



**House Committee on Federal and State Affairs
Opposition to House Bill 2201
Presented by Eric Stafford, Vice President of Government Affairs**

Wednesday, March 8, 2017

Mister Chairman and members of the committee, my name is Eric Stafford, Vice President of Government Affairs for the Kansas Chamber of Commerce. We appreciate the opportunity to testify in opposition to House Bill 2201 which creates significant barriers for government efficiency and encourages growth of the public sector rather than utilizing skills and services of the private sector when available.

Our legislative agenda adopted by our board of directors this year includes a section on government efficiency which reads “Support outsourcing state government functions to the private sector while maintaining needed services and lowering the cost of doing business in Kansas.” Additionally, we support limiting burdensome and unnecessary regulations that impact businesses in Kansas.

HB 2201 is titled the taxpayer empowerment act but this will actually hurt Kansas taxpayers and increase the cost of services to the state. There are many problems with this bill, but we will highlight a few.

Starting with section 2 of the bill, new requirements are placed on the department of administration to create a database for all contracts statewide including local governments, school districts, townships, etc. Any contracting entity would also be required to “keep and maintain the public records that ordinarily and necessarily would be kept and maintained by the agency in order to perform the service.” What could be required of a public entity is likely much different than what is required of a private entity. How would the private contractor know what records would be required for record?

Probably the biggest concern over this bill is the requirement that any contract with a private company must go through a cost comparison and unless the contract is projected to result in an overall savings to the state of at least 10%, the agency cannot enter into that contract. The first concern here is how does the state provide a cost comparison if they currently do not perform the work? Second and most importantly, the result of this provision could be government choosing to perform these services on their own which would require more employees and more tax revenue from taxpayers. Our belief is the state should first attempt to utilize the private sector to perform services before electing to provide the service on their own.



The Kansas Chamber, with headquarters in Topeka, is the leading statewide pro-business advocacy group moving Kansas towards becoming the best state in America to do business. The Chamber represents small, medium and large employers all across Kansas.

Under section 4 of the bill, contractors would be required to pay and provide comparable benefits and salaries to their employees as public employees provide. This requirement takes away the market-based approach of the private sector which survives through competition- not only on their cost for the contract, but benefits to attract and retain a strong workforce. This same section also requires benefits in any bid, and wages/benefits must be reported quarterly to the contracting agency- a burdensome task for employers.

In closing, HB 2201 places significant barriers toward providing efficient government for taxpayers and we would encourage the committee to not support this bill. Thank you for the opportunity to testify in opposition to HB 2201. We are happy to answer any questions you may have at the appropriate time.