

SESSION OF 2017

**SUPPLEMENTAL NOTE ON SENATE SUBSTITUTE FOR
HOUSE BILL NO. 2129**

As Recommended by Senate Committee on
Ways and Means

Brief*

Senate Sub. for HB 2129 would permit the Secretary of Administration (Secretary) to approve a new lease or renew or extend an existing lease without an energy audit being performed if the Secretary determines an energy audit is not economically feasible. The Secretary would inform the Joint Committee on State Building Construction in writing of any such determination when it is made.

The bill would also exempt the Legislative Division of Post Audit (LPA) from paying the Monumental Building Surcharge assessed by the Department of Administration for maintenance of the Capitol Complex.

The bill would further remove the requirement that state agency contracts or leases extending for a period longer than one year be filed with the Director of Accounts and Reports. The bill would also remove the requirement that contracts subject to approval by the Attorney General be countersigned by the Director of Accounts and Reports. Finally, the bill would remove the requirement that orders or requisitions for contractual services be made on a prescribed form unless a purchase order is required for each contracted payment.

The bill would be in effect upon publication in the *Kansas Register*.

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

Background

In the House Committee on General Government Budget hearing on HB 2129, a representative of the Office of Facilities and Procurement Management and the Director of Legislative and Public Affairs for the Department of Administration testified in support of the bill. The representatives stated the bill would not eliminate the requirement for an energy audit, but would allow the Secretary to waive the requirement in specific instances. The representatives provided an example of a lease negotiated for an outdoor structure, such as a tower, land, or a boat dock, that is not conducive to an audit. In addition, the representatives stated agencies are sometimes leasing only a small portion of a much larger facility and it is not feasible for a landlord to conduct an audit. No neutral or opposition testimony was provided.

In the Senate Committee on Ways and Means hearing, a representative of the Office of Facilities and Procurement Management and the Director of Legislative and Public Affairs for the Department of Administration testified in support of the bill. The representative stated the bill would not eliminate the requirement for an energy audit, but would allow the Secretary to waive the requirement in specific instances. The representative for Facilities and Procurement Management responded to questions regarding maintenance on the Mills Building. No neutral or opposition testimony was provided.

The Senate Committee on Ways and Means recommended a substitute bill. The substitute incorporates the contents of HB 2002 (as recommended by House Committee) and HB 2130 (as recommended by House Committee). Background information on the two bills, including the fiscal effect of HB 2002, follows.

According to the fiscal note prepared by the Division of the Budget, the Department of Administration estimates enactment of HB 2129, as introduced, would have no fiscal effect on agency operations.

HB 2002—Monumental Building Surcharge

The Monumental Building Surcharge is assessed by the Department of Administration on state agencies located within Shawnee County for support of the State Capitol, Judicial Center, Cedar Crest, and the Capitol Complex parking lots, at a rate of \$2.66 per square foot of rentable space in state buildings or leased space. This fee cannot be paid with federal funds by any agency. For FY 2017, a budget *proviso* exempts LPA from the surcharge. However, because this policy was enacted by a budget bill *proviso*, the exemption is only effective during FY 2017.

The bill was introduced by the Legislative Post Audit Committee and was referred to the House Committee on Appropriations. The Post Auditor testified as a proponent of the bill. He indicated LPA is the only legislative agency subject to this surcharge.

In the Senate Ways and Means Committee, the Post Auditor testified as a proponent of the bill. No opponent or neutral testimony was presented.

According to the fiscal note prepared by the Division of the Budget, enactment of HB 2002 would reduce revenue to the Department of Administration for maintenance of the Capitol Complex by \$16,928 for FY 2018. Any fiscal effect associated with the bill is not reflected in *The FY 2018 Governor's Budget Report*.

HB 2130—Contractual Approval Procedure

In the House Committee on General Government Budget hearing, the Director of Legislative and Public Affairs for the Department of Administration testified in support of the bill. The Director indicated the bill was a product of the Office of the Repealer and the goal was to remove a redundant contractual cover page requirement after the development of alternative contractual approval procedures in the Statewide

Management Accounting and Reporting System. No other testimony was provided.

The House Committee recommended the bill be placed on the Consent Calendar.

In the Senate Committee on Ways and Means hearing, the Director of Legislative and Public Affairs for the Department of Administration testified in support of the bill. No other testimony was provided.

According to the fiscal note prepared by the Division of the Budget, enactment of HB 2130 would have no fiscal effect on agency operations.