

MINUTES OF THE e-GOVERNMENT COMMITTEE.

The meeting was called to order by Chairperson Deena Horst at 3:37 p.m. on March 20, 2001, in Room 526-S of the Capitol.

All members were present except Representatives Henderson and Cook, both of whom were excused.

Committee staff present:

Audrey Nogle, Kansas Legislative Research Department
Robert Chapman, Kansas Legislative Research Department
Amory Lovin, Kansas Legislative Research Department
Jim Wilson, Revisor of Statutes' Office
Lisa Montgomery, Revisor of Statutes' Office
Gary Deeter, Temporary Committee Secretary

Conferees appearing before the committee:

Gary George, Assistant Superintendent, Olathe (USD 233) School District
Michael Byington, Director, Envision Governmental Affairs Office

Others attending: See attached sheet.

Legislative Research staff Robert Chapman and Audrey Nogle briefed the e-Government Committee on **SB 161**, saying that the bill authorizes local school boards to establish policy for the use of credit cards by school districts for payment of district bills and acceptance of credit/debit cards for payment of tuition fees. He noted that the Senate deleted "unnecessary language." Revisor Jim Wilson stated the bill might conflict with Kansas cash-basis statutes.

Gary George, Assistant Superintendent of the Olathe School District, spoke as a proponent of the bill. (Attachment 1) He said that since 1997 the Olathe District has been using credit cards for purchases and for travel. He pointed out advantages: some vendors do not accept purchase orders; some hotels or car rental agencies require a credit card; credit card billing saves paper and streamlines paper handling; credit cards have been convenient for teachers ordering extra supplies; and credit card payment for tuition fees offers a service to parents. He outlined safeguards established by the school board. During discussion, Revisor Wilson said statutes are silent on the issue of credit card payments. Mr. George said the district, following state law, pays off credit card balances each month. He said the district follows Kansas statutes for bidding and payment procedures.

Written testimony by Jenni Newell, Executive Director of Business and Finance for the Blue Valley School District (USD 229), was distributed as a proponent. (Attachment 2)

Michael Byington, Director, Envision Governmental Affairs Office, spoke as an opponent of the bill. (Attachment 3) He noted that the Kansas Use Provisions statutes encourage Kansas government entities, when requesting bids or ordering supplies or equipment, to give preference to agencies or groups that employ disabled individuals. He expressed concern that the use of credit cards will make it easier for school districts to bypass this preference. He said presently only 32 of 304 school districts purchase from Envision, which manufactures products likely to be used by all school districts. He proposed amending the bill with language expressed in his testimony. Members considered requesting a Post Audit study.

Representative Morrison made a motion, seconded by Representative Stone, to include Mr. Byington's proposal as a conceptual amendment. The motion passed.

Representative Wilson made a motion, seconded by Representative Gatewood, to reinstate the original language of the bill with the exception of debit cards. The motion passed 6-4.

Representative Wilson moved that the committee report **SB 161** as amended favorable for passage. Representative Gatewood seconded the motion, which passed.

The Chair opened discussion on **SB 227**. Staff Audrey Nogle and Robert Chapman outlined the Kansas statutes applicable to competitive bidding, purchase exemptions, mandatory purchase requirements, negotiated and insurance procurements, notice requirements, and ancillary statutes. (Attachment 4) They provided samples of other states' statutes and policies for on-line bidding: Virginia (Attachment 5), Missouri (Attachment 6), Colorado and South Carolina (Attachment 7). Mr. Chapman noted that South Carolina's greatest hurdle was getting all parties licensed. The Chair referenced written testimony from Marty Nohe, Vice-President of the Public Finance Group, regarding Internet bond sales. (Attachment 8)

Revisor Wilson provided a draft **Sub for SB 227**. (Attachment 9) Responding to a question, John Houlihan, Director, Division of Purchases, said the bill would affect all state schools and all state purchases. Revisor Wilson said the unified bonding procedures section of the law applies to all municipal entities, including school districts, which are authorized to issue bonds. Representative Lane moved to adopt the draft Sub SB 227. Second by Representative Wilson.

Representative Morrison made a motion to table the bill. Second by Representative Faber, the motion passed.

The meeting was adjourned at 5:05 p.m.