

MINUTES OF THE HOUSE GOVERNMENTAL ORGANIZATION & ELECTIONS.

The meeting was called to order by Chairperson Rep. Lisa Benlon at 3:35 P.M. on January 26, 2000 in Room 521-S of the Capitol.

All members were present except: Douglas Johnston (E)  
Margaret Long (A)  
John Topliker (A)

Committee staff present: Dennis Hodgins, Research  
Mary Galligan, Research  
Theresa Kiernan, Revisor  
Lisa Montgomery, Revisor  
Dee Woodson, Committee Secretary

Conferees appearing before the committee: Shirley Moses, Director of Accounts and Reports  
Dan Hermes - Governor's Office  
Brad Bryant - Secretary of State's Office  
Carol Williams - Governmental Ethics Commission  
Linda DeCoursey - Kansas Insurance Department  
Kevin Robertson - Kansas Dental Association  
Joyce Luschen - United We Stand America Kansas  
Edward Rowe - League of Women Voters of Kansas

Others attending: See attached list.

Chairman Benlon called for introduction of bills. Dana Fenton, Intergovernmental Relations Coordinator for Johnson County, requested introduction of a bill to expressly allow county governments to sell, lease, license, and copyright computer software. The reason for this request is they have had inquiries from other counties throughout the state requesting to purchase some of the software Johnson County has developed in-house or through vendors. He said their legal counsel has reviewed those requests and reviewed the law. Legal Council stated he did not believe they have firm legal authority to authorize that. Mr. Fenton added that the Association of Counties did endorse this proposed bill at their conference in November in Overland Park. Representative Powers made a motion to introduce the bill, seconded by Representative Huff, and the motion carried. (Attachment 1)

Brad Bryant, Deputy Assistant Secretary of State on Elections and Legislative Matters, requested introduction of two separate bills. The first bill deals with election administration and deleting a requirement for first class mail on certain official election mailings by counties. The second bill would grant the Secretary of State authority to designate alternative methods for the distribution of ballots to voters in emergencies. (Attachment 2)

Representative Powers made a motion to have the bills drafted, and it was seconded by Representative O'Connor. The motion carried.

Before the Chair opened the hearing on **HB 2627**, there were a few individuals who are here to further discuss **HB2323**, which was heard last Monday, regarding credit cards and personal checks.

Shirley Moses, Director of Accounts & Reports for the Department of Administration, provided testimony that was the results of a survey her Department sent out to all state agencies. (Attachment 3) Under the Department of Administration there is a statute (K.S.A. 75-37,100) which gives the Secretary of Administration the authority to do a state-wide bid for credit cards and acceptance for the banking arrangement. She recommended language that would protect the State from losing bank fees but not incur unreasonable fees to the licensee. She said in October 1999, Accounts and Reports started the survey to determine state agencies interests in accepting credit card payments. As their Department looks at E-Government, E-Business, and Internet opportunities; there are several boards and agencies that are small and renew licenses, and it would be great if they could fill out their form on the Internet. Ms. Moses shared the results of the survey in her testimony. Fourteen state agencies are currently accepting credit cards to some extent. Forty state agencies are interested. \$25M in current transaction values the state is

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doing right now. Agencies have identified \$240M in potential fee transaction values. Think there would be a much greater transaction value if we made some arrangements for tax payments this way also. She would argue that the \$240M is probably a low number because, she doesn't think the agencies really understand all the potentials and believes it will actually be even larger when other departments are included. Currently the Director of Purchasing, Department of Administration and Ms. Moses are working on an RFP for state-wide credit card acceptance, and it is very near completion. This work group has decided to do an RFI, Request for Information, to make sure they have a complete understanding before consummating a state-wide contract, and that it is also in the best interest of the State of Kansas. The group has had some preliminary discussions and interest expressed in having a web site designed whereby they could have some kind of up front situation where the citizen, board, or whomever would fill out an application, include their credit card number, send their transaction across the way, and then get their license back. Other topics would be the need for legislation to permit a surcharge or convenience fee for acceptance of the credit card payments so that the state agency or the state would not be losing any revenues. Also, if there would be a potential loss of revenues resulting from a discount fee, we need to look at recovering those fees. The ability of state agencies to accept payments by credit cards without a loss of revenues could greatly enhance with minor modifications, and the agency has some recommended language to amend this proposal.

Chairperson Benlon stated there are Committee comments that they either personally had this problem or a constituent had talked to them about a problem with some of the agencies that are currently accepting credit cards, and are requiring astronomical fees for the use of credit cards. Chairman Benlon shared that the Committee felt the \$8.00 fee charged for a copy was unrealistic, and would like to see that lowered. The Chair had talked to the State Treasurer, and he said if we could get state-wide usage for credit cards, we could get the dollar amount so low that it would be a very minimal fee.

Shirley Moses commented further that when looking at the buying power of a quarter of a billion dollars, that clearly gives the State some negotiating leverage, and then aligning with the Director of Purchases, John Houlihan. Just by utilizing the volume discount, we can set the standard on this contract as to what they will be charged.

Representative Huff inquired regarding the negotiation for a credit card if they negotiated for only one credit card or did they come up with several, i.e. Visa, Master Card, etc.

Shirley Moses responded that they have consulted with experts from other states as to how they did it when selecting credit card companies. Her Department was advised to go out and get bids from the four major companies that are used for this area which are American Express, Discover, Visa and Master Card. If you try and do it with one company, your program is not going to be successful. The Department of Administration will look at all four of those companies, and also look for a prime contractor like American Express. The prime contractor would work out the arrangements and subcontract with Visa and Master Card, etc. Purchasing wants to have one bank to deal with, and one who they would go back to get the good terms of a contract. She further elaborated on the benefits of a credit card contract in standardization for state-wide utilization.

Representative Huff stated that Kansas should have legislation that wouldn't allow certain Departments to opt out on this, and every state agency should be able to accept this form of payment. Shirley replied that the Committee might want to refer to the Purchasing Statutes, and asked John Houlihan, Director of Purchasing, to clarify this subject. Mr. Houlihan explained what he would do is award state-wide departmental contracts which would require all state agencies to use this contract no matter who the financial institution is. He also said it was something he does now. He shared that he would expect to have about a 1% charge from a contract instead of 4 to 5% which is charged by the smaller companies.

Representative Horst asked if this would cover Regents universities as well as let undergraduates also use the credit card payment form.

Shirley Moses explained in regard to the Regents that the \$25 convenience fee is enabling students to enroll via the telephone and for not having to go on campus. They do accept credit card payment as part of that, and also confirmed that credit cards are not accepted on campus as a payment form. Those are the types of issues her Department wants to encompass and to capulate in the RFP. In fact right now the Regents can develop their own RFP, and they have the credit card capability with a contract, but in fact they are not going to do that.

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Representative O'Connor had a question regarding whether the cities and townships would join in on this and the state would bill them for their usage. Shirley Moses responded that the cities and townships would have their own contract as the state would not want to be liable for them. The state's contract would only cover state agencies. Currently her department is researching how other states are handling this, and in particular Nebraska who is going to do this for under 1%. We are looking at that model and other states. Also we are looking at Georgia who is using the Internet credit cards, and they are like No. 1 in the nation in this regard.

Chairman Benlon asked if there was anyone else present that wanted to speak to this bill. There being none, the Chairman announced that the Committee would work this bill on Monday, January 31.

Chairman Benlon opened the hearing on **HB 2627** - governmental ethics; establishing requirements regarding gifts and hospitality.

Dan Hermes, Director of Governmental Affairs for the Governor's Office, who sponsored the bill, gave an overview of this proposed bill sponsored by the Governor in an attempt to strengthen state ethics laws in Kansas. The bill in front of the Committee has two distinct parts. First the bill would extend the existing executive branch gift and hospitality ban to all employees of the executive branch. The only ones that are currently covered are classified employees and unclassified employees who are under the Governor's direct control. Secondly, the bill would require that lobbyists report the gifts, meals and hospitality they provide. As you know the previous ban discussed did not impact each of the legislative or judicial branch employees. This proposal does not ban the acceptance of gifts and hospitality. It only requires that it is disclosed for the legislative and judicial branches. ([Attachment 4](#))

Questions were raised regarding the exemptions that were listed. General discussion continued regarding the wording, "widely attended", and also on the accuracy of the reporting of actual attendees. The concern that it is often erroneously reported that legislators attended free concerts or took trips left impression that all legislators took advantage of these activities when in fact they did not. One committee member commented that they all take the "heat" even though they did not participate. Nobody knows who actually went on the various trips or attended concerts, but several committee members expressed they felt the "lumping" of all legislators together was very unfair. The clarification of what was meant by the meals and entertainment caused some confusion as a ball game is a meal and entertainment, but mostly entertainment. Mr. Hermes deferred this area to Carol Williams, Executive Director of the Governmental Ethics Commission, for her later testimony.

The second proponent to testify was Brad Bryant, Deputy Assistant Secretary of State for Elections and Legislative Matters, and he represented the Secretary of States Office. He spoke in favor of this proposed bill as all employees of the Secretary of State's Office are unclassified. The main substance of this bill was adopted several years ago by his department as office policy. He expressed the importance of passing such a bill to enhance the perception of the public regarding gifts. ([Attachment 5](#))

Carol Williams, Executive Director of the Governmental Ethics, (proponent), stated that the first part of the bill before the Committee today was originally a recommendation made by the Kansas Governmental Ethics Commission in 1997. She explained the difference between classified and unclassified employees and what they could accept in regard to gifts, meals, recreation, or concerts. She explained the passage of this bill would clarify some of the inequities and confusion that previous legislation has caused. The second part of this bill calls for improved reporting by lobbyists of their expenditures and the itemization of gifts and hospitality and the name of the recipient. It will also eliminate the aggregate totals reported for events. She included examples of reporting forms with her written testimony. ([Attachment 6](#)) She also elaborated on the "widely attended" phrase used, and gave examples explaining the relevance of this wording.

Committee questions and discussion followed with points of clarification made by Carol Williams regarding the "widely attended" wording involving such events as a delegation meeting where not everyone is invited, but the few who do attend their names go on the list. Also inquiry was made regarding penalties and fines.

Representative O'Connor recounted that the reporting forms are useless in their present format. She would like to see a form drafted by Carol based on the kind of requests that she gets and what she actually sees that would give the right kind of information.

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Linda DeCoursey, Director of Government Affairs, Insurance Department, (proponent) commented on the gift ban portion of **HB 2627**. Linda disclosed to the Committee that several years ago Insurance Commissioner Sebelius decided that her Department would follow the Governor's requested gift ban for all classified employees plus his direct staff. Since July, 1997, all employees of that department have complied with the law. (Attachment 7)

Kevin Robertson, Executive Director of the Kansas Dental Association, (proponent) appeared before the Committee today in the capacity as president of the Kansas Society of Association Executives. The KSAE is an organization made up of 171 professional and trade associations as well as 47 members who are largely corporate and contract lobbyists. The KSAE expressed that this bill would cause an increase in paperwork, but would not be overly burdensome. Mr. Robertson stated that introduction and passage of bills like HB 2627 definitely will assist the legislature in proper reporting of lobbying activities in order to adequately protect the public. (Attachment 8)

Committee discussion included concerns expressed about how the food and beverage was split out. The non-alcohol drinkers felt that they should not be grouped with the ones that are alcohol drinkers. Also, the question of donations by lobbying groups made to events such as the Governor's Ball, the recent millennium celebration and other special activities are not considered lobbying and are not reportable. These activities are not legislative related, are not trying to influence votes, nor are they a campaign function.

Joyce Luschen, Co-Chairman for United We Stand America Kansas, (proponent), testified regarding the unfair figures reported on lobbying reports because of total expended being divided by the 165 legislators instead of the actual number that attended the various events. Ms. Luschen addressed the "widely attended" wording within the bill as meaning the reporting would only be done with very small gatherings that are considered to be "exclusive access". Therefore, she reasoned that most legislators would never be named on these reports. United We Stand America Kansas urged the Committee to pass this bill out of Committee and on to the floor. (Attachment 9)

Edward Rowe, volunteer lobbyist for the League of Women Voters of Kansas, (proponent), explained the League's national position of support regarding lobbying disclosure reform to provide information on pressures exerted on policy-making process and guarantee citizens access to influence the process. He stated there was an attempt back in 1993 and 1994 by an appointed task force to draft a bill that would reform lobbying, but the proposed changes did not get a Committee hearing. Mr. Rowe said that **HB 2627** is an incremental change in lobby rules and an attempt to level the playing field for all who seek to influence legislators. (Attachment 10)

Following questions from the Committee, Chairperson Benlon closed the hearing on **HB 2323**.

The Chair adjourned the meeting at 5:40 p.m. The next meeting of the House Government Organization and Elections Committee will be Monday, January 31, 2000, in Room 521-S.