

MINUTES OF THE SENATE COMMERCE COMMITTEE

The meeting was called to order by Chairperson Karin Brownlee at 8:30 A.M. on January 26, 2005 in Room 123-S of the Capitol.

All members were present except:

Jean Schodorf- excused

Committee staff present:

Susan Kannarr, Kansas Legislative Research Department

Kathie Sparks, Kansas Legislative Research Department

Helen Pedigo, Revisor of Statutes

Jackie Lunn, Committee Secretary

Conferees:

Matt Jordan, Department of Commerce

Steve Kelly, Department of Commerce

Others attending:

See attached list.

Chairperson Brownlee opened the meeting stating the Department of Commerce would be giving a presentation on Tax Incentives and Tax Credits. Chairperson Brownlee recognized Matt Jordan, with the Department of Commerce. Mr. Jordan referred the Committee to a booklet entitled "Available Assistance from the Kansas Department of Commerce" (Attachment 1) which explains the tax incentive programs offered. He also referred to a report entitled "Award Recipient FY01-04 which lists all the state funded programs 2001 through 2004. (Attachment 2) Mr. Jordan asked the Committee if the Department of Commerce could come back at a later date, because he understands that they don't have all the data the Committee wished to see. Mr. Jordan gave a little background on the incentive programs and how they track those programs and report in the annual report. Each of these programs are based on different statutes and have different goals and all play out at different time frames. Some take as many as five years. Mr. Jordan stated he would like to show what was actually happening in each of these programs in regard to performance if the Committee wanted them back. Mr. Jordan asked the Committee to please support **SB 13** which will allow the Department of Revenue to share data with the Department of Commerce allowing the Department of Commerce to better track the programs. In closing he stated he had contacted Chairperson Brownlee this morning and stated he did not have the information the Committee asked for and would like to come back at a later date.

There was discussion on what the procedure was to obtain the incentives and tax credits. Mr. Kelly stated there are variety of programs and each one is set up differently. The final decisions are made by Boards and some by Secretary Fricke. Some agreements are on an annual basis and some are for longer periods of time. Chairperson Brownlee stated they needed more detail and asked them to go through and explain each program and state what steps are taken to track the program and make sure they are meeting all the requirements. The question was raised if any programs ever paid them back. Mr. Kelly stated several companies have paid back, which they must do if they don't meet their requirements of the agreement.

During the discussion Chairperson Brownlee stated that Kansas, Inc. was not doing their job. They should be providing information and reports. The information Kansas, Inc. provided is not sufficient. Mr. Jordan, Department of Commerce, stated confidentiality keeps the Department of Commerce from having access to the data needed to track these programs. Senator Jordan stated the evaluations of Kansas, Inc. have never been thorough enough and the legislature thought they had passed legislation to allow them to do proper reports.

Meeting adjourned at 9:18 a.m. with the next meeting scheduled for Thursday, January 27<sup>th</sup> at 8:30 a.m. in room 123S.