

MINUTES OF THE SENATE COMMITTEE ON COMMERCE.

The meeting was called to order by Chairperson Senator Karin Brownlee at 8:30 a.m. on February 13, 2002 in Room 123-S of the Capitol.

All members were present except:

Committee staff present: April Holman, Legislative Research
Norman Furse, Revisor of Statues
Sherman Parks, Revisor of Statues
Lea Gerard, Committee Secretary

Conferees appearing before the committee: Steve Rarrick, Deputy Attorney General-
Consumer Protection
Doug Smith representing Direct Market Assoc.
Leo Vogel, Assistant Director Purchasing
Mike Murrery, Govt. Affairs, Sprint

Others attending: See attached list

Hearings on **SB 481**: On line procurement procedures pilot study.

In accordance with KSA 75-3715a, the fiscal note concerning **SB 481** was submitted to committee members.

Chairperson Brownlee gave a brief overview concerning **SB 481** stating that the Director of Purchases would be required to submit a report to the legislature once a year and a Post Audit would not be necessary.

Chairperson Brownlee recognized Leo Vogel, Assistant Director Purchasing who gave a few highlights of a report that was submitted to the legislature. Mr. Vogel stated the report explained the preparation the Purchasing Department went through to select vendors for the reverse auction procedure. The process turned out to be more complicated due to some vendors wanting to charge as much as \$30,000 for each auction. The Purchasing Department negotiated a contact and awarded it to "Materials Net" that paid them \$2,500. per auction regardless of the amount. The first auction will be held in the second or third week of March to purchase Highway Patrol cars.

Hearings closed on **SB 481**.

Senator Barone moved, seconded by Senator Emler, that **SB 481** be recommended favorably for passage. The voice vote was unanimous in favor of the motion.

Hearings on **SB 467**: Commercial electronic mail act; protection from deceptive and unwanted "spam".

In accordance with KSA 75-3715a, the fiscal note concerning **SB 467** was submitted to committee members.

Chairperson Brownlee recognized Steve Rarrick, Deputy Attorney General, Consumer Protection Division who testified in support of **SB 467** (Attachment 1). He stated **SB 467** would provide protection to Kansans from deceptive and unwanted commercial e-mail. **SB 467** is modeled primarily after statues in Washington and California (Attachment 2). Mr. Rarrick explained Section (b) of the bill that defines the definitions and Section (c) contains the prohibitions and requirements. The bill requires specific requirements on how a recipient can reply to get off the e-mail list and advise the company not to send anymore "spam".

The Committee discussed what constitutes an occurrence and would this law have an impact on charitable and non-profit organization. Chairperson Brownlee requested that Steve Rarrick double check the bill to prevent charitable and non-profit organizations from being in violation of this act.

Doug Smith, representing Direct Marketing Association, testified in support of the concept of **SB 467** but would like the Committee to consider the State of Nevada statue (Attachment 3). The Nevada law creates

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four definitions for advertisement, electronic mail, network and a recipient. If a person transmits or causes to be transmitted an electronic message to a recipient that includes a advertisement, they are in violation of the act unless the person has an existing business or personal relationship.

The Committee asked Mr. Rarrick what his comments are regarding the Nevada law. Mr. Rarrick stated the problem he has with the Nevada law was it did not require the ADV label.

Mike Murrary, Sprint, testified they are neutral regarding **SB 467** in that they are still discussing the bill. Sprint is currently working with the Attorney General's office regarding some additional questions. Mike Murrary requested that the committee either hold the hearing open until some of their issues are resolved or be aware if Sprint has some difficulties, they may present some proposed amendments.

Emily Hackett, Internet Alliance, provided written testimony to committee members in support of **SB 467** (Attachment 4).

Senator Brungardt moved, seconded by Senator Steineger, that the Minutes of January 31, February 5, 6 and 7, 2002 be approved. The vote was unanimous in favor of the motion.

Meeting adjourned at 9:30 a.m.

The next meeting is scheduled February 14, 2002 at 8:15 a.m.