

Approved: 3/15/2012

(Date)

## MINUTES OF THE HOUSE GOVERNMENT EFFICIENCY COMMITTEE

The meeting was called to order by Chairperson Mike Burgess at 3:30 p.m. on Wednesday, February 15, 2012 in Room 546-S of the Capitol.

All members were present except:

Rep. Jim Howell - Excused  
Rep. Charles Roth - Excused  
Rep. Louis Ruiz - Excused  
Rep. Kay Wolf - Excused

All Committee staff was present.

Conferees appearing before the Committee:

David Barfield, Chief Engineer, Division of Water Resources, Dept. of Agriculture  
Anthony Schlinsog, Chief Information Technology Officer, Governor's Office  
Richard Cram, Director of Policy and Research, Ks. Dept. of Revenue  
Willis Heck, Chair, Ks. Advisory Council on Intergovernmental Relations, Newton, Ks  
John Miller, Ks. Association of Counties, Norton County Commissioner, Norton, Ks  
Nicole Proulx-Aiken, Staff Attorney, League of Kansas Municipalities  
Kathleen Selzler Lippert, Executive Director, Ks. State Board of Healing Arts  
Tom Hawk, Behavioral Science Regulatory Board  
Jim Hollingsworth, Executive Director, Information Network of Kansas  
Kathy Sachs, Deputy Assistant Secretary of State for Business Services

Others in attendance:

See attached list.

Chair Burgess announced that we will bypass the hearing on **HB 2723–State agencies; bids for printing of agency materials; return of electronic files to the agency.** The matter has been resolved.

The Chair suggested the first two bills be heard, the five bills from yesterday be worked, and then return to the hearings on the remaining bills on today's agenda.

The hearing was opened on **HB 2649–Repeal of certain water statutes.** Jim Wilson, Revisor of Statutes, gave an overview ([Attachment 1](#)). This bill would repeal K.S.A. 24-105, 82a-312, 82a-313, and 82a-314 and K.S.A. 2011 Supp. 82a-735. The bill repeals these five statutes concerning

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## CONTINUATION SHEET

Minutes of the HOUSE GOVERNMENT EFFICIENCY COMMITTEE at 3:30 PM on  
Wednesday, February 15, 2012, in Room 546-S of the Capitol.

---

water as recommended by the Office of Repealer and Chris Wilson, Deputy Secretary and Chief Counsel of the Department of Agriculture. David Barfield, Chief Engineer, Division of Water Resources, Department of Agriculture, provided testimony ([Attachment 2](#)) as a proponent. Mr. Barfield noted these statutes are redundant with others on the subject of levies and dams and should be deleted. K.S.A. 82a-735 is in regard to the Sunflower Ammunition Plant and contracts with the federal government on water rights. The plant is no longer in existence and the federal government no longer has this property or the water rights. The Department of Agriculture urges favorable passage of this bill. There were no other proponents and no opponents or neutrals providing testimony. The fiscal note indicates the enactment of this bill would have no fiscal effect ([Attachment 3](#)). The hearing was closed.

Rena Jefferies, Revisor of Statutes, provided an overview ([Attachment 4](#)) noting that this bill, **HB 2650—Establishing the office of information technology services and the executive chief information technology officer; powers and duties**, is in response to the Governor's Executive Order 11-46 ([Attachment 5](#)) which placed the executive chief information technology officer within the department of administration and reporting to the Governor. Ms. Jefferies distributed a balloon amendment ([Attachment 6](#)) and reported the amendment mainly changes the wording from "secretary of administration" and "director of information systems and communications" with "executive chief information technology officer" and "division of information services and communications" respectively. A proposed technical amendment prepared by Jim Wilson was also distributed ([Attachment 7](#)) which deal with the transfer of powers, duties, and functions. Ms. Jefferies reviewed each portion of both amendments.

Anthony Schlinsog provided testimony ([Attachment 8](#)) as a proponent noting the primary purpose of the bill is to change the name of the office from the Division of Information Systems and Communications (DISC) to the Office of Information Technology Services (OITS). A section was added to the amendment that adds rules and regulations authority relating to rate setting by OITS. Other changes pertain to procurement of IT on a statewide IT perspective; changes all "DISC Director" references to chief information technology officer; authority over telecommunications; adds authority related to telecom procurements; changes membership on the ITEC to facilitate more membership with direct stakes in decisions from cities and counties, and the leadership of ITEC is rotated to the 3 CITO's on an annual basis. Mr. Schlinsog was thanked for his testimony. The fiscal note indicates the enactment of this bill would have no fiscal effect ([Attachment 9](#)). The Chair asked if there was anyone attending who would like to provide testimony. There being none, the hearing was closed.

The Chair then suggested to the Committee that bills from February 14 be acted upon.

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## CONTINUATION SHEET

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---

*It was moved by Rep. Osterman and seconded by Rep. Phillips for favorable passage of **HB 2669–Repealing KSA 19-901, 19-902, 19-903 and 19-904.** There was no discussion. The Committee voted unanimously to approve this motion.*

*It was moved by Rep. Trimmer and seconded by Rep. Meigs for favorable passage of **HB 2682–Repealing statutes relating to the purchase of real estate by the secretary of corrections which are no longer applicable.** There was no discussion. The Committee voted unanimously to approve the motion.*

*It was moved by Rep. Osterman and seconded by Rep. Grange for favorable passage of **HB 2683–Repealing statutes related to the director of penal institutions.** There was no discussion. The Committee voted unanimously to approve the motion.*

*It was moved by Rep. Trimmer and seconded by Rep. Osterman for favorable passage of **HB 2684–Repealing statutes relating to the ombudsman of corrections.** There was no discussion. The Committee voted unanimously to approve the motion.*

*It was moved by Rep. Howell and seconded by Rep. Hoffman for favorable passage of **HB 2704–Repealing statutes related to the Topeka correctional facility which are no longer applicable.** There was no discussion. The Committee voted unanimously to approve the motion.*

Chair Burgess then turned attention to the remaining bills on today's agenda to be heard.

Jim Wilson distributed an overview (Attachment 10) on **HB 2725–Repealer, Kansas advisory council on intergovernmental relations** and noted the eight statutes to be repealed would abolish the Kansas Advisory Council for Intergovernmental Relations (KACIR) and were enacted during the 2002 Session. A previous Kansas advisory council on intergovernmental relations was established in 1969 and abolished in 1975. Richard Cram, Director of Policy and Research with the Department of Revenue, testified as a proponent (Attachment 11). The Secretary of the Department of Revenue has been one of the appointed members of this council since its inception, and since 2006, KDOR has been providing staffing, notifying members of meetings, arranging location, preparing the agenda, paying travel expenses, preparing annual reports, minutes, contracting for research, developing legislative proposals, monitoring progress of bills, etc. One staff person spent 25% of her time on these activities. Due to recent budget constraints, Secretary Jordan has communicated with the Kansas Association of Counties and the League of Kansas Municipalities, and neither indicated an interest in assuming staffing duties

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---

and funding for KACIR. Mr. Cram added this is really why the Department is recommending the repeal.

Willis Heck, Chair, KACIR, was an opponent for this bill ([Attachment 12](#)). He acknowledged Allyn Lockner in the audience who assisted in writing the testimony. Mr. Heck noted the Kansas Legislature created the 15-member council in 2002 whose purpose was to study the services provided by various levels of local government to improve the structure and operational efficiency of governmental units in the state and to review the state and local tax structures. He added that almost daily, one can read in newspapers that we need to have less government, more effective, more efficient, and then the same message is received from legislators. KACIR reviews township, city, and county government to determine if there are ways to be more efficient and effective. He asked the Committee to vote against the repeal of the statute

John Miller, Commissioner of Norton County and on behalf of the Kansas Association of Counties, provided testimony as an opponent ([Attachment 13](#)). He has attended KACIR meetings and appreciates the council's work to discuss the many ways the different levels of government intersect. The KACIR has developed a Tax Base Policy Evaluation Guide ([Attachment 14](#)) which provides a way to evaluate whether a tax exemption or a tax credit makes sense. He urges the Committee to table this bill and allow the KACIR to continue to work.

Nicole Proulx-Aiken, Staff Attorney, League of Kansas Municipalities, provided testimony as an opponent ([Attachment 15](#)). She reported that ten years ago, the League and the Kansas Association of Counties worked with the Legislature to enact the legislation this bill proposes to repeal. She feels KACIR is an excellent way for local governments and legislators to come together, discuss concerns, and propose legislation that considers all aspects of government. She would like to work with the KDOR for staffing the Council, and she requested that no action be taken on this bill.

Committee members questioned if the League would be willing to take over staffing, would the KDOR be willing to work to continue the Council and not repeal the statutes? Mr. Cram indicated he would be happy to hand it off to another organization. Ms. Proulx-Aiken responded that she believes the League can work with the Kansas Association of Counties to take over the staffing and funding. Mr. Heck noted this is a viable possibility, and a conversation has not occurred between the League and the Kansas Association of Counties. It was felt the school board should be added as well. In response to a question from the Committee, Mr. Cram noted the cost would be about \$30,000 (research contracts and travel reimbursement) plus 25% of an employee's time. The fiscal note ([Attachment 16](#)) indicated the League of Kansas Municipalities

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---

is unable to quantify the fiscal effect that abolition of this organization would have. The Chair asked if there was anyone else wishing to give testimony or who had questions. There being none, the hearing was closed.

Renaë Jefferies presented an overview (Attachment 17) on **HB 2726–Credit cards; forbidding the state to charge a surcharge or fee from a person using a credit card to pay state fees, taxes or other charges by the state.** This bill pertains to fees and surcharges by the state when a person pays the state with a credit card. Section 1 of the bill takes away the ability of a state agency to impose an additional fee to make up the cost incurred when a person pays by credit card. Section 2 of the bill takes away the ability of the director of taxation and the county treasurer to impose a fee to make up the difference when a person pays by credit card.

The Chair noted that the fiscal note is still being developed for this bill. After this meeting, on March 1, a fiscal note (Attachment 18) was prepared that indicates any transaction involving payment by credit card could not include a surcharge on a card holder; the Board of Regents estimates for example at Emporia State University, if the bill were to pass, it would continue to be required to accept credit card payments at an estimated cost to the University of \$200,000 per year and the revenue to cover the charges would have to come from some other source such as the State General Fund or increased charges for tuition; and the Department of Revenue estimates, assuming a 2% fee, the state would have to pay nearly \$176,000 in credit card fees to credit card processors and that department would shift the fee cost to all state agencies that currently charge a fee. The Kansas Association of Counties estimates the processing fees charged by counties run between 2 and 3% and if counties cannot charge credit card processing fees to recover costs, the costs would have to be absorbed within county budgets, and any fiscal effect would not be reflected in the Governor’s budget.

Philip Bradley, Ph.D., was the only proponent for the bill. He provided written testimony only (Attachment 19). He stated objection that the state, counties, and municipalities charge taxpayers, etc. a fee to use credit cards to make payment while the private sector does not charge a fee. He asks that everyone or no one be subjected to this statute.

The Chair then called upon the neutrals to provide testimony (Attachment 20). They were Jim Hollingsworth and Kathy Sachs. Mr. Hollingsworth, Executive Director, Information Network of Kansas, noted a convenience fee is made of two parts. One is the credit card fee with each card type having its own provider rate blended into a single rate. The other part is the self funded cost recovery with no upfront cost to agencies which recovers cost of development. Funds free services increased government transparency and enterprise applications. Ninety-eight

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---

percent of the monies are forwarded to agencies. From the 2% net revenue, INK retains 15% to cover expenses and grants.

Kathy Sachs, Business Services Division, Deputy Assistant Secretary of State presented neutral testimony ([Attachment 21](#)). On July 1, 2001, an on-line filing system for Uniform Commercial Code (UCC) customers was implemented for filing and searching of UCC transactions on the internet. The system was developed by Information Network of Kansas and the Kansas Bankers Association. The cost for filings submitted on paper was increased to \$20 and the online filing fee was reduced \$5. The goal was to have 65% of UCC transactions filed by the end of the year. On the first day, there were 68% filed via internet, which is now well over 95%. Staff was reduced from 10 fulltime to the current one part-time employee.

Opponents furnishing written testimony only were:

Debra Billingsley, Executive Secretary, Kansas Board of Pharmacy ([Attachment 22](#))

Sherry Diel, Executive Director, Kansas Real Estate Commission ([Attachment 23](#))

Mary Blubaugh, R.N., Executive Administrator, Kansas State Board of Nursing ([Attachment 24](#))

Lane Hemsley, Executive Director, Kansas Dental Board ([Attachment 25](#))

Melissa Wangemann, General Counsel, Kansas Association of Counties ([Attachment 26](#))

All expressed concern that this bill reduces their revenue, negatively impacts their budgets, and will eventually lead to an increase in fees. Most indicated they were not given an opportunity to respond to the fiscal note on this bill.

Melissa Wangemann, Kansas Association of Counties, who submitted opposing written testimony, was present. She noted the bill would prohibit a county and the state from adding an additional fee for the use of a credit card. If the county picks up the cost, that cost is transferred to all taxpayers instead of the specific taxpayer who is using the credit card.

Kathleen Selzler Lippert, State Board of Healing Arts, presented opposing testimony ([Attachment 27](#)). Her organization will see a reduction in revenue of \$150,000. She added that her agency was not asked to submit an economic impact on this bill. There is concern that passing this bill would have a minimal positive increase in state agency efficiency. Technology is the key to make strides in effectiveness and efficiency. In anticipation of that, she added, her organization tried to build in an incentive to pay online. In 2007, about 61% of individuals renewed their licenses online; in 2010, the rate was 84%. There are less than 20% renewing on paper. It was agreed that state agencies should be treated as any other agency, but the Board of

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Healing Arts does not have the nimbleness to adjust. Revenue for KSBHA would be reduced by about \$150,000 of the budget already approved. Ms. Selzler Lippert said her agency is not asking for special treatment, but as a government agency we are passing through the cost. If this is not allowed, we would either absorb it, without reducing services to the client, or raise fees and this is a vicious cycle and not always productive. KSBHA is concerned that this bill will result in detrimental reliance by state agencies on existing statutes and will have minimal positive increase in state agency efficiency.

The next opponent to testify was Tom Hawk, Executive Director, Behavioral Sciences Regulatory Board (Attachment 28). He added his testimony would duplicate that from the Board of Healing Arts. This bill reduces the budget by \$15,000 to \$25,000 and pushes us to raise our fees. There was a rate of 68% that file online and that is now up to 81% in January. Mr. Hawk added that his agency thinks it does not make good economic sense for the state agencies.

Chair Burgess expressed appreciation to those persons providing testimony. He asked if there were other persons who would like to testify. There being none, the hearing was closed.

The Chair asked if there was any other business. There was none. The meeting adjourned at 5:27 p.m.