18 *ment of the United States of America or any bureau, department, instru-*  
19 *mentality or other agency of the federal government.*

20 (2) "Political subdivision" shall have the meaning ascribed thereto in  
21 subsection (o) of K.S.A. 74-8902, and amendments thereto.

22 ~~(2) (3) "State agency" shall have the meaning ascribed thereto in~~  
23 ~~K.S.A. 75-3040, and amendments thereto.~~

24 ~~(3) (4) "Energy conservation measure" means an energy study, audit,~~  
25 ~~improvement or equipment which is designed to provide energy and op-~~  
26 ~~erational cost savings at least equivalent to the amount expended by a~~  
27 ~~participating ~~municipality~~ *political subdivision* or state agency for such~~  
28 ~~energy study, audit, improvement or equipment over a period of not more~~  
29 ~~than ~~20~~ 30 years after the date such improvement or equipment is in-~~  
30 ~~stalled or becomes operational, as the case may be.~~

31 (b) Subject to the provisions of subsection (c), a ~~municipality~~ *political*  
32 *subdivision* or state agency, *which include the board of regents and a*  
33 *regent's institution and a community or technical college,* may enter into  
34 a contract or lease-purchase agreement for an energy conservation mea-  
35 sure which meets the criteria of this section. In addition to any other  
36 authority provided by law a ~~municipality~~ *political subdivision or state*  
37 *agency may (1) contract or enter into a finance, pledge, loan or lease-*  
38 *purchase agreement with the Kansas development finance authority for*  
39 *an energy conservation measure or (2) solicit proposals to contract for an*  
40 *energy conservation measure by advertising for proposals and qualifica-*  
41 *tions in a newspaper of general circulation or the Kansas register, and by*  
42 *sending requests for proposals to at least three vendors and negotiating*  
43 *a lease-purchase agreement with one or more vendors submitting a pro-*

(t) "Federal entity" means the government of the United States of America or any bureau, department, instrumentality or other agency of the federal government.

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means any office, department, board, commission, bureau, division, public corporation, agency or instrumentality of this state.

by advertising for proposals and qualifications in a newspaper of general circulation or the Kansas register, and by sending requests for proposals to at least three vendors

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1 posal thereto. Negotiations entered into pursuant to this section with ~~the~~  
 2 ~~Kansas development finance authority or~~ individual vendors shall not be  
 3 subject to the provisions of the open meetings act ~~or the open records~~  
 4 ~~act~~. After an agreement has been executed, the agreement and all pro-  
 5 posals from vendors shall be open records available for public inspection  
 6 in accordance with the open records act. A state agency may: ~~(1) Contract~~  
 7 ~~or enter into a finance, pledge, loan or lease purchase agreement with the~~  
 8 ~~Kansas development finance authority for an energy conservation mea-~~  
 9 ~~sure; or (2) utilize the procedures prescribed in K.S.A. 75-37,102, and~~  
 10 amendments thereto, ~~by the to convene a~~ procurement negotiating com-  
 11 mittee to negotiate and contract for energy conservation measures. Each  
 12 state agency shall provide copies of plans of the proposed energy conser-  
 13 vation measure to the ~~secretary of administration, or such secretary's des-~~  
 14 ~~ignee;~~ **state corporation commission** for review. No state agency may  
 15 enter into a contract for an energy conservation measure unless such  
 16 measure has been approved by the ~~secretary of administration~~ **state cor-**  
 17 **poration commission**. Plans submitted under this section shall be re-  
 18 tained and maintained by the ~~secretary of administration~~ **state corpo-**  
 19 **ration commission**.

by the

20 (c) Before executing any contract or ~~finance, pledge, loan or lease-~~  
 21 ~~purchase agreement under this section,~~ the energy conservation contrac-  
 22 tor shall provide the ~~municipality~~ *political subdivision* or state agency with  
 23 plans for the proposed energy conservation measures prepared by an  
 24 engineer licensed to practice in Kansas. The energy conservation con-  
 25 tractor shall also provide a report of the calculations showing the esti-  
 26 mated energy and operational cost savings that would result from the  
 27 proposed energy conservation measures. Notwithstanding any provision  
 28 contained in K.S.A. 71-201 and 72-8225, and amendments thereto or  
 29 other provisions of law, the board of education of any school district and  
 30 the board of any community college or technical college may enter into  
 31 a contract or ~~finance, pledge, loan or lease-purchase agreement for an~~  
 32 ~~energy conservation measure for a period exceeding 10 years.~~ ~~Muni-~~  
 33 ~~cipalities~~ *Political subdivisions* and state agencies may include a provision  
 34 in the contract with an entity providing the energy conservation measure  
 35 requiring such entity to guarantee that the actual amount of savings of  
 36 energy and operational costs attributable to the energy conservation mea-  
 37 sure be not less than the cost of the energy conservation measure over  
 38 the time specified including financing costs.

39 (d) Within the limits of appropriations available therefor, the state  
 40 corporation commission is authorized to provide grants for engineering  
 41 studies and energy conservation measures for ~~municipalities~~ *political sub-*  
 42 ~~divisions~~ and state agencies. ~~The Kansas development finance authority~~  
 43 ~~is authorized to assist the state corporation commission and any political~~

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1-4

1 ~~subdivision, state agency or federal entity with engineering studies and~~  
2 ~~energy conservation measures.~~

3 (e) The secretary of administration **state corporation commission**  
4 may provide administrative support and resources available under the  
5 facility ~~energy~~ conservation improvement program under this section or  
6 K.S.A. 75-37,111 et seq., and amendments thereto, as requested by school  
7 districts, private and public colleges in Kansas, ~~municipalities and political~~  
8 ~~subdivisions, state agencies or federal entities~~ for purposes of this section.

, or its designee,  
facility

9 The secretary of administration **state corporation commission** may fix,  
10 charge and collect reasonable fees for any administrative support and  
11 resources or other services provided by the secretary **state corporation**  
12 **commission** under this subsection.

, or its designee,

, or its designee,

13 (f) The provisions of the cash basis law and K.S.A. 79-2925, and  
14 amendments thereto, shall not apply to any contract or lease-purchase  
15 agreement entered into pursuant to this section.

16 ~~(g) The energy conservation measures for political subdivisions or~~  
17 ~~state agencies are hereby authorized to be financed by the Kansas devel-~~  
18 ~~opment finance authority pursuant to subsection (a) of K.S.A. 74-8905,~~  
19 ~~and amendments thereto. The energy conservation measures for state fa-~~  
20 ~~cilities which are initiated by state agencies under this section are hereby~~  
21 ~~approved for such state agencies for the purposes of subsection (b) of~~  
22 ~~K.S.A. 74-8905, and amendments thereto. The total costs of energy con-~~  
23 ~~servation measures for state facilities initiated by state agencies under this~~  
24 ~~section for any fiscal year, exclusive of financing costs, shall not exceed~~  
25 ~~the amounts approved for such energy conservation measures by the sec-~~  
26 ~~retary of administration state corporation commission.~~

27 New Sec. 4. (a) The Kansas development finance authority is hereby  
28 authorized to issue revenue bonds in amounts sufficient to pay the costs  
29 of energy conservation measures for or on behalf of federal entities for  
30 facilities located in the state, and to contract with federal entities with  
31 respect to such energy conservation measures and such revenue bonds.  
32 The bonds, and interest thereon, issued pursuant to this section shall be  
33 payable from: (1) Revenues derived from the use, lease, occupation or  
34 operation of the facilities for which such energy conservation measures  
35 are undertaken; (2) any other revenues, appropriations, grants or moneys  
36 of a federal entity available therefore; or (3) any combination thereof.

, as defined in K.S.A. 75-37,125, and amendments thereto,

37 (b) Revenue bonds, including refunding revenue bonds, issued under  
38 this section shall not be an obligation of the state of Kansas and shall not  
39 constitute an indebtedness of the state of Kansas, nor shall they constitute  
40 indebtedness within the meaning of any constitutional or statutory pro-  
41 vision limiting the incurring of indebtedness.

(c)

42 (c) Revenue bonds, including refunding revenue bonds, issued under  
43 this section and the income derived therefrom are and shall be exempt

(d)

(b) The energy conservation measures, as defined in K.S.A. 75-37,125, and amendments thereto, for political subdivisions or state agencies are hereby authorized to be financed by the Kansas development finance authority pursuant to subsection (a) of K.S.A. 74-8905, and amendments thereto. The energy conservation measures for state facilities which are initiated by state agencies under K.S.A. 75-37,125, and amendments thereto, are hereby approved for such state agencies for the purposes of subsection (b) of K.S.A. 74-8905, and amendments thereto. The total costs of energy conservation measures for state facilities initiated by state agencies under K.S.A. 75-37,125, and amendments thereto, for any fiscal year, exclusive of financing costs, shall not exceed the amounts approved for such energy conservation measures by the state corporation commission.

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1-5

1 from all state, county and municipal taxation in the state of Kansas, except  
2 Kansas estate taxes.

3 Sec. 5. K.S.A. 75-37,114 and K.S.A. 2006 Supp. 74-8902 and 75-  
4 37,125 are hereby repealed.

5 Sec. 6. This act shall take effect and be in force from and after its  
6 publication in the statute book.

(e) Any political subdivision, state agency or federal entity is authorized to co-  
or enter into a finance, pledge, loan or lease-purchase agreement with the Ka  
development finance authority for an energy conservation measure, as defined in  
K.S.A. 75-37,125, and amendments thereto, in order to facilitate the financing  
thereof or to provide security for the repayment of bonds authorized under this  
section.

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Chris Howe, Director of Purchasing

Presentation to the  
Senate Commerce Committee

State Use Committee Update  
K.S.A. 75-3317 through 75-3322  
March 15, 2007

- Thank you for the opportunity to speak to you today
- During the 2005 Session, State Use Laws were changed, creating the State Use Committee.
- Committee consists of members of the vendor community, advocates for persons with disabilities, representatives from a large school district, a small school district and the Board of Regents, as well as the Director of Purchases and two members of the Kansas Legislature.
- State Use Committee meets quarterly, typically at a vendor manufacturing facility or customer agency; at the vendor facility, attendees are usually treated to a tour showing persons with disabilities at work on catalog products and services, reinforcing the mission established by the State Use Laws
- Perhaps the best by-product of the State Use Committee is Communications
  - State Use Vendors and Customers Talking to each other, sometimes spirited and animated
  - Promotion of the State Use Catalog with school districts
  - Straightforward discussions of problems and solutions benefits everyone
- Some Catalog Vendors make their products available through the State of Kansas office supplies contractor, Corporate Express, creating some ordering efficiencies, faster delivery and, hopefully, increasing compliance with the State Use Law's mandatory purchase requirements
- Success of the program can be measured in the following ways:
  - Increased awareness of the existence of the program and catalog;
  - Three new vendors have joined the catalog in two years (Tri-Valley; Disability Supports; Goodwill Industries/Easter Seals)
  - Increased feedback into the development of catalog offerings each year
  - Increased sales through better reporting of vendor sales
  - Modest amount of requests for waivers; a few thousand dollars out of several million dollars in sales
- Again, thanks for the opportunity to speak with you today
- I'll stand for any questions you might have.

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Attachment 2

Doug Schwinn  
Spring Hill School District

Our committee was given 9 functions within K.S.A. 75-3322 (see attached). I'll do my best to briefly address each one.

(1) Before the committee was formed there were just two criteria for a waiver. It can be found in Sec 4. (a) which states: "Whenever the qualified vendors are unable to supply the products or services needed or unable to meet delivery requirements on any order or requisition, a written waiver shall immediately be forwarded to the director of purchases..." Based on my conversations with school district representatives from across the state, the two biggest issues they face when attempting to follow the State Use Law is price and quality. It was my hope that we could utilize a waiver process to address both price and quality issues. Darren Muci, the other school district representative on the SUL committee, and myself, have proposed ideas to establish a waiver for price & quality. Vendors have not been receptive to the idea and have not offered alternatives.

(2) This is the one area we have had good dialogue among committee members. I believe the committee is very receptive to adding additional products or services under the State Use Law catalog.

(3) So far the committee has had difficulty trying to define a dollar threshold everyone can agree on.

(4)-(6) Trying to determine fair market price has been a huge undertaking. The committee, and sub-committees, have spent numerous hours going many different directions, and in my opinion we haven't made much ground. I'll be happy to go into much more detail at a later time on this subject.

(7) I believe tremendous progress has been made by both districts and vendors to better promote the SUL catalog and to get districts to comply with the statutes. Darren and myself have conducted several presentations over the last couple years in front of superintendents and school personnel across the state.

(8) I believe it is difficult for vendors to add additional commodities or services. I believe districts would be willing to purchase additional commodities or services if they were offered at a fair price, high quality, and a timely delivery.

As a school district representative, I think it is fair to say their prices are higher than what districts would pay on the open market. In all honesty, I don't mind paying a little more to support a good cause, but it just doesn't make good business sense to pay

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10%, 20%, even 30% or more to purchase these products and services when we are trying to be good stewards of the money the state has given us.

I still have occasional comments from districts about quality. I believe quality was a lot bigger issue 5-10 years ago than the last year or two. Unfortunately there were several districts that "got burned" a few years back and are reluctant to give the vendors a 2nd or 3rd chance. Darren Muci has been very instrumental in collecting responses from districts across the state. Attached is a survey of the responses we have received.

I thank you for your time.



March 15, 2007

To: Senate Commerce Committee:

I am Ron Pasmore, President/CEO of KETCH and a vendor representative on the State Use (SUL) Committee. Thank you for the opportunity to submit comments in regards to the Kansas State Use Law

The current SUL Committee is compromised of the following members:

- Matt Fletcher (Chair)—Associate Director, Interhab
- Chris Howe—Director, Kansas Division of Purchases
- Senator Don Betts—State Senator, Wichita
- Representative JoAnn Pottorff—House of Representative, Wichita
- Barry Swanson—Associate Comptroller/Director of Purchasing, Kansas University
- Linda Merrill—President and CEO, Envision, Wichita
- Ron Pasmore—President and CEO, KETCH, Wichita
- Doug Schwinn—Director of Business, USD 230--Spring Hill
- Darren Muci—Director of Operations, USD 259--Wichita

The SUL Committee has met seven times since its inception at various sites throughout Kansas. Committee members take turns hosting meetings at their respective facilities. Some of the sites visited include BTCO, Envision, and TECH. The meetings have been well attended by the SUL Committee members as well as various SUL participants.

During the December 2005 SUL Committee meeting, two SUL sub-committees were appointed and asked to study several issues identified as concerns for members of the SUL committee. The Waivers and Threshold Committee, chaired by Darren Muci, was charged with looking at such topics as reviewing existing waivers, discussing future waivers and defining fair market value. The Products and Services, chaired by Connie Schuelsser, was asked to look at criteria for new vendors, catalogue preparation and review of SUL products and services.

March 15, 2007

<sup>1</sup>Over the past year, the following are some highlights that have been accomplished since the revision of the SUL in 2005:

- Chris Howe, Director of Purchasing, has encouraged partnerships between SUL vendors and Corporate Express in an effort to provide seamless service to required purchasers. To date, five SUL vendors have contracted with Corporate Express to carry SUL products for sales via the state purchasing contract.
- SUL vendors have updated the SUL Web site and now offer online purchasing capabilities.
- Criteria has been established that sets out requirements for an entity to be accepted as a SUL vendor. To date, three new SUL vendors have been accepted into the program.
- Establishment of a timeline for the production of the SUL catalogue, including deadlines for catalogue product and price submissions
- Coordination of marketing activities among SUL vendors.
- SUL vendors have attended numerous events sponsored by various purchasers. Some examples of these events include Kansas Association of School Board Annual Meeting, Kansas Association of School Business Officers, and USD 259 Health Fairs.

I believe the most important benefit of the SUL Committee has been the facilitation of face to face communication between representatives of all the parties who utilize the law. This has resulted in the opportunity to improve our working relationships and develop stronger advocacy for employment for Kansans with disabilities.

Sincerely,



Ron Pasmore





**Kansas Society for Human Resource Management**  
 P.O. Box 8668  
 Wichita, KS 67208

**Testimony for the Kansas Senate Commerce Committee**  
**In Support of House Bill 2316**  
**An Act Concerning Payment of Compensation, Relating to Payment Methods**

**March 15, 2007**  
**Topeka, Kansas**

**By Phillip M. Hayes, SPHR**  
**Legislative Director**

**The Kansas Society for Human Resource Management**  
 P.O. Box 8668, Wichita, KS 67208  
 P – 316.263.9283 x223 / [phayes@the-arnold-group.com](mailto:phayes@the-arnold-group.com)

Dear Members of the Committee:

My name is Phillip M. Hayes and I am writing on behalf of the Kansas Society for Human Resource Management (KS SHRM) which represents more than 1,800 human resource professionals throughout the state. Thank you for the opportunity to submit the following testimony in support of House Bill 2316, a bill that would allow Kansas employers with the flexibility they need to more efficiently manage payroll processes and payment methods.

Governments at all levels have been using electronic fund transfers for some time to pay their employees, make vendor payments and provide tax refunds with high levels of participation and satisfaction. Providing Kansas employers the same option to implement paperless payroll methodologies allows private business to realize the same efficiency and cost-saving benefits governmental agencies have benefited from for more than three decades.

Employers throughout the state are being challenged to do more with less and must develop process improvements to provide quality services and improve their competitive position. Allowing Kansas employers the ability to select the appropriate payroll methods in which to pay their employees will provide businesses an important opportunity to deliver high quality service that their employees deserve; result in more efficient and cost-effective operations; and help employees without a traditional bank account take advantage of the benefits of electronic payroll payments. Electronic payroll processing is safe, convenient and reliable.

The proposed amendments in HB 2316 will provide Kansas employers with the flexibility they need to more efficiently manage payroll processes and payment methods. The following summary outlines the benefits to both employees and employers from the passage of the proposed amendments.

***Value Proposition to the Employee:***

1. Permanent record of payment through the employee's financial records
  - A. Payments can be traced through the banking system
2. More reliable delivery of payment, receive pay on time, every time, even when on vacation, sick, or away on business
  - A. Quicker deposits, reducing the possibility of overdrafts
  - B. Faster access to money than with a paper check, net wages are credited to accounts at the opening of business on the scheduled payment date
  - C. Saves time and trips to their financial institution. Employees do not have to wait in line to deposit their paycheck
3. Avoid/Reduce check cashing fees and similar charges for "unbanked" employees
4. Payroll cards and alternative payment methods operate similarly to paper check

Senate Commerce Committee

March 15, 2007

Attachment 5-1

**Employer Goals in Offering Electronic Payroll:**

1. Provides a popular benefit to employees
  - A. Improve employee services
2. Cost savings
  - A. Eliminates the possibility of lost, stolen, or check fraud
  - B. Reduce check reconciliation and escheatment
  - C. Less expense incurred for paper checks, postage costs and labor costs
3. Significantly improves payment delivery services
  - A. Security, an electronic audit trail ensures payment can always be located
  - B. More reliable than U.S.P.S.

Kansas companies must deliver competitive products or services to the marketplace at a cost that permits the organization to remain financially viable. Payroll programs and methods should be designed to provide the maximum return to the employees consistent with achieving these goals. The proposed amendments to K.S.A. 44-314 accomplish these objectives.

Having visited with several HR professionals throughout the state regarding their interest in having the proposed amendments adopted, we are confident HB 2316 presents a win-win solution for both Kansas employers and employees alike. KS SHRM respectfully requests your support of House Bill 2316. Thank you for your consideration.

This completes my prepared statement. I will be pleased to answer any questions the Committee might have. Please contact me at 316.263.9283 extension 223 or by email at [phayes@the-arnold-group.com](mailto:phayes@the-arnold-group.com) if I can be of further assistance or provide additional information.

Respectfully,



Phillip M. Hayes, SPHR  
Legislative Director, Kansas SHRM

BANKS REJECT SOME; SOME REJECT BANKS

# No checks, balances



Fernando Salazar/The Wichita Eagle

uchKosK casts his paycheck at Daddy's Money Pawn Shop last week. Many people who cash paychecks at pawn shops and payday loan  
to so because they — like about 10 percent of people in the U.S. — don't have checking or savings accounts.

1-17-06  
Wichita  
Eagle

Senate Commerce  
March 15, 2007.  
Attachment 6-1

Attachment

6-1

Senate Commerce Committee  
March 15, 2007

# Check-cashing businesses help 'unbanked' to lead cash-only lives

BY DEB GRAUER  
The Wichita Eagle

**A**fter getting off work Friday, Wichita resident Mike Bode drove to Daddy's Money Pawn Shop to cash his pay-check.

Bode doesn't keep a bank account, so he lives a cash-only life, getting his money from places such as Daddy's Money and paying bills by money order.

This works best for him, he says. "I can't overspend," the 30-year-old

explained. "I live within my means."

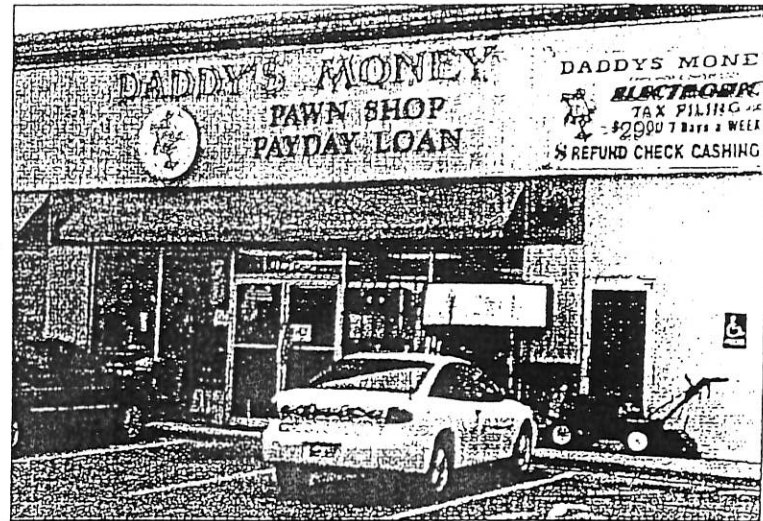
When he had a bank account, it was too easy to buy things he couldn't afford. Now he's fearful of having an account, admitting he's just not good at managing money.

Bode, who said he makes about \$20 an hour, is among the estimated 10 percent to 12 percent of the population called "the unbanked."

So is Jason Buchkoski, who says he doesn't have a bank account because it's "too much of a hassle."

For many in this group, however,

Please see **BANKS**, Page 5A



Jalme Oppenheimer/The Wichita Eagle

Daddy's Money Pawn Shop cashes checks, as do many of Wichita's 60 other places that handle payday loans.

## WHY SOME PEOPLE SKIP BANKS

Source: 2001 survey by the Federal Reserve

28.6

percent do not write enough checks to make it worthwhile

22.6

percent do not like dealing with banks

14

percent don't have enough money to open an account

10.2

percent find service charges too high

6.6

percent can't manage or balance a checking account

6.5

percent find minimum balance too high

11.5

percent gave other reasons

6-9

6-2

Tim Thomas, owner of Daddy's Money Pawn Shop, says that about 25 percent of the business is cashing checks.

Fernando Salazar/  
The Wichita Eagle



## BANKS

From Page 1A

It's not a matter of not wanting a bank account — it's a matter of not being able to get one.

### Extending a lifeline

Rep. Nile Dillmore, D-Wichita, said he's concerned about people who can't get access to basic banking services.

Some people can't get accounts because they misused them in the past. Others can't come up with the money required for a minimum deposit. Others can't get them because they're here illegally.

"Our economy is relying more and more on service jobs and retail sales jobs, jobs that don't pay very much money," he said. "As a result, people in those jobs are not attractive customers to large and established banking systems. They don't have big accounts. Their borrowing needs are small.

"And so check cashers, payday lenders, title lenders — they become the primary source of financial services for that group of wage earners."

Some states, such as Illinois, Massachusetts, Minnesota, New Jersey, New York, Rhode Island and Vermont, require banks and other financial institutions to offer "lifeline" checking accounts to consumers, according to Bankrate.com, a banking industry Web site. Such accounts generally require low minimum deposits and give the consumer a certain number of checks per month.

Lifeline checking accounts are not required in Kansas.

A proposal is circulating in

Topeka that would allow out-of-state banks to accept deposits from public funds such as city and county governments and school boards. Currently, public money must be deposited with a bank based in Kansas.

As part of that proposal, Dillmore wants to see if those financial institutions would help people who don't have bank accounts.

"If the state wants to extend that privilege to them, maybe they would look at the issue of the unbanked," Dillmore said.

### Risky business

Tim Thomas, owner of Daddy's Money, has been in the business for 15 years and has had his own shop for six years.

About 25 percent of the business is check cashing, he said. On a typical day, Daddy's Money cashes 40 to 50 checks. That number increases during tax season, he said.

Daddy's Money typically charges a 2 percent fee to cash a payroll check. The business also cashes other types of checks, including government and personal two-party checks. The greater the risk, the greater the fee.

"We do take a great deal of risk by being in this business, quite honestly," Thomas said.

Clerks require two forms of identification to cash a check.

Wichita has 61 places to get a payday loan. Most of those businesses also offer check-cashing services, as do some grocery stores.

Consumers who use check-cashing services typically pay a 2 percent to 10 percent fee to do so, depending on the type of check. Dillons charges \$1.50 per \$100, said spokeswoman Su-Ella McKinzie.

Most banks will cash payroll checks for non-customers for no fee if the check is drawn on that bank.

Tom Linafelt, communications director for Quik Cash, which has six stores in Wichita, said about 90 percent of the checks Quik Cash cashes are payroll checks.

The fee there to cash a payroll check also is 2 percent.

Linafelt said the check-cashing side of Quik Cash — the company also makes payday loans — has been decreasing.

"We think that's the result of a couple of factors, including increasing e-commerce and direct deposit. We're becoming a paperless financial society," he

said.

### Industry safeguards

At Fidelity Bank, customers can open a checking account with as little as \$25, said spokesman Al Sanchez.

"If you can establish who you are, and you clear an industry clearinghouse system, and you've got \$25, you can open up an account at Fidelity Bank," Sanchez said.

The U.S. Patriot Act requires banks to verify a potential customer's name, current address, date of birth and Social Security number, Sanchez said.

The system Fidelity and other banks use to investigate consumers flags those who have used their accounts fraudulently or outside account guidelines.

"It shows whether you have had a checking account before, and if you used it the way it was intended to be used," Sanchez said.

If the consumer has cost a bank a loss — either through unpaid insufficient funds checks, fraud or something similar — that will show up and likely make it difficult to get an account.

### Payroll option

One alternative to bank accounts is payroll cards.

Intrust Bank offers the cards to some of its business customers.

Instead of issuing a paper check to employees, businesses that use payroll cards give staffers a card on payday that acts like a debit card.

Each payday, the employer reloads the card, putting the proceeds of the employee's paycheck onto the card. The employee then can make with-

drawals at an ATM or use the card for purchases.

Intrust wouldn't say how many business customers it has using payroll cards. The advantage to employers is that it cuts down on payroll costs.

"Payroll cards are great for people who are unbanked," Iseman said. "Some people just don't want to have an account."

# BUSINESS & MONEY

10

SUNDAY  
DECEMBER 3, 2006

## Payroll cards can save employers, workers money

BY JERRY SIEBENMARK  
The Wichita Eagle

There is a little-known option that companies can use to pay employees who don't have checking accounts.

An employee's pay can be credited to a payroll card, which can be used at an ATM, the grocery store or any business that accepts a debit card.

Payroll cards aren't that new,

but there's little awareness of them.

Keith Moyer, senior vice president and treasury services manager at Commerce Bank, said that probably fewer than 1 percent of the companies his bank serves use the payroll card program.

"Now, if you ask me what percentage know this program exists, it's probably less than 1 percent," he said.

Businesses that have adopted a paperless payroll system said that, even with the extra costs of adding the payroll card option, they have saved lots of money by eliminating checks.

But other companies are waiting to see what happens with state legislation that would clarify for them the ability to go to a payroll system of direct deposit and payroll card.

### Check alternative

There are people who, because of a poor financial history, can't open a bank account for direct deposit.

So they have two options: a paper check or a payroll card.

United Methodist Youthville Inc. began offering payroll cards as an alternative to checks

Please see **PAYROLL**, Page 5C



## PAYROLL

From Page 1C

years ago.

Toyia Bulla, Youthville's chief financial officer, said she learned of the card option from Commerce Bank.

With the conversion to the card, Youthville's 550 employees can either have their pay directly deposited to a bank account or to the card.

Bulla said about 5 percent of Youthville's employees use the card, which Commerce Bank calls a stored-value card.

Other area businesses are starting to take note of the payroll card because there are cost savings to be gained from eliminating paper checks.

Bulla said Youthville has saved several thousand dollars annually by going to the payroll card.

"That means that we have several thousand dollars that we can use to take care of children," she said.

It's also a less costly option for

workers who have to pay a fee to get their checks cashed, said Phillip Hayes, vice president for HR services and operations for the Arnold Group.

"If you look at the un-banked employee who goes to a check-cashing service, they're paying \$5 or more (to cash their payroll check)," Hayes said.

Bill Schmitz, business manager for the Greater Wichita YMCA, likes the payroll card option for the 30 percent of his organization's employees who are paid by check.

Schmitz estimated it costs the YMCA \$6,500 a year to print and mail paychecks to that group of employees.

There would be a cost to offering the cards, he said, but not enough to wipe out all the savings from eliminating checks.

### Legislative road bump

But Schmitz said the YMCA won't go to the payroll card unless the law changes.

Schmitz said he doesn't feel comfortable with the YMCA man-

dating a checkless payroll system without a change in the law.

Arnold Group's Hayes said the lack of clarity in the law isn't limited to the YMCA.

"I think there's a majority... that isn't quite sure," Hayes said. "That's why we as a company kind of put the brakes on (switching to a direct deposit and payroll card system)."

A Senate bill that died in a House committee in the Kansas Legislature's last session would have clarified that statute, said Hayes, who testified in support of the bill as the past president of the Wichita chapter of the Society for Human Resource Management.

Hayes said he believes the bill didn't get a lot of support because there are a lot of people, legislators included, who "all they've known their whole life is (getting) a hard-copy paper check."

He said it's legislation that his group will try to revive in the Legislature's next session.

Reach Jerry Siebenmark at  
316-268-6576.

**TALK TO US:** Call Tom Shine,  
316-268-6268, or e-mail  
tshine@wichitaeagle.com

WWW.KANSAS.COM/BUSINESS

Attachment

7

Senate Commerce Committee

March 15, 2007

*Senate Commerce  
March 15, 2007  
Attachment 7*

Testimony for the Kansas Senate Commerce Committee

In Support of House Bill 2316  
An Act Concerning Payment of Compensation, Relating to Payment Methods

March 15, 2007  
Topeka, Kansas

By Bill Goodlatte, Senior Vice President, Human Resources, The LDF Companies  
2959 N. Rock Road, Wichita, KS 67226  
P-316-636-5575 / F-316-636-5644

Dear Members of the Committee:

My name is Bill Goodlatte. I would like to thank you for the opportunity to submit the following testimony as you consider House Bill 2316, a bill that would allow Kansas employers with the flexibility they need to more efficiently manage payroll processes and payment methods. As a human resources professional, a small business manager, a Board Member of the Kansas Restaurant & Hospitality Association (KRHA), the Urban League of Kansas (ULK) and a Member of the Society for Human Resource Management (SHRM) I respectfully urge the legislature to consider the proposed amendments to K.S.A. 44-314 as drafted in House Bill 2316.

Employers benefit from electronic payroll processing through cost savings and by providing a popular benefit to their employees. Lost, stolen, forged, altered and/or counterfeit checks are eliminated, resulting in immediate savings. Direct deposit and payroll cards also significantly improve payment delivery services. There is an electronic audit trail to ensure that payments can always be located. Payments can be traced through the banking system and beneficiaries have a permanent record of their payment through their financial records.

There are many financial advantages of electronic payroll processing for employees as well. Employees benefit by receiving their pay on time, every time, even when they are away from work or home. Employees also have faster access to their money as benefits are credited to bank accounts or payroll cards at the opening of business on the scheduled payment date. Employees can use an automated teller machine (ATM) to obtain cash immediately or write checks to pay bills. Electronic payroll avoids expensive check cashing fees, fees for money orders and similar charges for employees. When we introduced direct deposit and payroll cards at The LDF Companies, both were extremely well received by our employees. Electronic payroll is truly a win/win opportunity for employees and employers alike!

I have also visited with many human resources professionals and business owners throughout the state regarding their interest in having the proposed amendments adopted. As a Board Member of KRHA, ULK and a Member of SHRM, I know many of my colleagues around the state support HB 2316 and am confident they will be contacting their respective legislators to express their support, share their stories as they relate to this bill, and respectfully request a "yes" vote.

This completes my prepared statement. I will be pleased to answer any questions the Committee might have. Thank you for your time and consideration. If I can be of further assistance please contact me at the numbers listed above.

Respectfully,

Bill Goodlatte

Senate Commerce Committee  
March 15, 2007

Attachment 8



**TESTIMONY IN SUPPORT OF HB2316**

To: Co-Chairs Brownlee and Jordan  
Members of the Senate Commerce Committee

From: Doug Robinson, Finance Director

Date: March 8, 2007

Thank you for the opportunity to present testimony regarding HB 2316. The City of Lenexa understands that this bill was introduced in an effort to enable both private businesses as well as all levels of government to work more efficiently and effectively. The City of Lenexa strongly supports this legislation.

Direct deposit and other electronic payment methods such as payroll cards are efficient, commonly accepted business practices, but KSA44-313 requires employee written consent before an employer may pay wages by electronic deposit. NACHA, the Electronic Payments Association, estimates that employers can save up to \$0.60 per payment by using direct deposit instead of paper paychecks. While the City would be able to save taxpayer dollars with this legislation, employees would also benefit by knowing that their wages are accurately and consistently deposited into their personal bank accounts or available on their payroll cards.

The City of Lenexa strongly supports HB 2316 and any other statewide legislation that would aid local governments in becoming more efficient and effective in paying their employees. Please do not hesitate to contact me should you have any questions or if the City of Lenexa can provide you with additional information. Thank you for your consideration.

Senate Commerce Committee  
March 15, 2007  
Attachment 9





March 15, 2007

To: Senate Committee on Commerce

From: Kathleen Taylor Olsen, Kansas Bankers Association

**Re: HB 2316: Paperless Payroll**

Chairman Brownlee, Chairman Jordan and Members of the Committee:

Thank you for the opportunity to appear before you today in support of **HB 2316** which addresses the issues of: clarifying that the payroll card is an alternative electronic payment method; and allowing employers to manage their payroll processes more efficiently by choosing paperless payroll.

As you might guess, the KBA's interest in this bill is not solely as an association representing employers who are anxious to modernize their payroll methods, but also as potential payroll card issuers. We are here today to render our support for the bill as amended and the clarification those amendments provide with regard to being a payroll card issuer.

The amendments we requested are on Page 2, Subsection (c)(4), lines 9 through 12. Originally, the bill spoke to negative balances that may be caused by a "cash advance on future pay". The bill prohibited a payroll card issuer from reporting to a credit reporting agency any negative balance that such an advance would cause, and also prohibited a payroll card issuer from attempting to collect any such negative balance.

Despite all efforts to be sure a card holder does not go into a negative balance, negative balances can also be created by purchases that are made by the card holder. In most cases, these negative balances are small and incidental to the transaction made by the card holder, and can be covered with the next payroll deposit.

Here is a typical example: A card holder has just finished dinner at a restaurant and gives his or her payroll card in payment of the bill. The waiter runs the card through for the amount of the meal, but does not include an amount for the tip. The card goes through because the card holder has enough money for the amount of the meal, but not enough for the tip, thus causing a negative balance.

Kansas Bankers Association  
**HB 2316**  
Page Two

In these instances, the card issuer is hoping that the negative balance will be resolved when the next payroll deposit comes in, but if this is a persistent problem with a particular card holder, the card issuer should be able to collect the negative balance.

Subsection (c)(4) also addressed information that a payroll card issuer was prohibited from reporting to a credit reporting agency. As was explained in the House hearing, there is a federal law, the Fair Credit Reporting Act, which governs what information can be shared with a credit reporting agency by any credit issuer. Thus, the language relating to this was also stricken.

In conclusion, we would respectfully request your favorable consideration of **HB 2316** as amended by the House Committee on Commerce and Labor.

Thank you.



League of Kansas Municipalities

300 SW 8th Av  
Topeka, Kansas 66603-3912  
Phone: (785) 354-9565  
Fax: (785) 354-4186

TO: Senate Commerce Committee  
FROM: Kimberly Winn, Director of Policy Development and Communications  
DATE: March 15, 2007  
RE: Support for HB 2316

Thank you for the opportunity to appear today on behalf of the League of Kansas Municipalities. We appear in support of HB 2316.

We have received numerous calls from cities, and in particular small cities, who have tried to streamline their payroll process and have encountered one or two employees who refuse to accept payment via a direct deposit transfer. These cities are trying in good faith to provide government services more efficiently and effectively, but one or two individuals have used the provisions of K.S.A. 44-314 to hamper the process by demanding a "paper" check. This is clearly a duplication of services which imposes an unnecessary burden for local taxpayers.

Authorizing the use of electronic transfers will save time and money at the local level. LKM strongly supports the use of technology to provide government services in a more efficient manner. Further, we support the right of cities, as local employers, to determine the method by which their employees will be paid. Also in this bill is a provision that will allow the employer to issue payroll cards for those employees who do not have a checking account. This provides the convenience for employees of having access to their wages with the cost-saving benefit to employers by not having to issue "paper" checks each payroll period.

For these reasons, we urge your favorable consideration of HB 2316 and I would be happy to stand for questions at the appropriate time.

www.lkm.org

Senate Commerce Committee  
March 15, 2007

Attachment 11

**Kansas Department of Administration**

**Duane Goossen, Secretary**

1000 SW Jackson, Suite 500

Topeka, Kansas 66612-1368

(785) 296-3011

**Senate Commerce Committee**

**HB 2316 – Employee Compensation Payment Methods**

**Robert L. Mackey, Director**

**Division of Accounts & Reports**

**March 15, 2007**

HB 2316 amends KSA 44-314 and repeals the existing section. The statute governs acceptable and authorized compensation payment schedules and methods for Kansas employers except for the State of Kansas. The State of Kansas as an employer is subject to additional law in regard to payment of wages to state employees. KSA 75-5540 requires the Director of Accounts and Reports to develop and authorize a payroll remittance plan which includes the direct deposit of state employees' salaries and wages into the employees' accounts at banks, savings and loan associations, or credit unions. The last sentence of KSA 75-5540 requires that "such direct deposits shall be made only upon the written authorization and direction of such state officers or employees."

The Department of Administration would like to offer the attached amendment to HB 2316 for consideration by the committee. This balloon would bring consistency between the statute governing payment methods for state employees with the statute that covers all other employers within the state by repealing K.S.A. 75-5540.

Thank you and I would be happy to stand for questions.

Senate Commerce Committee  
March 15, 2007

Attachment 12-1

HOUSE BILL No. 2316

By Committee on Commerce and Labor

1-31

10 AN ACT concerning payment of compensation; relating to payment  
11 methods; amending K.S.A. 44-314 and repealing the existing section.  
12

; also repealing K.S.A. 75-5540

12-2

13 *Be it enacted by the Legislature of the State of Kansas:*

14 Section 1. K.S.A. 44-314 is hereby amended to read as follows: 44-  
15 314. (a) Every employer shall pay all wages due to the employees of the  
16 employer at least once during each calendar month, on regular paydays  
17 designated in advance by the employer, in lawful money of the United  
18 States or with checks or drafts which are negotiable in the community  
19 wherein the place of employment is located or, with the written consent  
20 of the employee, by electronic deposit to an employee's account at a  
21 financial institution.

22 (b) The employer may designate the method by which employees re-  
23 ceive wages, provided all wages shall be paid by one or more of the fol-  
24 lowing methods:

- 25 (1) In lawful money of the United States;
- 26 (2) by check or draft which is negotiable in the community wherein  
27 the place of employment is located;
- 28 (3) by electronic fund transfer or deposit to an automated clearing-  
29 house member financial institution account designated by the employee;  
30 or
- 31 (4) by payroll card.

32 (c) ~~(1)~~ Any employer that elects to pay wages only by a method au-  
33 thorized in subsection (b)(3) shall:

34 ~~(A) Offer a payroll card as~~ offer an alternative payment method or  
35 as a default option for employees that fail to designate a financial insti-  
36 tution account for electronic fund transfer or deposit.

37 ~~(B) allow employees who use payroll cards at least one withdrawal~~

38 (d) Any employer that elects to pay wages using a payroll card  
39 as authorized in subsection (b)(4) shall allow employees at least  
40 one means of fund access per pay period at no cost to the employee  
41 for an amount up to and including the total amount of the employee's net  
42 wages, as stated on the employee's earnings statement, and.

43 ~~(C) not~~ (e) Not less than 90 30 days prior to implementing a payroll

12-2

12-3

1 program ~~utilizing payroll cards~~ using only the methods authorized in  
 2 subsection (b)(3) or (b)(4), an employer shall either:

3 ~~(#)~~ (1) Conduct one or more employee forums to educate employees  
 4 regarding the use of a direct deposit ~~and~~ or payroll card program offered  
 5 by the employer; or

6 ~~(#)~~ (2) Distribute educational information to employees about direct  
 7 deposits or payroll cards as they may be used under the payroll card  
 8 program offered by the employer.

9 ~~(#)~~—Wages (f) (1) Employers shall retain no interest in wages  
 10 paid by electronic funds transferred to an employee's payroll card account  
 11 shall be owned by the employee, other than the right to correct in-  
 12 advertent overpayments in accordance with the rules governing  
 13 direct deposit.

14 ~~(#)~~ (2) An employer may not charge an employee initiation, loading  
 15 or other participation fees to receive wages payable in an electronic fund  
 16 transfer to a payroll card account, with the exception of the cost required  
 17 to replace a lost, stolen or damaged payroll card.

18 ~~(#)~~ A payroll card issuer may not report an employee accessing wages  
 19 by payroll card to a credit agency for a negative balance resulting from  
 20 a cash advance on future pay, nor may the payroll card issuer attempt  
 21 collection for any such negative balance.

22 —(5) (g) As used in this section:

23 ~~(A)~~ (1) "Payroll card" means a card, issued to an employee by an  
 24 employer, a bank or other entity on behalf of an employer, onto which an  
 25 employee's net wages are loaded on regular paydays from a payroll card  
 26 account and made accessible to an employee. A payroll card is a ma-  
 27 chine readable instrument for purposes of K.S.A. 9-1111d, and  
 28 amendments thereto.

29 ~~(B)~~ (2) "Payroll card issuer" means an employer, a bank or other  
 30 entity that issues a payroll card to an employee under an employer payroll  
 31 card program.

32 ~~(C)~~ (3) "Payroll card account" means an account into which an em-  
 33 ployer deposits each participating employee's net wages on regular pay-  
 34 days through an electronic fund transfer.

35 ~~(b)~~ ~~(#)~~ (h) The end of the pay period for which payment is made on  
 36 a regular payday shall be not more than 15 days before such regular  
 37 payday unless a variance in such requirement is authorized by state or  
 38 federal law.

39 Sec. 2. K.S.A. 44-314 ~~is~~ hereby repealed.

40 Sec. 3. This act shall take effect and be in force from and after its  
 41 publication in the statute book.

and 75-5540 are

12-3

## Kansas Legislature

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**75-5540****Chapter 75.--STATE DEPARTMENTS; PUBLIC OFFICERS AND EMPLOYEES****Article 55.--PAYROLL ACCOUNTING FOR STATE AGENCIES**

**75-5540. Payroll remittance plan for direct deposit of compensation; authorization by employee.** As part of the system of payroll accounting formulated under K.S.A. 75-5501, and amendments thereto, the director of accounts and reports shall develop and authorize a payroll remittance plan which will allow the salaries and wages of state officers or employees to be deposited directly to the accounts of such officers or employees, in banks, savings and loan associations or credit unions. Such direct deposits shall be made only upon the written authorization and direction of such state officers or employees.

**History:** L. 1988, ch. 344, § 1; Jan. 1, 1989.

12.4

-4



DEPARTMENT OF LABOR  
Jim Garner, Secretary

KATHLEEN SEBELIUS, Governor

**Testimony Concerning House Bill 2316  
Senate Commerce Committee  
Jim Garner, Secretary  
Kansas Department of Labor  
15 March 2007**

Chairpersons Brownlee and Jordan and Members of the Committee:

Thank you for this opportunity to appear and share comments of the Kansas Department of Labor concerning House Bill 2316. The bill allows for alternatives using new technology for the payment of wages under the Kansas Wage Payment Act. The Department seeks the opportunity to offer an amendment to this bill to allow KDOL to use debit cards for the payment of unemployment insurance benefits.

The underlying bill allows employers in Kansas the option of paying wages either in lawful money, check or draft, direct deposit or payroll card. If a payroll card is used the employee must be allowed at least one means of fund access per pay period at no cost to the employee for an amount up to and including the entire amount of the net wages paid to the employee.

There is a policy change proposed in this bill that I must note. On page 2, lines 16-17, the new language will allow employers to charge employees for replacement of lost or damaged payroll cards. It has been the agency's historic interpretation of the Wage Payment Act that employers can not charge employees for cards, since it is seen as a primary benefit for the employer. This is a policy change upon which you all must consider and decide.

The Department of Labor has been investigating the implementation of debit cards to replace the issuance of warrants for unemployment benefits. We have received a grant from the US Department of Labor to help offset some of the one-time costs of implementing debit cards. Our Chief Fiscal Officer has compiled a list of on-going savings that would be realized by the agency if we moved to using debit cards instead of paper warrants. The result would be over \$500,000 in savings. Attached is his listing of savings.

Senate Commerce Committee  
March 15, 2007

Attachment 13-1



For clarity sake, we are asking that the language in KSA 44-712 be amended to allow the agency to use debit cards in the future. I have also attached a draft amendment concerning this matter. We believe the agency can proceed with implementing debit cards, but we seek this change to remove any doubt. This proposed change in the Employment Security Law was reviewed by the Employment Security Advisory Council and unanimously endorsed by the Council.

Finally, many other states are starting to move in this direction for payment of benefits. In the last year several states have implemented the use of debit cards including Indiana, New York, Minnesota and Alabama.

Thank you for the opportunity to share these comments with the committee. I respectfully ask that if the committee works House Bill 2316 that it amends the bill to make clear that the agency can proceed with using debit cards.



DEPARTMENT OF LABOR

Kathleen Sebelius, Governor  
Jim Garner, Secretary

www.dol.ks.gov

## KANSAS DEPARTMENT OF LABOR PAPER WARRANTS

For State Fiscal Year 2006, the agency issued 760,392 paper warrants.

The costs associated with a paper warrant process are:

### Postage

Warrants issued	760,392	
Presort Postage	<u>x .308</u>	
		\$234,200

### Warrant Stock

Warrants issued	760,392	
Cost per warrant	<u>x .045</u>	
		\$ 34,218

### State Treasurer

Bank fees and warrant processing		\$202,777
----------------------------------	--	-----------

### IT Printing cost

Equipment and operator	\$.08	
	<u>x 760,392</u>	
		\$ 60,831

### Mailroom cost

Equipment and operator	\$30/K	
	<u>x 760</u>	
		\$ 22,800

### Benefits cost

Handling returned and lost warrants		<u>\$ 17,000</u>
		\$571,826

## 44-712

### Chapter 44.--LABOR AND INDUSTRIES Article 7.--EMPLOYMENT SECURITY LAW

**44-712. Employment security fund.** (a) *Establishment and control.* There is hereby established as a special fund in the state treasury, separate and apart from all public moneys or funds of this state, an employment security fund, which shall be administered by the secretary as provided in this act. This fund shall consist of: (1) All contributions collected under this act; (2) interest earned upon any moneys in the fund; (3) all moneys credited to this state's account in the federal unemployment trust fund, pursuant to section 903 of the social security act, 42 U.S.C.A. § 1103, as amended; (4) any property or securities acquired through the use of moneys belonging to the fund, and all other moneys received for the fund from any other source; (5) all earnings of such property or securities. All moneys in this fund shall be mingled and undivided.

(b) *Accounts and deposits.* The state treasurer shall be ex officio custodian of the fund. Payments from the fund, and for the purposes of this act deposits with the secretary of the treasury of the United States shall not be deemed to be payments from the fund, shall be made ~~upon warrants drawn upon the state treasurer by the director of accounts and reports upon vouchers~~ **any commercially-accepted means** approved by the secretary. There shall be maintained within the fund three separate accounts: (1) A clearing account; (2) an unemployment trust fund account, and (3) a benefit account. All money payable to the fund upon receipt thereof by the secretary, shall be remitted to the state treasurer in accordance with the provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of each such remittance, the state treasurer shall deposit the entire amount in the state treasury to the credit of the clearing account of the fund. Refunds payable pursuant to K.S.A. 44-717, and amendments thereto, may be paid from the clearing account of the fund by ~~warrants drawn by the director of accounts and reports upon the state treasurer upon vouchers~~ **any commercially-accepted means** approved by the secretary. After clearance thereof, all other moneys in the clearing account of the fund shall be immediately deposited with the secretary of the treasury of the United States of America to the credit of the account of this state in the federal unemployment trust fund established and maintained pursuant to section 904 of the social security act, 42 U.S.C.A. § 1104, as amended, any provisions of law in this state relating to the deposit, administration, release, or disbursement of moneys in the possession or custody of this state to the contrary notwithstanding. The benefit account of the fund shall consist of all moneys requisitioned from this state's account in the federal unemployment trust fund. Except as herein otherwise provided, moneys in the clearing and benefit accounts of the fund may be deposited by the state treasurer in any bank or public depository as is now provided by law for the deposit of general funds of the state, but no public deposit insurance charge or premium shall be paid out of the fund. Moneys in the clearing and benefit accounts of the fund shall not be commingled with other state funds and shall be maintained in separate bank accounts.

(c) *Withdrawals.* Moneys shall be requisitioned from this state's account in the federal unemployment trust fund solely for the payment of benefits and in accordance with the provisions of this act and the rules and regulations adopted by the secretary, except that moneys credited to this state's account pursuant to

section 903 of the social security act, 42 U.S.C.A. § 1103, as amended, shall be used exclusively as provided in subsection (d) of this section. The secretary shall from time to time requisition from the federal unemployment trust fund such amounts, not exceeding the amounts standing to its account therein, as deemed necessary for the payment of benefits for a reasonable future period. Upon receipt thereof the state treasurer shall deposit such moneys in the benefit account of the fund and ~~warrants for the payment~~ **payments** of benefits shall be charged solely against such benefit account of the fund. Expenditures of such moneys in the benefit account and refunds from the clearing account of the fund shall not be subject to any provisions of law requiring specific appropriations. Any balance of moneys requisitioned from the federal unemployment trust fund which remains unclaimed or unpaid in the benefit account of the fund after the expiration of the period for which such sums were requisitioned shall either be deducted from estimates for, and may be utilized for the payment of benefits during succeeding periods, or, in the discretion of the secretary shall be directed to be redeposited with the secretary of the treasury of the United States of America, to the credit of this state's account in the federal unemployment trust fund, as provided in subsection (b) of this section. All balances accrued from unpaid or canceled warrants issued pursuant to this section, notwithstanding the provisions of K.S.A. 10-812, and amendments thereto, shall remain in the benefit account of the fund, and be disbursed in accordance with the provisions of this act relating to such account.

(d) *Administrative use.* (1) Money credited to the account of this state in the federal unemployment trust fund by the secretary of the treasury of the United States of America, pursuant to section 903 of the social security act, 42 U.S.C.A. § 1103, as amended, may be requisitioned and used for the payment of expenses incurred in the administration of this act pursuant to a specific appropriation by the legislature, if expenses are incurred and the money is requisitioned after the enactment of an appropriation law which: (A) Specifies the purposes for which such money is appropriated and the amounts appropriated therefor, (B) limits the period within which such money may be obligated to a period ending not more than two years after the date of the enactment of the appropriation law, and (C) limits the amount which may be obligated during a twelve-month period beginning on July 1 and ending on the next June 30 to an amount which does not exceed the amount by which (i) the aggregate of the amounts credited to the account of this state pursuant to section 903 of the social security act, 42 U.S.C.A. § 1103, as amended, (ii) the aggregate of the amounts obligated pursuant to this subsection and amounts paid out for benefits and charged against the amounts credited to the account of this state. For the purposes of this subsection, amounts obligated during any such twelve-month period shall be charged against equivalent amounts which were first credited and which are not already so charged.

(2) Money credited to the account of this state pursuant to section 903 of the social security act, 42 U.S.C.A. § 1103, as amended, may not be withdrawn or obligated except for the payment of benefits and for the payment of expenses for the administration of this act and of public employment offices pursuant to this subsection (d).

(3) Money appropriated as provided by this subsection (d) for the payment of expenses of administration shall be requisitioned as needed for the payment of obligations incurred under such appropriation and, upon requisition shall be

deposited in the state treasury to the credit of the employment security administration fund from which such payments shall be made. Money so deposited and credited shall, until expended, remain a part of the federal unemployment trust fund, and, if it will not be expended, shall be returned promptly to the account of this state in the federal unemployment trust fund.

(4) Notwithstanding paragraph (1), money credited with respect to federal fiscal years 1999, 2000 and 2001, shall be used solely for the administration of the UC program, and such money shall not otherwise be subject to the requirements of paragraph (1) when appropriated by the legislature.

(e) *Management of funds upon discontinuance of federal unemployment trust fund.* The provisions of subsections (a), (b), (c) and (d) of this section, to the extent that they relate to the federal unemployment trust fund, shall be operative only so long as such unemployment trust fund continues to exist and so long as the secretary of the treasury of the United States of America continues to maintain for this state a separate book account of all funds deposited therein by this state for benefit purposes, together with this state's proportionate share of the earnings of such unemployment trust fund, from which no other state is permitted to make withdrawals. If and when such unemployment trust fund ceases to exist, or such separate book account is no longer maintained, all moneys, properties or securities therein, belonging to the employment security fund of this state, shall be transferred to the state treasurer, to be administered by the secretary as a trust fund for the purpose of paying benefits under this act, and the director of investments upon the direction of the secretary shall have authority to hold, invest, transfer, sell, deposit, and release such moneys, and any properties, securities, or earnings acquired as an incident to such administration.

**History:** L. 1937, ch. 255, § 12; L. 1939, ch. 214, § 4; L. 1941, ch. 264, § 9; L. 1945, ch. 220, § 9; L. 1947, ch. 291, § 5; L. 1949, ch. 288, § 8; L. 1957, ch. 296, § 2; L. 1965, ch. 321, § 1; L. 1969, ch. 247, § 1; L. 1974, ch. 206, § 1; L. 1976, ch. 370, § 66; L. 1983, ch. 170, § 1; L. 1987, ch. 191, § 7; L. 1992, ch. 74, § 3; L. 1996, ch. 254, § 10; L. 1998, ch. 124, § 3; L. 2001, ch. 5, § 141; July 1.

Kansas State Capitol - 300 SW 10th St. - Topeka, Kansas 66612

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*Ronald R. Hein*  
*Attorney-at-Law*

Email: rhein@heinlaw.com

**Testimony Re: HB 2316**  
**Senate Commerce Committee**  
**Presented by Ronald R. Hein**  
**on behalf of**  
**Kansas Restaurant and Hospitality Association**  
**March 15, 2007**

Madam Chairman, Members of the Committee:

My name is Ron Hein, and I am legislative counsel for the Kansas Restaurant and Hospitality Association. The Kansas Restaurant and Hospitality Association, founded in 1929, is the leading business association for restaurants, hotels, motels, country clubs, private clubs and allied business in Kansas. Along with the Kansas Restaurant and Hospitality Association Education Foundation, the association works to represent, educate and promote the rapidly growing industry of hospitality in Kansas.

KRHA supports HB 2316, which would allow Kansas employers the flexibility to manage payroll processes and payment methods more efficiently.

Electronic payroll can be of great benefit to employers. Paperless payroll can result in cost savings for the employer while providing a benefit to the employees. Immediate savings can be realized through the elimination of lost, stolen, forged, altered and/or counterfeit checks. The delivery services are also significantly improved through direct deposit and payroll cards; and the electronic audit trail ensures payments can always be located. Payments can be traced and beneficiaries will always have a permanent record for their payment through their own financial records.

The advantages include, but are not limited to, employees receiving their pay on time; faster access to their money as benefits are credited to bank accounts or payroll cards; the use of automated teller machines (ATMs) to obtain cash immediately; the avoidance of expensive check cashing fees; fees for money orders; and other similar charges.

KRHA respectfully requests that this committee support HB 2316, as this bill will be of great benefit to both employers and employees throughout the state.

Thank you very much for permitting me to submit written testimony.

Senate Commerce Committee

March 15, 2007

Attachment 14

# CITY OF SHAWNEE

---

**CITY HALL**  
11110 Johnson Drive  
Shawnee, Kansas 66203  
(913) 631-2500  
FAX (913) 631-7351

**CIVIC CENTRE**  
13817 Johnson Drive  
Shawnee, Kansas 66216  
(913) 631-5200

**FIRE**  
6501 Quivira Road  
Shawnee, Kansas 66216  
(913) 631-1080  
FAX (913) 631-1628

**POLICE**  
6535 Quivira Road  
Shawnee, Kansas 66216  
(913) 631-2155  
FAX (913) 631-6389

March 14, 2007

Senate Commerce Committee  
Chairperson Brownlee  
Kansas State Capitol  
300 SW 10<sup>th</sup> Street  
Topeka, Kansas 66612

**RE: HB 2316 Direct Deposit of Wages**

Dear Senator Brownlee:

I am writing on behalf of the City of Shawnee to support the Senate Commerce Committee in passing HB 2316 which would allow for the use of electronic deposit for the payment of wages in a broader scope. The City of Shawnee finds that direct deposit and other electronic payment methods such as payroll cards are efficient and commonly accepted business practices. Currently, the City provides electronic payment for over 69 percent of our employees. This technology has proved to increase efficiency in our payroll department and has eliminated some of the administrative work to oversee the distribution of paper checks. With the passage of HB 2316, the City could eliminate the need for paper checks and could have the option to enhance our efficiency by adopting a completely electronic system for payroll. In addition, employees could benefit by knowing that their wages are accurately and consistently deposited into their personal bank accounts or available on payroll cards.

The City of Shawnee supports legislative efforts which would allow for the use of electronic deposit for the payment of wages in a broader scope. Thank you for the opportunity to present this written testimony on behalf of the City of Shawnee. If you have any questions regarding our position, please contact me at (913)631-2500 or [cgonzales@cityofshawnee.org](mailto:cgonzales@cityofshawnee.org).

Sincerely,



Carol Gonzales  
City Manager

Senate Commerce Committee  
March 15, 2007

Attachment 15-1

# CITY OF SHAWNEE

---

**CITY HALL**  
11110 Johnson Drive  
Shawnee, Kansas 66203  
(913) 631-2500  
FAX (913) 631-7351

**CIVIC CENTRE**  
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**POLICE**  
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(913) 631-2155  
FAX (913) 631-6389

Cc: Senator Jordan  
Senator Emler  
Senator Reitz  
Senator Schodorf  
Senator Teichman  
Senator Wagle  
Senator Barone  
Senator Kelly





**HB 2316**

**March 15, 2007**

**Senate Commerce Committee**

**Marlee Carpenter, Vice President of Government Affairs**

Chairmen Brownlee and Jordan and members of the committee;

**The Force for Business**

835 SW Topeka Blvd.

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785-357-6321

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The Kansas Chamber and its over 10,000 members support the proposed changes set out in HB 2316. As drafted, the bill will amend K.S.A. 44-314 so that Kansas employers would have the ability to designate the payment methodologies they believe are in the best interest of the company and would add a payroll debit card an acceptable means of payment.

In today's competitive environment, Kansas businesses are constantly searching for ways to streamline their business practices and cut expenses. One such way in which Kansas businesses are cutting costs is by reducing their use of paper and moving to paperless systems. Consider how businesses file the majority of their documents electronically or how everyone communicates through e-mail and text messaging. No where has there been more advancement in paperless systems than in the area of electronic commerce. Today, we pay bills electronically, buy our groceries with debit cards and even pay for the Kansas turnpike electronically. All because it reduces the amount of paper work and enhances the efficiency of business.

As drafted, HB 2316 affords Kansas employers the ability to establish a more efficient payroll system as well as providing employees with a safer, more reliable compensation system. Though not all employers will designate to go with an electronic payment system, it will afford those who do the ability to implement paperless systems and save thousands of dollars a year. While the introduction of HB 2316 was requested by the private sector, it would allow the public sector the same benefits of going to a complete paperless payroll system.

The Kansas Chamber respectfully request you pass HB 2316 favorably.

Senate Commerce Committee  
March 15, 2007

Attachment 16

17

WRITTEN TESTIMONY PRESENTED TO THE  
COMMITTEE ON COMMERCE  
IN SUPPORT OF HB 2316

March 15, 2007

My name is Patrick Salmans, Vice President of Human Resources for Sunflower Bank, N.A. in Salina, Kansas.

As a representative of a provider of financial business solutions in a number of communities throughout the State of Kansas, I ask that HB 2316 be passed to address a payroll issue that can easily add several thousand dollars of unnecessary costs to companies on an annual basis. The issue of concern is regarding the inability of Kansas employers to designate or unilaterally select electronic payroll processing as a payment method, in which all employees would receive wages by direct deposit or payroll cards. The proposed amendments would not deny the option or choice for employers to continue with a paper payroll method.

To address this issue and provide Kansas employers with the flexibility they need to more efficiently manage payroll processes and payment methods, I am asking the legislature to consider amending K.S.A. 44-314.


There are many advantages for Kansas employers and employees with electronic methods of payroll payment.

For employers, choosing the option to pay all employees electronically would reduce the associated overhead expenses of producing and managing a paper payroll. Electronically payroll processing would also aid in fighting against the growing problems of paper check fraud and employee identity theft. Additionally, processing wages electronically would allow employers with employees located in different cities and/or states to pay all employees at the same time, thus eliminating unnecessary and unforeseen delays with delivery services associated with a paper check system.

For employees electronically payroll processing allows unbanked employees access to the financial system without requiring a traditional bank account. Electronically payroll processing allows employees to make purchases and access cash for a minimal transaction fee at some retail points of sale. Employees could perform a one-time withdrawal of all funds with a minimal charge or no charge at all, depending on the employer arrangement with the financial institution.

Please consider this important piece of legislation and thank you for giving me this opportunity to present information on this important topic. I would be happy to answer questions regarding the use of payroll cards.

Sincerely,

  
Patrick Salmans, SPHR  
Vice President of Human Resources  
Sunflower Bank, N.A.  
P.O. Box 800  
Salina, KS 67401

Senate Commerce Committee  
March 15, 2007

Attachment 17

*Bringing out the best in the lives we touch ... Creating Possibility.*



MEMBER FDIC  
www.sunflowerbank.com  
Corporate Office  
2090 South Ohio  
P.O. Box 800  
Salina, Kansas 67402-0800  
Tel (785) 827-5564  
Fax (785) 826-2293