

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 Monday, February 20, 2012 in Room 546-S of the Capitol.

All members were present.

All Committee staff was present.

Conferees appearing before the Committee:

Gary Centilivre, Electronic Filing and Payment Unit (HB 2726)

Kansas Department of Revenue

Linda Buttron, Jefferson County Clerk (HB 2675)

Representing Ks. County Clerks and Election Officials Association

Nicole Proulx-Aiken, Staff Attorney (HB 2725)

League of Kansas Municipalities

Donna Shelite, Director of Vehicles

Others in attendance:

See attached list.

Six bills are up for possible action today. Chair Burgess asked the Committee's desire on **HB 2650—Establishing the office of information technology services and the executive chief information technology officer; powers and duties**. Anthony Schlinsog, Executive Chief Information Technology Officer, had testified on this bill on February 15. Jim Wilson, Revisor of Statutes, distributed a balloon amendment (Attachment 1) dated February 20, which contained the amendments presented with the earlier testimony and some additional technical cleanup. The bill abolishes the former division, Division of Information Systems and Communications and changes the title of the bill to reflect the subject of the bill, Office of Information Technology Services (OITS). Mr. Wilson reviewed the changes in the balloon amendment. Mr. Brian Dreiling, from Mr. Schlinsog's office, was in the audience and stated that he had not seen the balloon amendment in advance of the meeting, and responded to questions that since the revisions were merely technical and clean up, he had no objections. Concern was expressed about clarification of the wording on Page 13, line 39. After this discussion,

It was moved by Rep. DeGraaf that the balloon of amendments to this bill with a comma added on page 11 in line 39 "the effective date of this act, shall be" be adopted, and it was seconded by Rep. Wolf. A comment was made about having too much power under one IT officer (all

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executive branch CIO's reporting to one person). The Committee voted to approve the motion with two Committee members voting no.

Rep. DeGraaf then made a motion that this bill, as amended, be passed favorably, and there was a second by Rep. Hoffman. There was no further discussion. The Committee voted to approve the motion with two Committee members wanting to be recorded as "no" votes, Rep. Trimmer and Rep. Ruiz.

The Chair asked the Committee's wish on **HB 2673–Repeal of certain powers and duties of the secretary of labor.** Rep. Ruiz moved for favorable passage of the bill, and it was seconded by Rep. Trimmer. Rep. Ruiz noted that he had some concerns with this bill, but upon discussion with persons after the meeting, he sees no problem with passage. After this, the Committee voted to approve the motion.

Chair Burgess opened discussion on **HB 2675–County clerks, county appraisers, real estate assessment rolls; statute repealed.** Ms. Linda Buttron, Jefferson County Clerk, reported the Kansas County Clerks and Election Officials Association worked with staff on an amendment and approves its contents (Attachment 2) as distributed by Renae Jefferies, Revisor of Statutes. Secretary Taylor had no objections to the amendment. After this, it was moved by Rep. Osterman that the balloon amendment to this bill be accepted, seconded by Rep. DeGraaf, and the Committee voted to approve the motion.

Rep. DeGraaf then moved that the bill be passed favorably, and it was seconded by Rep. Osterman. There was no discussion. The Committee voted to approve the motion.

Chair Burgess asked the Committee's wish for **HB 2705–State building construction, monthly progress reports on capital improvement projects by secretary of administration.** It was moved by Rep. Wolf to recommend favorable passage of this bill, and seconded by Rep. Hoffman. There was no discussion. The Committee voted to approve the motion.

Concerning **HB 2725–Repealer, Kansas advisory council on intergovernmental relations,** Chair Burgess has received updated information from Richard Cram, Department of Revenue, and he read the e-mail to the Committee. In summary, the department no longer has an interest in the bill's passage. Nicole Proulx-Aiken, Kansas League of Municipalities, noted the e-mail from Richard Cram states what has been done. The League and the Kansas County Clerks and Election Officials Association are taking over the staffing and duties of the Kansas Advisory Council on Intergovernmental Relations. Ms. Proulx-Aiken asked that the bill be tabled. After

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this discussion, *it was moved by Rep. Ruiz, seconded by Rep. Osterman, and the Committee voted to table HB 2725.*

Renaë Jefferies then explained a balloon amendment (Attachment 3) for **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.** In summary, current statutes regarding fees and surcharges for paying the state by credit cards would remain on the books for two years. On and after July 1, 2014, if paying an electronic fee, there would no longer be a fee charged, and any transactions involving payment by credit card will be subject to K.S.A. 16a-2-403 which prohibits charging a surcharge.

Discussion followed that the fees do not go to the county treasurers who obtain the fee for the state. Gary Centilivre addressed the group on the transaction cost of the Department of Revenue that is charged by credit companies (VISA, MasterCard, American Express, and Discovery). The rates vary by company from .5% to 2.65%. Eight million dollars is paid to the state through credit card transactions. The rate for bad credit at which time collection agencies are hired is 62%.

Mr. Centilivre continued noting that 80% of driver's license fees are paid by debit card. He added the bottom line is that if these fees were abolished, a funding request would be necessary. Rep. Wolf noted that this is purely voluntary for individuals to use credit card as a matter of convenience to the user, and she sees no conflict with the convenience fee. Rep. Roth indicated his county treasurer uses CanPay through Kansas.gov. The processed documents generated \$16,700 in fees. Mr. Centilivre noted that a third party payer impacts county treasurers in the same way. Paying by check costs 3.5 cents, and cash has no fees.

Mr. Centilivre added that filing tax returns by paper costs \$12 per return to process. Electronic submission for income tax is 88% of returns, sales tax is 89%, and withholding tax is 94%. This growth in electronic submission has happened in the last 1.5 years. Lower income persons file by paper.

Donna Shelite, Director of Vehicles, noted they collect fees for state but also on the Web collect taxes. Many counties would not be able to absorb the cost because they cannot raise the taxes. Ninety-nine percent elect to pay electronically because of convenience.

In response to a question, it was noted the private sector is not allowed to collect fees “except for the state of Kansas.” Private sector adds 2.5% and everybody pays it. There are very few cash

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transactions, mostly check and 90% are by credit card. Some offices are now using Check 21, where payment is received immediately.

It was asked that if bad debts are \$13.6 million, how much is the collection cost? Is the money recouped? Mr. Centilivre noted he did not have this information but he could get it. He noted they are collecting 95% of insufficient funds and 5% rerun the electronic payment. Half of the time, this generally works. Staff also makes follow-up calls. In two days, they usually have funds electronically. After this discussion, it was moved by Rep. Hoffman to table this bill, seconded by Rep. Roth, and the Committee voted to pass the motion.

The next Committee meeting will be Wednesday, February 29.

There being no further business, the meeting adjourned at 4:55 p.m.

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