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MEMORANDUM

To: Chairman Barker
Members of the House Committee on Federal and State Affairs

From: Jason B. Long, Senior Assistant Revisor

Date: March 8, 2017

Subject: HB 2201 – Taxpayer Empowerment, Accountability and Transparency in State Contracting Act.

House Bill No. 2201 (HB 2201) would enact the Taxpayer Empowerment, Accountability and Transparency in State Contracting Act (Act). The Act would apply to contracts between any state agency, authority, or institution, or any local political subdivision and private entity whereby the private entity would perform a function, operation, or service that would otherwise be performed by government personnel.

Section 2 of HB 2201 requires the Department of Administration to maintain an online database of contracts governed by the Act. The database would include the contracting parties, length of the contract, payment amounts and total projected cost. This information would be used to prepare an annual service contractor expenditure budget, which would be attached to the Governor's budget. This section also requires that the private entity would be subject to the requirements of the Kansas Open Records Act as though it were acting as the government agency.

Section 3 provides various requirements for contracts subject to the Act. The government agency would be required to request and receive the necessary legal authority to enter into the contract and make payments under the contract. The government agency would be required to oversee the contractor's performance, including specific performance criteria and cost parameters. The contractor would be required to demonstrate that it had no record of substantial or willful noncompliance with federal, state, or local laws.

Section 4 requires the Secretary of Administration to prepare a cost analysis on each proposed contract. There must be at least a 10% savings compared to the cost to the government

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agency to perform the same duties as described in the contract. Cost savings cannot come from lower wages or benefits provided to the contractor's employees.

Section 5 requires the Secretary of Administration to prepare an impact analysis on each proposed contract. The government agency must then hold a public hearing on the impact analysis. This section also contains additional restrictions on such contracts, such as prohibiting automatic renewals and guarantees for payment for services not provided.

If enacted the provisions of HB 2201 would be effective on July 1, 2017.