

MINUTES OF THE SENATE ELECTIONS AND LOCAL GOVERNMENT COMMITTEE

The meeting was called to order by Chairman Tim Huelskamp at 1:30 P.M. on March 19, 2008 in Room 423-S of the Capitol.

All members were present except Senator Wilson and Senator Betts

Committee staff present:

Martha Dorsey, Kansas Legislative Research Department
Ken Wilke, Revisor of Statutes
Jerry Donaldson, Legislative Assistant
Zoie Kern, Committee Assistant

Conferees appearing before the committee:

Representative Tim Owen, Steve Seawall, CPA

Others attending:

See attached list.

Senator Reitz called the meeting to order.

Ken Wilke gave summary on **HB 2697**.

Discussion.

Written testimony submitted for Carol Williams Executive Director of Ethics Commission on **HB 2697** (Attachment 1).

Discussion.

Hearing closed on **HB 2697**.

Open hearing on **HB 2331**.

Ken Wilke gave summary of **HB 2331**.

Discussion.

Senator Huelskamp resumed chair.

Representative Tim Owens gave testimony as a proponent to **HB 2331** (Attachment 2)

Discussion.

Written testimony on **HB 2331** submitted by Kent Olson, Director Division of Accounts and Reports - Kansas Department of Administration (Attachment 3).

Written testimony on **HB 2331** submitted by Shane Shields, Sumner County Clerk (attachment 4).

Steve Seawell, CPA from Topeka, Kansas gave testimony on **HB 2331** (Attachment 5).

Discussion.

Written testimony was submitted for Joan Wagon, chairperson for Kansas Department of Revenue on **HB 2331** (Attachment 6)

Closed hearing on **HB 2331**.

Working bill **HB 2683**.

Ken Wilke gave summary of amendment to **HB 2683**.

Discussion.

Senator Donovan moved and seconded by Senator Lynn to amend **HB 2683**.

Motion carried.

Senator Pyle moved and seconded by Senator Donovan to move out **HB 2683** favorably as amended.

Motion carried.

Working bill **HB 2804**.

Discussion.

Senator Lynn moved and seconded by Senator Donovan to put **HB 2804** on consent calendar.

Motion carried

Meeting adjourned.

Respectfully submitted,

Zoie Kern, Committee Assistant

Senate Elections and Local Government Committee

Daily, 1:30 - 2:30 p.m. Room 423S

Senator Tim Huelskamp, Chair

Guest List for 3-19, 2008

Please print in BLACK ink.

Name	Representing
Brad Bryant	Sec. of state
Kit Neal	LITTLE COVT REWARDS
MIKE Taylor	UG
Steve Seawall	self
MARIL HANDSAY	CITIZEN
Kathryn Kist	self
Steven Brunkan	KDOR
Lynn Robinson	KDOR
David R. Corbin	KDOR
Karina Renna	Ethics



GOVERNMENTAL ETHICS COMMISSION
www.kansas.gov/ethics

**Testimony before Senate Committee on Elections and Local Government
in Support of House Bill 2697
by Carol Williams, Executive Director
March 19, 2008**

Due to the fact that the Governmental Ethics Commission's monthly meeting is taking place this afternoon which requires my attendance, I respectfully make this testimony in writing.

The original House Bill 2697 was a recommendation made by the Governmental Ethics Commission in its 2007 Annual Report and Recommendations. This original bill contains the same language as is found in SB 505, which was heard in this committee on February 6, 2008.

Under current law, the occupation of a contributor must be listed on a receipts and expenditures report if the donation is in excess of \$150. The Commission recommended that both the donor's occupation and employer be required to be listed for any contribution over \$150.

The House Committee on Elections and Governmental Organization amended the bill by removing the word "employer" found on line 17 and replacing it with the word "industry". The Commission believes this amendment is an improvement to current law.

The occupation of a contributor can sometimes be vague. For example, listing the occupations of lawyer, businessman, business executive, consultant, contractor, and developer is not as meaningful as that occupation being listed in conjunction with the industry in which the contributor works. Without at least the industry being listed with the contributor's occupation, it is difficult to determine whether certain groups may be trying to influence the political process.

Thirty-one states and the Federal Election Commission require both a contributor's occupation and employer to be disclosed. In Kansas, candidates have been required to list only occupations since 1989.

As I stated in my testimony in support of SB 505, since the citizens of Kansas now have immediate access to filed campaign finance reports, the Commission believes these reports should shed as much light as possible on the contributions made to Kansas candidates. A step in

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Attachment 1*

that direction would be to require at least the industry as well as the occupation of contributors who make donations over \$150. The Commission urges your support of HB 2697.

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COMMITTEE ASSIGNMENTS
Taxation, Judiciary
Transportation & Public Safety Budget
Chairman, Corrections & Juvenile Justice Oversight

TESTIMONY ON HB 2331
MARCH 19, 2008
REPRESENTATIVE THOMAS C. OWENS

Mr. Chairman and members of the committee, thank you for allowing me to appear as a proponent for HB 2331. I appear before you with three hats on. First, I appear on my own behalf in support of this bill. Secondly, I am appearing at the request of the Secretary of Revenue, Joan Wagnon, who has also submitted written testimony. Secretary Wagnon is out of town this week and unable to be here. She serves as the current chair of the Kansas Advisory Council on Intergovernmental Relations (KACIR), which is the prime advocate for the changes suggested in this bill. Third, I am here as a member of the KACIR, having been appointed to that position by leadership in the House.

The LCC created the KACIR in 2003 with the idea of having a broad-based committee to study efficiency in government across the State of Kansas. The intent behind the KACIR's creation was to bring suggestions to the legislature for accomplishing better government through efficiency and consolidation of effort and to eliminate waste and duplication in the administration of the various taxing entities across the State.

HB 2331 is a simple bill that addresses one suggestion for improving the efficiency of government at the local level by requiring the electronic filing of all annual budget forms and related information. It directs the County clerks to assist other taxing subdivisions and municipalities in accomplishing this task.

Mr. Chairman, thank you again for allowing me to appear today. I will be happy to stand for questions.

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Attachment 2*

Kansas Department of Administration
Duane Goossen, Secretary

1000 SW Jackson, Suite 500
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Elections and Local Government Committee

HB 2331 – An act concerning municipalities and taxing subdivisions; the electronic filing of budgets

Kent Olson, Director
Division of Accounts and Reports
March 19, 2008

Good afternoon Mr. Chairman & members of the committee, thank you for the opportunity to discuss HB 2331.

HB 2331 is amending current law to require municipalities to file budgets electronically with the county clerk and the Director of Accounts & Reports beginning in calendar year 2009. The bill is sponsored by the Kansas Advisory Council on Intergovernmental Relations (KACIR), and is the result of a study that the KACIR was asked to perform concerning townships. The KACIR was asked to determine how many active townships there were in the state, the amount of ad valorem taxes raised by townships, and what governmental functions were being performed by the townships. The Municipal Services Section of the Division of Accounts and Reports was requested to provide budget information concerning this study, and informed the KACIR staff that of the approximate 1200 active townships in the state, only 43% of them filed their budgets electronically, the remaining budgets were filed by paper. That fact necessitated that KACIR staff make copies of approximately 700 budgets, before they could even start examining the questions the study was to address.

This problem encountered by KACIR staff is not unique; Municipal Services receives numerous requests for the budget data from a variety of sources, including: Legislative requests, Kansas State University, Kansas Department of Transportation, Kansas Department of Commerce, the State Library, and the United States Census Bureau. When the data is filed in paper form, either staff from the requesting entity or Municipal Services staff is required to make copies of the data, and often times this task is quite burdensome. If all budgets were filed with the Division of Accounts and Reports electronically, the ease sharing of this data could be greatly enhanced.

The Division of Accounts and Reports would estimate that approximately 80%-90% of all budgets are already prepared in some type of electronic format. In addition, the Division of Accounts and Reports supplies on its website, Excel budget forms which can be used by municipalities in preparing their budgets. Since the majority of the budgets are already prepared using an electronic format, the transmission of the data to the Division of Accounts and Reports is as simple as an attachment to an email.

Again, thank you for allowing me to appear before you today and for considering HB 2331. I welcome the opportunity to respond to any questions that you may have.

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attachment 3*

Senator Tim Huelskamp

From: Shane Shields [sshields@co.sumner.ks.us]
Sent: Thursday, March 06, 2008 9:11 AM
To: huelskamp@senate.state.ks.us
Subject: Electronic filing SB457

Senator Huelskamp,

It has come to our attention that amendments were made to SB457 and also HB2331. The amendments Sec. 2 (c) and Sec. 3 (d) requires that the county clerk shall, upon request, provide assistance to any taxing subdivision or municipality in complying with the electronic filing requirements of this section. We do not oppose the electronic filing of budgets, but we do oppose the mandate of providing assistance. This would be a significant impact on many Clerks and create an unfunded added expense.

As an example, in my county there are 86 taxing subdivisions. Currently only a handful, less than 10, submits their budgets electronically. If a large number of entities request assistance, which I can see many doing so, I do not have the staff or the time to provide adequate assistance. The definition of "assistance" and what it encompasses could vary greatly among those involved. Is the assistance simply providing the taxing subdivision access to a computer with internet connection or is it actually preparing their budget and/or entering their budget information? Submitting a budget is the responsibility of each individual taxing subdivision.

The supplemental note on the bills indicate there was no consideration given to what fiscal effect the mandate of providing assistance by the County Clerk would have on their office and the county. There is no provision made for the county to recoup any expense created. The State Division of Accounts and Reports has a fee schedule to charge entities for budget assistance, so shouldn't the county have the same ability?

In closing, we do not oppose progress towards the electronic filing of budgets, but we have very strong concerns regarding the required assistance by the County Clerk. We ask for your serious consideration to amend the bills to remove the mandate of required assistance.

Thank you.

Shane J. Shields, Sumner County Clerk
President, Kansas County Clerks & Election Officials Assn
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Attachment 4*

Testimony on HB 2331 (and SB 457)

Date: 3/19/2008

By: Steve L. Seawall, CPA
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I am not opposed to the electronic submission of budgets as required by HB 2331 and SB 457.

On the other hand, I am skeptical of any idea that imposes new requirements on small municipalities, especially if they will not accomplish their stated purpose. And I don't think these bills will achieve their stated purpose.

What Is the Purpose of the Bills?

It appears that the intended purpose of the bills is to provide more useful information to users of municipal budgets.

- Per Supplemental Note on HB 2331, "The KACIR (Kansas Advisory Council on Intergovernmental Relations) representatives stated the bill's purpose was to promote efficient government, with the anticipated result being the availability of more useful information."
- Rep. Mike Burgess in testimony supporting HB 2331 stated "Once all of this data is filed electronically, the aggregate data will be much more useful for KDOR, the legislature, cities, townships and many others."

Unfortunately there is no explanation of how the information in an electronic document is more useful than in a paper document. Whether you are looking at an electronic document or a paper copy, you must still read through the document, page by page, to find the information you need.

Certainly the electronic document is more useful than a paper document in that it can be provided to a user on a CD or transmitted to a user by email. Paper documents would have to be mailed or otherwise delivered to a user.

Presently the Division of Accounts and Reports stores copies of the municipal budgets at their offices in the LSOB. Users can access the budgets on site, or, in some cases, can check them out temporarily. Electronic budgets would allow a more efficient way of allowing users access to the budget information.

Thus, electronic budgets would make the document more readily available, but I'm not sure we have more useful information. The information is the same in both types of documents. And, the information must be accessed the same way in both types of documents.

Can Data Be Extracted from Electronic Budgets to Provide More Useful Information?

If data could be extracted from an electronic budget in an efficient and reliable way, such information would be extremely useful. However, electronic budgets currently being submitted to the State do not allow such efficient and reliable extraction of data.

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Virtually all electronic budgets that are sent to the State have one of two different formats – 1) a spreadsheet format (e.g., Excel), and 2) a PDF format.

The information in Excel spreadsheet format technically can be extracted, but the information is so inconsistent from budget to budget as to make the data extraction anything but efficient and reliable.

Information cannot be extracted from PDF files.

Thus, with the possible exception of Township budgets, data extraction is not an option in the current environment to make the budget information more useful.

How Many Kansas Municipal Budgets Are Submitted Electronically Currently?

Presently about one third of the budgets submitted to State are electronic. Based on State requirements, if a budget is submitted electronically, that budget must still be accompanied by hard copies of two pages – the “signed” certificate page and the proof of publication, unless those pages are also submitted electronically. Only a handful of the electronic budgets also include the signed certificate and proof of publication electronically.

The certificate contains the signatures of governing body members. The proof of publication provides assurance that the budget’s notice of hearing and budget summary were properly published.

Thus, the electronic submission requirement would appear to be a significant departure from current practice.

Just Filing Electronically Is Not the Issue!

Just filing an electronic budget is not, in itself, the important issue. The important issue is filing the budgets in a format that makes the underlying data easily extractable and reliable. The capability of extracting budget information efficiently and reliably is what makes the budget information more useful.

I have championed this issue for many years. I have even approached persons at the State level about my ideas in this area. But there seemed to be more interest in the status quo than looking at new ideas.

Conclusion

I think the bill is well intended, but will not achieve its stated purpose of providing more useful information to the user. It will only provide the same information as before, but it will provide the information more efficiently to users. If that is the intent, I think it is misleading to say the purpose is to provide more useful information.

If the Bill’s intent goes beyond just requiring electronic submissions as is the current practice, I think the Committee should clarify that. That is, if the Bill’s intent is to also obtain electronic budget data that can be extracted efficiently and reliably, that should be clarified by the Committee.

I support the Bills in any event. I just want the Committee to understand that electronic filing, in itself, does not produce more useful information.



Kansas Advisory Council on Intergovernmental Relations

Joan Wagon, Chairperson

Kathleen Sebelius, Governor

TO: Senator Tim Huelskamp and Members of the Senate Election and Local Government Committee

FROM: Joan Wagon, Chairperson of KACIR and Secretary of Revenue

DATE: March 19, 2008

SUBJECT: House Bill 2331 (carryover) – Concerning townships; requiring electronic filing of budget information

To promote efficient government, we believe it is time to modernize the budget filing process for townships. To accomplish this we are asking townships to be required to electronically submit the budget information they file with Accounts and Reports. This can be accomplished by the township filing it electronically, or by the county clerk filing it electronically.

The result of this modernization is a more useful warehouse of township budget information that will be utilized by the legislature, cities and counties, townships, and organizations such as the KACIR. The KACIR uses this type of data to gain insight into how our laws relate to the local government structure and the relationship between state and local governments. The Council is instructed by statute (KSA 12-4002) to determine the manner in which the existing laws of the state relating to the subject of its study may be simplified, modified, rearranged, consolidated, and revised to insure greater effectiveness in the governmental practices of the state. Having an electronic warehouse of information of the budget reports is a giant step towards making those determinations.

KACIR's 2007 Township Study revealed that 41% of the state's active townships filed electronically. With all townships filing electronically, there is the opportunity to do much more analysis.