

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE

The meeting was called to order by Vice-Chairman John Vratil at 10:30 a.m. on February 4, 2010, in Room 548-S of the Capitol.

All members were present except:
Senator Jay Emler - excused

Committee staff present:
Michael Steiner, Kansas Legislative Research Department
Dylan Dear, Kansas Legislative Research Department
Cody Gorges, Kansas Legislative Research Department
Jill Wolters, Office of the Revisor of Statutes
Daniel Yoza, Office of the Revisor of Statutes
Melinda Gaul, Chief of Staff
Shirley Jepson, Committee Assistant
James Fisher, Intern

Conferees appearing before the Committee:
Peggy Hanna, Deputy Project Director, Division of Accounts & Reports, Department of Administration

Others attending:
See attached list.

Hearing on SB 446 - Repealing K.S.A. 75-3744 requiring the director of purchases to sign every state contract.

Written explanation from Daniel Yoza, Assistant Revisor, Office of the Revisor of Statutes, was distributed to the Committee (Attachment 1).

Peggy Hanna, Deputy Project Director, Division of Accounts & Reports, Department of Administration, presented testimony in support of **SB 446** (Attachment 2). Ms. Hanna stated that the bill would repeal K.S.A. 75-3744 concerning the execution and approval of contracts. Ms. Hanna noted that current statute has little relevance to the way the State presently conducts business or the manner in which it will do business in the future. Ms. Hanna indicated that current computer software has sufficient safeguards to ensure that appropriate approvals are secured for purchases and contracting.

Responding to a question from the Committee, Ms. Hanna indicated that the head of an agency would still be required to approve a specific section of a contract.

There were no other proponents, opponents or neutrals to appear before the Committee.

The hearing on SB 446 was closed.

Discussion and Action on SB 446

Senator Schodorf moved to recommend SB 446 favorably for passage. The motion was seconded by Senator Schmidt. Motion carried on a voice vote.

Discussion and Action on SB 410

Senator Schmidt moved to amend SB 410 by adding a new section 3 stating "K.S.A. 16a-2-403 No seller or lessor in any sales or lease transaction or any credit card issuer may impose a surcharge on a card holder who elects to use a credit or debit card in lieu of payment by cash, check or similar means. A surcharge is an additional amount imposed at the time of the sales or lease transaction by the merchant, seller or lessor that increases the charge to the buyer or lessee for the privilege of using a credit or debit card" (Attachment 3). The motion was seconded by Senator Lee. Motion carried on a voice vote.

CONTINUATION SHEET

Minutes of the Senate Ways and Means Committee at 10:30 a.m. on February 4, 2010, in Room 548-S of the Capitol.

Senator Schmidt moved to amend **SB 410** by amending a new section 1 as proposed by the Department of Social and Rehabilitation Services (SRS) exempting the Kansas payment center from the provisions of the bill (Attachment 4). The motion was seconded by Senator Lee. Motion carried on a voice vote.

Senator Schmidt moved to recommend **SB 410** favorably for passage as amended. The motion was seconded by Senator Kelly. Motion carried on a voice vote.

Approval of Minutes

Senator Teichman moved to approve the minutes of January 25, January 26, January 27, January 28, and January 29. The motion was seconded by Senator Taddiken. Motion carried on a voice vote.

Subcommittee Calendar

A revised copy of the Subcommittee calendar was distributed to the Committee (Attachment 5).

Adjournment

The next meeting is scheduled for February 8, 2010.

The meeting was adjourned at 10:50 a.m.

SENATE WAYS AND MEANS COMMITTEE

GUEST LIST

DATE: February 4, 2010

NAME	REPRESENTING
Peggy Hanna	Dept of Administration
Chris Howe	Dept of Admin - Purchases
Patrick Woods	SRS
JEAN MILLER	CAPITOL STRATEGIES
Chip Wheeler	Health Care Stabilization Fund
Verna Jackson	
Marilyn Jacobsen	DOA
Levi Henry	Sandstone Group LLC
Peter Brodie	Emporia State University
Maryanne Werly	" " "
Pat Mathan	Sen Hensley
Will Lawrence	Sen Kelly Intern
DAVE SNEDEGRASS	LEWIS AND CLARK

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MEMORANDUM

To: Senate Ways and Means Committee
From: Daniel Yoza, Assistant Revisor
Date: February 4, 2010
Subject: SB 446

Senate Bill 446 amends K.S.A. 20-156, 20-1a13, 74-8704, 74-8709, 75-2540, 75-4101a, 76-720, 76-770, 40-3403, 74-8705, 74-99b16, 75-37,143, 75-4101, 75-4105, 75-5288, 76-760, 76-769 and 76-786.

The purpose of this bill is to smoothly implement the new statewide financial management system. This is accomplished by repealing K.S.A. 75-3744, which requires that all state contracts subject to approval of the attorney general must be approved with signatures by the head of the agency, the director of purchases and the director of accounts and reports. All other contracts require a signature by the director of purchases.

There are 20 sections in this bill because many state agencies are currently exempt from the provisions of 75-3744, by statute, including all the agencies listed in the statutes in sections 1 through 18 of the bill. Therefore, we needed to clean up by omitting statutory citations to 75-3744 in all 18 of these statutes.

I have attached a printed copy of K.S.A. 75-3744 on the reverse side of this sheet.

This bill, if passed, would take effect on July 1, 2010.

75-3744. Execution and approval of contracts. Except as otherwise provided in this act and rules and regulations adopted thereunder:

(1) Every contract subject to the approval of the attorney general shall be signed by the administrative head of the affected state agency. No such contract shall be valid or effective without the approval and signature of the director of purchases and the countersignature of the director of accounts and reports.

(2) All other purchase orders and contracts issued or entered into by the division of purchases shall be signed by the director of purchases. Such purchase orders or contracts shall show on their face that an appropriation fund or allotment has been encumbered for the full amount of the liability.

History: L. 1953, ch. 375, § 44; L. 1972, ch. 332, §81; L. 1973, ch. 356, § 1; July 1.

Testimony for SB 446
February 4, 2010

Peggy Hanna, Deputy Project Director

We are requesting the repeal of K.S.A. 75-3744, a statute concerning the execution and approval of contracts. This statute, enacted in 1953 and amended several times over the years, has little relevance to the way in which the State currently conducts business or the manner in which it will do so in the future. The repeal of K.S.A. 75-3744 also requires amendment of several statutes that cite the repealed statute.

Regarding Section (1), we found no contracts that are statutorily mandated to be approved by the attorney general except where covered by other statutory citations.

The first sentence of Section (2) refers only to contracts entered into by the Division of Purchases and does not reflect the manner in which the state will be doing business after the implementation of the new statewide financial management system – called Statewide Management, Accounting and Reporting Tool (SMART) – on July 1st of this year. SMART uses electronic processes such as approval workflow as well as “stamping” electronic signatures on purchasing “documents” thus making it possible to create a requisition, process a purchase order, receive goods and pay an invoice without ever printing a single document.

The second sentence in Section (2) requires that purchase orders or contracts show on their face that an appropriation fund or allotment has been encumbered for the full amount of the liability. Before the implementation of SMART, this information was needed on the paper document so it could be recorded in other tracking systems. So while it is not necessary to include the accounting information on the purchase orders or contract, we do think it is important to communicate with our vendors that we have sufficient funds to cover the purchase. We are including the following verbiage on each purchase order generated by the system:

“I certify funds are currently available to cover this Purchase Order. By acceptance of this Purchase Order, you agree to abide by the provisions of the State of Kansas Contractual Provisions Attachment DA-146a (<http://www.da.ks.gov/purch/DA-146a.doc>), which is incorporated herein.”

We have built into the software sufficient safeguards to ensure we have appropriate approvals for purchases and contracting.

Proposed Amendment to SB 410
John Peterson, Visa

New Section 3. K.S.A. 16a-2-403 is hereby amended to read as follows: 16a-2-403. No seller or lessor in any sales or lease transaction or any credit card issuer may impose a surcharge on a card holder who elects to use a credit *or debit* card in lieu of payment by cash, check or similar means. A surcharge is any additional amount imposed at the time of the sales or lease transaction by the merchant, seller or lessor that increases the charge to the buyer or lessee for the privilege of using a credit *or debit* card.

Senate Ways & Means Cmte
Date 2-04-2010
Attachment 3

S.B. 410

New Section 1. (a) Each corporation or other business entity that owns or hosts a website through which a state agency receives payments of any kind from any person who uses a debit card shall notify both the person using the debit card and the state agency in writing when such corporation or other business entity receives notice that such payment has been refused for insufficient funds or any other reason.

(b) The notice required by subsection (a) shall be made within 14 days of the date when the corporation or other business receives notification that the payment was refused. The notice shall provide the state agency the:

- (1) Name and address of the person making the payment.
- (2) Purpose and amount of the payment.
- (3) Date the payment was refused and reason given for such refusal.

(c) Failure of a corporation or other business entity that owns or hosts a website through which a state agency receives payments of any kind to comply with the provisions of this section shall entitle the state agency to a payment of a civil penalty in the amount of \$100 from such corporation or other business entity.

(d) Within 14 days after receiving notice from the state agency that the debit card payment was refused, the person who made such debit card payment shall make restitution to the state agency for the refused payment. Failure to make restitution to and have such restitution received by the state agency within 30 days of the date of the agency's notice shall entitle the state agency to a payment of a civil penalty in the amount of \$100 from such person.

(e) For the purposes of this section, the term "state agency" shall have the meaning ascribed to it in K.S.A. 75-3044 and amendments thereto-, *but shall not include the Kansas payment center operating pursuant to K.S.A. 23-4,118 and amendments thereto.*

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
<h1>February 2010</h1> <p>Current as of 2/4</p>						
	1 DOC 12:15-1:30 (548-S) & on Adj.(548-S)	2 JJA 7-8:30 (159-S) DOC 12:15-1:30 (159-S) & on Adj. (548-S)	3 DOC 7-8:30 (159-S) JJA 12:15-1:30 (159-S); Jud. Branch, Jud. Council & BIDS—on Adj. (129-E); HPA on adj (548-S)	4 Jud. Branch, Jud. Council & BIDS—12:15-1:30(548-S) HPA 7-8:30(152-S) and on adj.(548-S)	5 Higher Ed.—7-8:30 (152-S); 10:30-12 (548-S)	6
7	8 Higher Ed. 12:15-1:30 & on Adj.(both in 548-S)	9 Govt Ethics, Human Rights, KCC, CURB 7-8:30 (159-S) Higher Ed. 12:15-1:30 & on Adj. (both in 548-S)	10 Govt Ethics, Human Rights, KCC, CURB 7-8:30 (546-S) KDOT 7-8:30 (142-S) & on Adj. (548-S) Lottery, Racing, Gaming—12:15-1:30 (159-S)	11 SRS Hosp. 7-8:30 (546-S) KPERS Budget 7-8:30 (159-S) Lottery, Racing, Gaming—12:15-1:30 & on Adj. (both in 548-S)	12 SRS Hospitals 7-8:30 (546-S) & on Ways & Means Adj. (548-S) Elected Officials—on Ways & Means Adj.(159-S)	13
14	15 Water, SCC, Wildlife & Parks—12:15-1:30 (142-S) & on Adj. (548-S) Elected Officials—on Adj.(129-E)	16 Dept. of Admin.—7-8:30 (546-S) Education—12:15-1:30 & on Adj. (both in 548-S)	17 Education—7-8:30 (546-S) Floor action Dept. of Admin.—12:15-1:30(546-S)	18 Floor action	19 Floor action	20 Turnaround
21	22 No meetings scheduled	23 KDHE—7-8:30 (546-S) Education—12:15-1:30 & on Adj. (both in 548-S);	24 KDHE—7-8:30 (546-S) & on Adj. (548-S) Sentencing, EMS, Fire Marshal, Hwy Patrol, Adj.Gen.—7-8:30 (159-S) Parole Bd., KBI—12:15-1:30 (142-S); Veterans Affairs—on Adj. (129-E)	25 Sentencing, EMS, Fire Marshal, Hwy Patrol, Adj.Gen.—7-8:30 (159-S) & on Adj. (548-S) Parole Bd., KBI—12:15-1:30 (152-S)	26 Legis., Health Care Stab. Fund—7-8:30 (546-S) & on W & M Adj.(548-S); Revenue—7-8:30 & upon Ways and Means Adj. (both in 159-S)	27
28	DOC=Department of Corrections JJA=Juvenile Justice Authority KDHE=Kansas Department of Health and Environment	BIDS=Board of Indigents Defense Services HPA=Health Policy Authority KBI=Kansas Bureau of Investigation	KCC=Kansas Corporation Commission SCC=State Conservation Commission	CURB=Citizens Utilization Ratepayer Board KDOT=Kansas Department of Transportation	SRS=Social and Rehabilitation Services Water=Kansas Water Office	Adj.=on Senate Adjournment on W & M Adj.=on Ways and Means Adjournment

Senate Ways & Means Cmte
 Date **2-04-2010**
 Attachment **5**

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
<h1>March 2010</h1> <p>Reminder: 12:15 subcommittees should be listed as upon Ways and Means Adjournment.</p>						
	1 COTA-12:15-1:30 (546-S) All Other Educ.-12:15-1:30 (152-S) Fee Boards & Home Inspectors, Off. Of Admin. Hearings-on Adj. (548-S)	2 Veterans Affairs-7-8:30 (159-S) All Other Educ.-12:15-1:30 (152-S) Cap. Improvements-on Adj. (548-S) Fee Boards-on Adj. (711-Docking)	3 Aging-7-8:30 (144-S) Ag, Animal Health, State Fair-7-8:30 & 12:15-1:30 (both 159-S); KPERs Issues 7-8:30 (546-S) Cap. Improvements 12:15-1:30 & on Adj. (548-S); Guardianship-on adj. (129-E)	4 Aging-7-8:30 (142-S) Ag, Animal Health, State Fair-7-8:30 (159-S) Commerce-7-8:30 546-S) SRS-12:15-1:30 and on Adj. (both 548-S)	5 Commerce 7-8:30 (546-S) Labor-7-8:30 (152-S) SRS-upon Ways and Means Adj. (548-S)	6
7	8 SRS-12:15-1:30 and on Adj. (both 548-S) Labor-12:15-1:30 (546-S)	9 SRS and HPA, 7-8:30 (159-S) & 12:15-1:30 (548-S)	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31	COTA=Court of Tax Appeals Ag=Department of Agriculture		