

SESSION OF 2007

**CONFERENCE COMMITTEE REPORT BRIEF
SUBSTITUTE FOR SUB. FOR HOUSE BILL NO. 316**

As Agreed to April 3, 2008

Brief*

Kansas Governmental Operations Accountability Law

Sub. for Sub. for HB 316 would expand K-GOAL to provide accountability for any state agency or state program. In the bill, each state agency or program would be subject to audit, review, and evaluation under K-GOAL as determined by the Legislative Post Audit Committee. The Committee would direct the Post Auditor to conduct at least four audits each year under K-GOAL.

The bill would specify that the agencies or programs to be audited and the scope of the audits would be selected from a list provided to the Committee by the Legislative Post Auditor. Audit topics would come from interested parties, including the general public. Each performance audit would have to be completed by December 1 for review by the Legislature during the next regular session.

Under the bill, each audit would include a determination of the following factors:

- Whether the agency is still needed;
- Whether another federal, state, local, or private agency exists that could effectively perform the functions of the agency or program;

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- Whether the agency or program could be operated more efficiently and still fulfill its intended purpose; and
- Whether there are any other factors determined by the Post Auditor or directed by the Committee that are needed for the audit.

The bill would authorize the Senate Ways and Means Committee, the House of Representatives Appropriations Committee, the Legislative Budget Committee or committees as determined by the Legislative Coordinating Council to review and evaluate the operations of the state agency or program that is audited under K-GOAL.

Kansas Taxpayer Transparency Act

The bill would enact the Kansas Taxpayer Transparency Act requiring the Secretary of Administration (Secretary) to create a searchable website where the public can access certain state and local revenue and expenditure information. The initial website would have to be established by March 1, 2009. The bill also would create the Public Finance Transparency Board (Board) to provide advice and consultation to the Secretary regarding implementation of the Act.

The Secretary would be required to develop and operate by March 1, 2009, a website that would include:

- Annual expenditures, as determined by the Secretary and as available from the central accounting and state payroll systems, including at least:
 - Disbursements by state agencies from funds in the State Treasury;
 - Salaries and wages including compensation paid to individual state employees;

- Contractual services, capital outlay, and commodities including amounts paid to individual vendors;
 - Capital improvements;
 - Bond debt payments and debt service including amounts of bond principal paid, bond interest paid, and sources of funds paid for individual bond issues;
 - Aid to local units of government including amounts paid to units for identifiable aid programs; and
 - Other assistance and benefits.
- Annual revenue as determined by the Secretary and as available from the central accounting and state payroll systems, including at least:
 - Receipts or deposits into the State Treasury by state agencies;
 - Taxes including compulsory contributions imposed by the State in order to finance services;
 - Agency earnings including amounts collected by agencies for merchandise sold, services performed, licenses and permits issued, or regulation;
 - Revenue realized from the use of money and property including compensation for the use of state-owned money and property;
 - Gifts, donations and federal grants including amounts received from public and private entities to aid in support of a specific function or other governmental activity; and
 - Other revenue and non-revenue receipts.

- Annual bonded indebtedness of state and local entities including at least the total original obligation stated in terms of principal and interest, the term of the obligation, the source of funding for repayment, the amount of principal and interest previously paid, the outstanding balance, any refinancing of the obligation and the statutory authority for the issuance.
- Other relevant information specified by the Secretary after consultation with the Board.

The website would have to include data for fiscal year 2003 and each subsequent year. Data will have to be retained on the website for at least ten years. Each fiscal year's data in the central accounting and state payroll systems would have to be available on the website within 45 days after the end of the fiscal year.

The Secretary would be required to adopt policies and procedures to implement the Act. Specifically, the Secretary would be authorized to develop policies and procedures for making available data from sources other than the central accounting and payroll systems. The Secretary would not be required to make available information that is not contained in the central accounting and payroll systems at the time of initial implementation of the website. State agencies would be required to provide information requested by the Secretary that is necessary to fulfill the purposes of the Act.

The bill would create the Public Finance Transparency Board to advise and consult with the Secretary regarding the website's content, format and reports to be produced on the website. The Board also would advise the Secretary in regard to incorporation of additional information from any other source available to the Secretary. The Board would consist of the following members, or their designees:

- The Secretary, who would serve as the Chairperson;

- The Director of Accounts and Reports;
- Chief executive officers of two state agencies appointed by the Governor;
- The Legislative Post Auditor;
- The State Archivist; and
- The Director of the Legislative Research Department.

Other members of the Board would include:

- Four members of the public (two appointed by the Governor and one each appointed by the President and the Speaker); and
- Four legislators (one each appointed by the Speaker and Minority Leader of the House and the President and Minority Leader of the Senate).

Legislators and members of the public who serve on the Board could be compensated, and reimbursed for expenses, for attendance at Board meetings.

The Board annually would elect a Vice-Chairperson and a Secretary. Eight members of the Board would constitute a quorum and the affirmative vote of eight members would be required for action of the Board. The Board would be required to meet at least twice during each fiscal year.

The Board would be required to seek advice from the general public; professional associations; and academic groups, institutions and individuals with knowledge of and interest in areas of public information access, gateway services, add-on services and electronic information. All state agencies would be required to cooperate with the Board by providing any assistance requested.

The Act would expire on June 30, 2014.

Kansas Performance Measurement Commission

The bill would create the Kansas Performance Measurement Commission, an 11-member body that would be authorized to contract with a private consultant to design a performance measurement management system for the State. The system would be required to have the following elements and characteristics:

- Generate data-driven information to help legislators assess the effectiveness of state programs;
- Contain recommendations to implement long-range planning for state programs;
- Include an assessment of the current efficiency and effectiveness of state programs; and
- Include an assessment of the degree to which state program activities are consistent with the mission of the program.

Six members of the Commission would be legislators, appointed by legislative leadership; one member would be appointed by the Chairperson of the Kansas Board of Regents; one member would be appointed by the Chief Justice of the Kansas Supreme Court; and three members would be appointed by the Governor. The bill would require that members must be appointed and the first meeting held within 45 days after the effective date of the act.

The Commission would submit a final report of its recommendations by January 1, 2009, to the 2009 Legislature. The Commission would be abolished on July 1, 2009.

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

Conference Committee Action

The Conference Committee deleted all provisions of SB 316 and replaced the bill with the provisions of HB 2802, as amended by the House Committee on Elections and Governmental Organizations and SB 672, as amended by the Senate Committee of the Whole.

Background

Senator Dwayne Umbarger and Barbara Hinton, Legislative Post Auditor, testified as proponents on the original SB 672.

No opponents testified on the original bill.

The Senate Committee of the Whole inserted the major provisions of HB 2370 into the bill which dealt with the Kansas Taxpayer Transparency Act.

According to the fiscal note, the Legislative Division of Post Audit indicates that passage of SB 672, as introduced, would have no effect on staffing or budget requirements.

HB 2802 was introduced at the request of Representative Burgess, who stated that the purpose of the bill was to provide the Legislature with better and more consistent data for the appropriations process. Americans for Prosperity testified in support of the bill, and Representative Schwartz provided written testimony in support of the bill. The Secretary of Administration testified as a neutral party. There was no testimony in opposition to the bill at the House Committee hearing.

The House Committee amended the bill to clarify that three members of the Commission would be appointed by the Governor, that the Commission would be authorized, but not required, to hire a consultant, and that members must be

appointed and the first meeting held within 45 days after the effective date of the Act.

The fiscal note prepared by the Division of the Budget on the introduced version of the bill estimates costs associated with Commission meetings at \$39,666. The Division did not provide an estimate of the cost for a consultant, but noted that the cost of a similar contract for examining classified employees' salaries was \$438,860.

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