

MINUTES OF THE E-GOVERNMENT COMMITTEE.

The meeting was called to order by Chairperson Deena Horst at 3:38 p.m. on February 20, 2001, in Room 526-S of the Capitol.

All members were present.

Committee staff present:

Audrey Nogle, Legislative Research Department
Lisa Montgomery, Revisor of Statutes' Office
Robert Chapman, Legislative Research Department
Jim Wilson, Revisor of Statutes' Office
Denise Richards, Committee Secretary

Conferees Appearing before the Committee:

Tim Sheehan, State Government Relations Manager, FreeMarket
Kevin Graham, Assistant Attorney General, Kansas Attorney General's Office
Jolene Grabill, Direct Marketing Association

Others attending: See attached sheet.

Representative Deena Horst recognized Representative Mary Pilcher Cook for the purpose of introducing Tim Sheehan. Representative Pilcher Cook pointed out some of the benefits for on-line bidding. She stated there is potential to streamline government purchasing costs and it can also increase revenues for government assets. (Attachment 1)

Tim Sheehan stated that his company, Freemarket, is Pittsburg based and was founded in 1995. Mr. Sheehan stated that \$14 billion dollars a year is spent on on-line bidding. Mr. Sheehan also pointed out all a person has to do is hook into their internet site and watch the bid unfold; all identity to the bidder is anonymous. He also said the benefits include taxpayer savings and improved efficiency.

Answering questions Mr. Sheehan said each supplier has access to the requirements of the item being bid. He also stated that the buyer can put in a reserve price. He pointed out that suppliers also have access to what amount is being bid.

The committee then discussed **HB 2478**. Representative Holmes pointed out that this bill is copied after legislation in Nebraska. Representative Holmes pointed out that one part of the bill that needs to be worked on is the penalty phase of the bill. There have been suggestions that this bill be a criminal penalty and not a civil penalty.

Answering questions Representative Holmes said if a virus originated in another state, Kansas would not be able to pursue the person in another state.

Robert Chapman, Legislative Research Department, gave a brief description on what this bill does. Mr. Chapman said the definition of computer contaminance is based on the California law. This bill does not address crimes originating out of Kansas. The Attorney General Office recommends a criminal penalty, which would be a Level 10, which include 5 to 7 months in jail. Mr. Chapman also stated out of state victims would be able to seek prosecution.

Kevin Graham, Assistant Attorney General, Criminal Division was called on to testify. Mr. Graham stated that Representative Horst and Holmes contacted his office to take a look at **HB 2478** to ask them what they thought of it and if there were any areas that needed to be changed. Mr. Graham stated that Steven Warrick, Deputy, Civil Protection Division, had a few recommendations; one was to impose a criminal penalty along with a possible fine and that has been done. Mr. Graham stated that the Attorney General's Office is appearing as a neutral party. He stated that means if the bill is adopted it would be a good addition to the current law. Mr. Graham said he had spoke with the computer staff of the Kansas Bureau of Investigation (KBI) about **HB 2478** and their only concern was the definition of internet domain, and that the definition of that might need to be tightened up. Mr. Graham's suggestion on the bill

was that it might be possible to amend on the provisions of the bill onto the current statute KSA 21-3755. His suggestion was to perhaps add in the million dollar fine. (Attachment 2)

Answering questions Kevin Graham pointed out that 22% of the money that is fined goes to the crime victim compensation and the vast majority goes to the state general fund. Mr. Graham stated he reads **HB 2478** as a criminal bill.

Jolene Grabill, Direct Marketing Association, stood in for Douglas E. Smith. Ms. Grabill stated they are supportive of this legislation but would like to have one word inserted on page 2, section 2, and that word is "intended." (Attachment 3)

Representative Deena Horst stated she felt the Judiciary Committee needed to look at **HB 2478**. Representative Horst then asked if anyone was in opposition to **HB 2478**, and there was none.

The meeting was adjourned at 4:50 p.m. The next meeting is scheduled for Thursday March 1, 2001, at 3:30 p.m. in Room 526-S.