

MINUTES OF THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT.

The meeting was called to order by Chairman Kenny Wilk at 3:00 p.m. on April 29, 2003, in Room 231-N of the Capitol.

All members were present except: Representative Brunk, Excused
Representative O'Malley, Excused
Representative Boyer, Excused
Representative Hill, Excused
Representative Krehbiel, Excused
Representative Novascone, Excused

Committee staff present: April Holman, Legislative Research
Debra Hollon, Legislative Research
Rena Jefferies, Revisor of Statues
Fulva Seufert, Secretary

Conferees appearing before the committee: Bill Jarrell, Regional Director, Government Relations, The Boeing Company
Bernie Koch, Wichita Area Chamber of Commerce
Janet Harrah, Wichita State University Center for Economic Development and Business Research
Secretary Wagnon, Department of Revenue
Steve Weatherford, KDFA

Others attending: No list provided

Chairman Wilk opened the meeting by saying today's meeting did not constitute a regular hearing, but rather an informational hearing on: **SB 281 - An Act enacting the economic revitalization and reinvestment act.**

The Chairman also stated that a public hearing will be posted after the Senate has their hearing tomorrow, which will probably be Thursday afternoon.

The Chair asked April Holman, Research Department, to explain the bill. Ms. Holman explained the following terms and their definitions:

Base eligibility period, Eligible business, Eligible project, Gross compensation, and Secretary

She also clarified (f) on page 2 and (g) and (h) on page 3. Section 2 states that it shall be the duty of Kansas, Inc. to prepare an annual report evaluating the cost effectiveness of the various income tax credits and sales tax exemptions.... She pointed out Section 4 which says this act shall take effect and be in force from and after its publication in the Kansas register.

CONTINUATION SHEET

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The Chairman called the committee's attention to the written testimony of Rebecca Floyd, KDFA General Counsel, which presented an analysis of **SB 281**. (Attachment 4)

Secretary Wagon, Department of Revenue, and Mr. Steve Weatherford, KDFA, answered questions concerning the Fiscal Note for **SB 281** by Senate Committee on Ways and Means.

The Chairman asked Mr. Steve Weatherford to walk through the type of transactions that would be involved in a private corporation borrowing Industrial Revenue Bonds. He explained that the responsibility for repayment lies strictly with Boeing. The actual bonds would be issued by KDFA in behalf of Boeing, but Boeing would be responsible for the principal and interest.

Committee members asked several questions, and the meeting adjourned at 4:30 p.m. The Chair announced that there would probably be a public hearing scheduled for sometime on Thursday, May 1, 2003.

Chairman Wilk recognized Mr. William E. Jarrell, Regional Director, Government Relations, The Boeing Company, who read from his testimony presenting an overview with background information as to why **SB 281** was written. (Attachment 1)

The Chairman next recognized Mr. Bernie Koch, Wichita Area Chamber of Commerce, who presented testimony in support of **SB 281**. He focused on the Wichita unemployment rate and how **SB 281** would help shore up Wichita's present employment situation as well as in the future. (Attachment 2)

Chairman Wilk welcomed Ms. Janet Harrah, Director, Center for Economic Development and Business Research, Wichita State University, who spoke in support of **SB 281**. Her testimony included statistics concerning the economic impact analyses on Boeing Wichita and the aircraft industry since 1991. (Attachment 3)