

*As Amended by Senate Committee*

*Session of 2012*

**SENATE BILL No. 444**

By Committee on Ways and Means

2-22

1 AN ACT concerning individuals with disabilities; relating to employment  
2 and competitive bids for state contracts; amending K.S.A. 2011 Supp.  
3 75-3739 and 75-3740 and repealing the existing sections.

4  
5 *Be it enacted by the Legislature of the State of Kansas:*

6 Section 1. K.S.A. 2011 Supp. 75-3739 is hereby amended to read as  
7 follows: 75-3739. In the manner as provided in this act and rules and  
8 regulations established thereunder:

9 (a) All contracts for construction and repairs, and all purchases of and  
10 contracts for supplies, materials, equipment and contractual services to be  
11 acquired for state agencies shall be based on competitive bids, except that  
12 competitive bids need not be required in the following instances:

13 (1) For contractual services, supplies, materials, or equipment when,  
14 in the judgment of the director of purchases, no competition exists;

15 (2) when, in the judgment of the director of purchases, chemicals and  
16 other material or equipment for use in laboratories or experimental studies  
17 by state agencies are best purchased without competition, or where rates  
18 are fixed by law or ordinance;

19 (3) when, in the judgment of the director of purchases, an agency  
20 emergency requires immediate delivery of supplies, materials or  
21 equipment, or immediate performance of services;

22 (4) when any statute authorizes another procedure or provides an  
23 exemption from the provisions of this section;

24 (5) when compatibility with existing contractual services, supplies,  
25 materials or equipment is the overriding consideration;

26 (6) when a used item becomes available and is subject to immediate  
27 sale; or

28 (7) when, in the judgment of the director of purchases and the head of  
29 the acquiring state agency, not seeking competitive bids is in the best  
30 interest of the state.

31 When the director of purchases approves a purchase of or contract for  
32 supplies, materials, equipment, or contractual services in any instance  
33 specified in this subsection, the director may delegate authority to make  
34 the purchase or enter the contract under conditions and procedures  
35 prescribed by the director. Except for purchases or contracts entered into  
36 without a competitive bid under subsection (a)(3), (a)(4), (a)(6) or

1 subsection (h), no purchase or contract entered into without a competitive  
2 bid for an amount in excess of \$100,000 shall be entered into by the head  
3 of any state agency or approved by the director of purchases unless the  
4 director of purchases first posts an on-line notice of the proposed purchase  
5 or contract at least seven days before the purchase or contract is awarded.  
6 The director of purchases shall provide notice thereof to members of the  
7 legislature at the beginning of each calendar year that such information  
8 will be posted and the director of the division of purchases shall provide  
9 the uniform resource locator (URL) and the number of times such  
10 information shall be available. In the event a written protest of the  
11 awarding of such a contract occurs during the seven-day notice period, the  
12 director of purchases shall request from the protestor the contact  
13 information, including name and mailing address, of the person or entity  
14 that has expressed an interest in supplying the goods or services and  
15 provide a copy of the specification to the person or entity that has  
16 expressed an interest in supplying the goods or services and verify that  
17 such person or entity is interested and capable of supplying such goods or  
18 services.

19 Upon satisfaction of the director of purchases regarding the validity of  
20 the protest and the existence of competition, the director of purchases shall  
21 proceed with a competitive procurement. A competitive procurement shall  
22 not be required when, in the judgment of the director of purchases, the  
23 validity of the protest cannot be determined or competition for such goods  
24 or services cannot be verified by the director of purchases.

25 The director of purchases shall prepare a detailed report at least once in  
26 each calendar quarter of all contracts over \$5,000 entered into without  
27 competitive bids under subsection (a)(1), (2), (3), (5), (6) or (7). The  
28 director shall submit the report to the legislative coordinating council, the  
29 chairperson of the committee on ways and means of the senate and the  
30 chairperson of the committee on appropriations of the house of  
31 representatives.

32 (b) (1) If the amount of the purchase is estimated to exceed \$50,000,  
33 sealed bids shall be solicited by notice published once in the Kansas  
34 register not less than 10 days before the date stated in the notice for the  
35 opening of the bids. The director of purchases may waive this publication  
36 of notice requirement when the director determines that a more timely  
37 procurement is in the best interest of the state. The director of purchases  
38 also may designate a trade journal for the publication. The director of  
39 purchases also shall solicit such bids by sending notices by mail to  
40 prospective bidders and by posting the notice on a public bulletin board for  
41 at least 10 business days before the date stated in the notice for the  
42 opening of the bids unless otherwise provided by law. All bids shall be  
43 sealed when received and shall be opened in public at the hour stated in

1 the notice.

2 (2) The director of purchases shall prepare a detailed report at least  
3 once in each calendar quarter of all instances in which the director waived  
4 publication of the notice of bid solicitations in the Kansas register as  
5 provided in this subsection. The director shall submit the report to the  
6 legislative coordinating council, the chairperson of the committee on ways  
7 and means of the senate and the chairperson of the committee on  
8 appropriations of the house of representatives.

9 (c) All purchases estimated to exceed approximately \$25,000 but not  
10 more than \$50,000, shall be made after receipt of sealed bids following at  
11 least three days' notice posted on a public bulletin board.

12 (d) All purchases estimated to be more than \$5,000, but less than  
13 \$25,000, may be made after the receipt of three or more bid solicitations  
14 by telephone, telephone facsimile or sealed bid, following at least three  
15 days' notice posted on a public bulletin board. Such bids shall be recorded  
16 as provided in subsection ~~(e)~~ (f) of K.S.A. 75-3740, and amendments  
17 thereto. Any purchase that is estimated to be less than \$5,000 may be  
18 purchased under conditions and procedures prescribed by the director of  
19 purchases. Purchases made in compliance with such conditions and  
20 procedures shall be exempt from other provisions of this section.

21 (e) With the approval of the secretary of administration, the director  
22 of purchases may delegate authority to any state agency to make purchases  
23 of less than \$25,000 under certain prescribed conditions and procedures.  
24 The director of purchases shall prepare a report at least once in each  
25 calendar quarter of all current and existing delegations of authority to state  
26 agencies as provided in this subsection. The director shall submit the  
27 report to the legislative coordinating council, the chairperson of the  
28 committee on ways and means of the senate and the chairperson of the  
29 committee on appropriations of the house of representatives.

30 (f) Subject to the provisions of subsection (e), contracts and  
31 purchases shall be based on specifications approved by the director of  
32 purchases. When deemed applicable and feasible by the director of  
33 purchases, such specifications shall include either energy efficiency  
34 standards or appropriate life cycle cost formulas, or both, for all supplies,  
35 materials, equipment and contractual services to be purchased by the state.  
36 The director of purchases may reject a contract or purchase on the basis  
37 that a product is manufactured or assembled outside the United States. No  
38 such specifications shall be fixed in a manner to effectively exclude any  
39 responsible bidder offering comparable supplies, materials, equipment or  
40 contractual services.

41 (g) Notwithstanding anything herein to the contrary, all contracts with  
42 independent construction concerns for the construction, improvement,  
43 reconstruction and maintenance of the state highway system and the

1 acquisition of rights-of-way for state highway purposes shall be advertised  
2 and let as now or hereafter provided by law.

3 (h) The director of purchases may authorize state agencies to contract  
4 for services and materials with other state agencies, or with federal  
5 agencies, political subdivisions of Kansas, agencies of other states or  
6 subdivisions thereof, or private nonprofit educational institutions, without  
7 competitive bids.

8 (i) The director of purchases may participate in, sponsor, conduct, or  
9 administer a cooperative purchasing agreement or consortium for  
10 purchases of supplies, materials, equipment, and contractual services with  
11 federal agencies or agencies of other states or local units of government.  
12 Cooperative purchasing agreements entered into under this subsection  
13 shall not be subject to K.S.A. 75-3739 through 75-3740a, and amendments  
14 thereto.

15 (j) The director of purchases may delegate authority to any state  
16 agency to make purchases under certain prescribed conditions and  
17 procedures when the acquisition is funded, in whole or in part, from a  
18 grant. Except as otherwise provided in subsection (k) of this section,  
19 purchases made in compliance with such conditions and procedures shall  
20 be exempt from other provisions of this section. As used in this subsection  
21 the term "grant" means a disbursement made from federal or private funds,  
22 or a combination of these sources, to a state agency. Nothing in this  
23 subsection shall allow federal grant moneys to be handled differently from  
24 any other moneys of the state unless the requirements of the applicable  
25 federal grant specifically require such federal moneys to be handled  
26 differently.

27 (k) The director of purchases shall prepare a detailed report at least  
28 once each calendar quarter of all contracts over \$5,000 for services,  
29 supplies, materials or equipment entered into pursuant to subsection (h), (i)  
30 or (j) and submit it to the legislative coordinating council, the chairperson  
31 of the committee on ways and means of the senate and the chairperson of  
32 the committee on appropriations of the house of representatives.

33 (l) Except as otherwise specifically provided by law, no state agency  
34 shall enter into any lease of real property without the prior approval of the  
35 secretary of administration. A state agency shall submit to the secretary of  
36 administration such information relating to any proposed lease of real  
37 property as the secretary may require. The secretary of administration shall  
38 either approve, modify and approve or reject any such proposed lease.

39 (m) The director of purchases shall require all bidders on state  
40 contracts to disclose all substantial interests held by the bidder in the state.

41 (n) As used in article 37 of chapter 75 of the Kansas Statutes  
42 Annotated, and amendments thereto, and other statutory provisions  
43 concerning state procurement, "sealed bids," "bulletin boards" and "mail"

1 shall include electronic bids, electronic bulletin boards and electronic mail  
2 when such items are utilized in accordance with procedures prescribed by  
3 the director of purchases.

4 Sec. 2. K.S.A. 2011 Supp. 75-3740 is hereby amended to read as  
5 follows: 75-3740. (a) Except as provided by *subsection (b) and K.S.A. 75-*  
6 *3740b, and amendments thereto*, all contracts and purchases made by or  
7 under the supervision of the director of purchases or any state agency for  
8 which competitive bids are required shall be awarded to the lowest  
9 responsible bidder, taking into consideration conformity with the  
10 specifications, terms of delivery, and other conditions imposed in the call  
11 for bids.

12 *(b) A contract shall be awarded to a certified business which is also a*  
13 *responsible bidder, whose total bid cost is not more than 10% higher than*  
14 *the lowest competitive bid. Such contract shall contain a promise by the*  
15 *certified business that the percentage of employees that are individuals*  
16 *with disabilities will be maintained throughout the contract term and a*  
17 *condition that the certified business shall not subcontract for goods or*  
18 *services in an aggregate amount of more than 25% of the total bid cost.*

19 ~~(b)~~ (c) The director of purchases shall have power to decide as to the  
20 lowest responsible bidder for all purchases, but if:

21 *(1)(A) A responsible bidder purchases from a qualified vendor goods*  
22 *or services on the list certified by the director of purchases pursuant to*  
23 *K.S.A. 75-3317 et seq., and amendments thereto, the dollar amount of such*  
24 *purchases made during the previous ~~calendar~~ fiscal year shall be*  
25 *deducted from the original bid received from such bidder for the purpose*  
26 *of determining the lowest responsible bid, except that such deduction shall*  
27 *not exceed 10% of the original bid received from such bidder; or*

28 *(B) a responsible bidder purchases from a certified business the*  
29 *dollar amount of such purchases made during the previous ~~calendar~~ fiscal*  
30 *year shall be deducted from the original bid received from such bidder for*  
31 *the purpose of determining the lowest responsible bid, except that such*  
32 *deduction shall not exceed 10% of the original bid received from such*  
33 *bidder;*

34 ~~(+)~~ (2) the dollar amount of the bid received from the lowest  
35 responsible bidder from within the state is identical to the dollar amount of  
36 the bid received from the lowest responsible bidder from without the state,  
37 the contract shall be awarded to the bidder from within the state; and

38 ~~(2)~~ (3) in the case of bids for paper products specified in K.S.A. 75-  
39 3740b, *and amendments thereto*, the dollar amounts of the bids received  
40 from two or more lowest responsible bidders are identical, the contract  
41 shall be awarded to the bidder whose bid is for those paper products  
42 containing the highest percentage of recycled materials.

43 ~~(e)~~ (d) Any or all bids may be rejected, and a bid shall be rejected if it

1 contains any material alteration or erasure made after the bid is opened.  
2 The director of purchases may reject the bid of any bidder who is in  
3 arrears on taxes due the state, who is not properly registered to collect and  
4 remit taxes due the state or who has failed to perform satisfactorily on a  
5 previous contract with the state. The secretary of revenue is hereby  
6 authorized to exchange such information with the director of purchases as  
7 is necessary to effectuate the preceding sentence notwithstanding any other  
8 provision of law prohibiting disclosure of the contents of taxpayer records  
9 or information. Prior to determining the lowest responsible bidder on  
10 contracts for construction of buildings or for major repairs or  
11 improvements to buildings for state agencies, the director of purchases  
12 shall consider: (1) The criteria and information developed by the secretary  
13 of administration, with the advice of the state building advisory  
14 commission to rate contractors on the basis of their performance under  
15 similar contracts with the state, local governmental entities and private  
16 entities, in addition to other criteria and information available; and (2) the  
17 recommendations of the project architect, or, if there is no project  
18 architect, the recommendations of the secretary of administration or the  
19 agency architect for the project as provided in K.S.A. 75-1254, and  
20 amendments thereto. In any case where competitive bids are required and  
21 where all bids are rejected, new bids shall be called for as in the first  
22 instance, unless otherwise expressly provided by law or the state agency  
23 elects not to proceed with the procurement.

24 ~~(d)~~ (e) Before the awarding of any contract for construction of a  
25 building or the making of repairs or improvements upon any building for a  
26 state agency, the director of purchases shall receive written approval from  
27 the state agency for which the building construction project has been  
28 approved, that the bids generally conform with the plans and specifications  
29 prepared by the project architect, by the secretary of administration or by  
30 the agency architect for the project, as the case may be, so as to avoid error  
31 and mistake on the part of the contractors. In all cases where material  
32 described in a contract can be obtained from any state institution, the  
33 director of purchases shall exclude the same from the contract.

34 ~~(e)~~ (f) All bids with the names of the bidders and the amounts thereof,  
35 together with all documents pertaining to the award of a contract, shall be  
36 made a part of a file or record and retained by the director of purchases for  
37 five years, unless reproduced as provided in K.S.A. 75-3737, and  
38 amendments thereto, and shall be open to public inspection at all  
39 reasonable times.

40 (g) *As used in this section:*

41 (1) *"Certified business" means any business certified annually by the*  
42 *department of administration that is a sole proprietorship, partnership,*  
43 *association or corporation domiciled in Kansas, or any corporation, even*

1 if a wholly owned subsidiary of a foreign corporation, that:

2 (A) Does business primarily in Kansas or substantially all of its  
3 production in Kansas;

4 ~~(B) employs at least 20% full-time employees in Kansas that are~~  
5 ~~individuals with disabilities;~~

6 **(B) employs at least 20% of its employees who are individuals with**  
7 **disabilities and reside in Kansas;**

8 (C) offers to contribute at least ~~70%~~ 75% of the premium cost for  
9 individual health insurance coverage for each employee. The level of such  
10 coverage shall be at least equal to the level of benefits offered by the state  
11 employee benefit program established by K.S.A. 75-6501 et seq., and  
12 amendments thereto. The department of administration shall require a  
13 certification of these facts as a condition to the certified business being  
14 awarded a contract pursuant to subsection (b); and

15 (D) does not employ individuals under a certificate issued by the  
16 United States secretary of labor under subsection (c) of 29 U.S.C. § 214;

17 ~~(2) "full-time" means employment of persons residing in this state~~  
18 ~~and working at least 40 hours per week in this state, which has a minimum~~  
19 ~~six-month duration during any twelve-month period;~~

20 ~~(3) "individuals with disabilities" or "individual with a disability"~~  
21 ~~means any individual certified by the department of social and~~  
22 ~~rehabilitation services as having a physical or mental impairment which~~  
23 ~~constitutes a substantial barrier to employment and;~~

24 ~~(A) Is receiving services, has received services or is eligible to~~  
25 ~~receive services under a home and community based services program, as~~  
26 ~~defined by this section;~~

27 ~~(B) is employed by a charitable organization domiciled in the state of~~  
28 ~~Kansas and exempt from federal income taxation pursuant to section~~  
29 ~~501(c)(3) of the federal internal revenue code of 1986, as amended; or~~

30 ~~(C) is an individual with a severe and persistent mental illness, as~~  
31 ~~determined by a clinical or functional assessment approved by the~~  
32 ~~secretary of social and rehabilitation services;~~

33 **(2) "individuals with disabilities" or "individual with a disability"**  
34 **means any individual who:**

35 **(A) Is certified by the Kansas department for aging and disability**  
36 **services as having a physical or mental impairment which constitutes a**  
37 **substantial barrier to employment;**

38 **(B) works a minimum number of hours per week for a certified**  
39 **business necessary to qualify for health insurance coverage offered**  
40 **pursuant to subsection (g)(1); and**

41 **(C)(i) is receiving services, has received services or is eligible to**  
42 **receive services under a home and community based services program,**  
43 **as defined by K.S.A. 39-7,100, and amendments thereto;**

1       (ii) *is employed by a charitable organization domiciled in the state*  
 2 *of Kansas and exempt from federal income taxation pursuant to section*  
 3 *501(c)(3) of the federal internal revenue code of 1986, as amended; or*

4       (iii) *is an individual with a severe and persistent mental illness, as*  
 5 *determined by a clinical or functional assessment approved by the*  
 6 *Kansas department for aging and disability services;*

7       ~~(4)~~ (3) *"physical or mental impairment" means:*

8       (A) *Any physiological disorder or condition, cosmetic disfigurement*  
 9 *or anatomical loss substantially affecting one or more of the following*  
 10 *body systems: Neurological; musculoskeletal; special sense organs;*  
 11 *respiratory, including speech organs; cardiovascular; reproductive;*  
 12 *digestive; genitourinary; hemic and lymphatic; skin; or endocrine; or*

13       (B) *any mental or psychological disorder, such as intellectual*  
 14 *disability, organic brain syndrome, mental illness, and specific learning*  
 15 *disabilities. The term "physical or mental impairment" includes, but is not*  
 16 *limited to, such diseases and conditions as orthopedic, visual, speech and*  
 17 *hearing impairment, cerebral palsy, epilepsy, muscular dystrophy, multiple*  
 18 *sclerosis and intellectual disability; and*

19       ~~(f) As used in this section and in K.S.A. 75-3741, and amendments~~  
 20 ~~thereto, ~~(5)~~(4) "project architect" shall have the meaning ascribed thereto~~  
 21 ~~in K.S.A. 75-1251, and amendments thereto.~~

22       (h) *Any state agency authorized by the director of purchases to make*  
 23 *purchases pursuant to subsection (e) of K.S.A. 75-3739, and amendments*  
 24 *thereto, shall consider any unsolicited proposal for goods or services*  
 25 *under this section.*

26       (i) *The secretary of administration and the secretary of ~~social and~~*  
 27 *~~rehabilitation for aging and disability~~ services, jointly, shall adopt rules*  
 28 *and regulations as necessary to effectuate the purpose of this section.*

29       (j) *On and after ~~January 1, 2014~~ **January 13, 2014**, at the beginning*  
 30 *of each regular session of the legislature, the secretary of administration*  
 31 *and the secretary of ~~social and rehabilitation for aging and disability~~*  
 32 *services shall submit to the social services budget committee of the house*  
 33 *of representatives and the appropriate subcommittee of the committee on*  
 34 *ways and means of the senate, a written report on:*

35       (1) *The number of certified businesses certified by the department of*  
 36 *administration during the previous ~~calendar~~ fiscal year;*

37       (2) *the number of certified businesses awarded contracts pursuant to*  
 38 *subsection (b) during the previous ~~calendar~~ fiscal year;*

39       (3) *the number of contracts awarded pursuant to subsection (b) to*  
 40 *each certified business during the previous fiscal year;*

41       ~~(3)~~(4) *the number of individuals with disabilities removed from ~~or~~,*  
 42 *reinstated to **or not reinstated** home and community based services or*  
 43 *other medicaid program services during the previous ~~calendar~~ fiscal year*



1 as a result of full-time employment with a certified business; and

2 **(5) the number of individuals employed by each certified business**  
3 **during the previous fiscal year; and**

4 **(6) the number of individuals with disabilities employed by each**  
5 **certified business during the previous fiscal year.**

6 ~~(4) savings resulting from the removal of individuals with disabilities~~  
7 ~~from home and community based services or other medicaid program~~  
8 ~~services during the previous calendar year as a result of full-time~~  
9 ~~employment with a certified business.~~

10 ~~(k) On or before January 1, 2014, and every six months thereafter, a~~  
11 ~~certified business awarded a contract pursuant to subsection (b) during~~  
12 ~~the previous year shall submit a report to the director of purchases that~~  
13 ~~includes, but is not limited to:~~

14 ~~(1) The number of contracts awarded under subsection (b) to the~~  
15 ~~certified business during the previous six months;~~

16 ~~(2) the number of full-time individuals employed by the certified~~  
17 ~~business during the previous six months;~~

18 ~~(3) the number of full-time individuals with disabilities employed by~~  
19 ~~the certified business during the previous six months; and~~

20 ~~(4) such other matters relating to certified businesses as the secretary~~  
21 ~~of administration deems appropriate.~~

22 New Sec. 3. (a) As used in this section:

23 (1) "Certified business" shall have the meaning ascribed thereto in  
24 K.S.A. 75-3740, and amendments thereto;

25 ~~(2) "full-time" shall have the meaning ascribed thereto in K.S.A. 75-~~  
26 ~~3740, and amendments thereto;~~

27 ~~(3)~~(2) "home and community based services programs" shall have the  
28 meaning ascribed thereto in K.S.A. 39-7,100, and amendments thereto;

29 ~~(4)~~(3) "individuals with disabilities" or "individual with a disability"  
30 shall have the meaning ascribed thereto in K.S.A. 75-3740, and  
31 amendments thereto;

32 ~~(5)~~(4) "medicaid program" means the Kansas program of medical  
33 assistance for which federal or state moneys, or any combination thereof,  
34 are expended as administered by the department of social and  
35 rehabilitation services, or its fiscal agent, or any successor federal or state,  
36 or both, health insurance program or waiver granted thereunder;

37 ~~(6)~~(5) "physical or mental impairment" shall have the meaning  
38 ascribed thereto in K.S.A. 75-3740, and amendments thereto; and

39 ~~(7)~~(6) "secretary" means the secretary of social and rehabilitation **for**  
40 **aging and disability** services or the secretary's designee.

41 (b) There is a rebuttable presumption that an individual with a  
42 disability shall be eligible for reinstatement to the level of home and  
43 community based services or other medicaid program services such person

1 was entitled to on the day preceding the day such person stopped receiving  
2 home and community based services or other medicaid program services  
3 if:

4 (1) Such individual had received home and community based services  
5 or other medicaid program services pursuant to an application filed with  
6 the ~~department of social and rehabilitation~~ ***Kansas department for aging***  
7 ***and disability*** services, and entitlement to receive or receipt of home and  
8 community based services or other medicaid program services terminated  
9 due to ~~full-time~~ employment for a certified business, not medical recovery  
10 or any other reason; and

11 (2) the individual with a disability is currently under a physical or  
12 mental impairment that was the basis for the finding of disability that gave  
13 rise to the entitlement for the services specified in subsection (b)(1). Upon  
14 reinstatement to the medicaid program to receive home and community  
15 based services or other medicaid program services, such individual shall  
16 receive services and not wait to receive services under such program.

17 (c) The secretary may adopt rules and regulations as necessary to  
18 effectuate the purpose of this section.

19 Sec. 4. K.S.A. 2011 Supp. 75-3739 and 75-3740 are hereby repealed.

20 Sec. 5. This act shall take effect and be in force from and after  
21 January 1, 2013, and its publication in the statute book.