

MINUTES OF THE SENATE COMMERCE COMMITTEE

The meeting was called to order by Chairperson Nick Jordan at 8:37 A.M. on March 21, 2005 in Room 123-S of the Capitol.

All members were present except:

Susan Wagle- excused

Committee staff present:

Kathie Sparks, Kansas Legislative Research Department

Helen Pedigo, Revisor of Statutes

Jackie Lunn, Committee Secretary

Conferees appearing before the committee:

Others attending:

See attached list.

Chairperson Jordan opened the meeting by announcing the Committee would start with **HB 2448**. Chairperson Jordan stated the Committee needed to address the IMPACT Amendment from the Department of Commerce. (Attachment 1).

The Chair recognized Senator Barone with a question on why the IMPACT Amendment was needed. Chairperson Jordan recognized Matt Jordan, Department of Commerce to explain. Mr. Jordan stated the Department of Commerce wanted this amendment in order to be able to do a better job of retaining jobs in Kansas. It just came to their attention there are some projects that will transpire and decisions will be made before next January which would impact 4000 jobs in Kansas. The Department of Commerce felt it was important to be able to take an option to the table that would make the Department of Commerce more aggressive in order to retain jobs. Senator Barone wondered if there were other areas that could be at least as helpful by changing the business climate, changing the freedom to operate, changing these kinds of things. Mr. Jordan stated that neighboring states had similar incentives. This gives the Secretary more authority with flexibility for one year to offer incentives. Chairperson Jordan entered into the discussion stating that Missouri was wooing business to their state with their incentives. He stated this may not be the best solution for the future but would solve the problem for today and in one year. Mr. Jordan stated amendment was using existing monies. IMPACT was geared for training and 20% being non-training monies. With this amendment the Secretary of Commerce would have the option to use more than 20% for incentives. The discussion continued regarding the other things to do in order to retain jobs in Kansas. Chairperson Jordan entered the discussion stating may not be the best solution to the problem for the future but would be a solution for today and the next year. Mr. Jordan stated the Department of Commerce feels that this is a better option than tax incentives. Senator Kelly entered the discussion regarding the extension of the budget from 10 years to 20 years and if it is necessary. Senator Brownlee entered the discussion stating it was a pretty good deal and thought it was a very generous offer and would not need the 20 years and could keep it at 10 years. Reference was made to Innovia. The discussion continued with Senator Brownlee asking if the Secretary of Commerce would have the flexibility to say what portion of those employees would be allowed. Mr. Jordan stated the Secretary of Commerce would have that flexibility. Secretary Wagnon, Department of Revenue, stated the State was not using all the money at this time, designated for training in terms of the IMPACT fund. We are not using all the dollars and the demand is being met. Our critical need now is for job retention. Often times a company looking for retention needs cash. This gives us money that is not being used which is dedicated for economic development; a resource already available and gives more flexibility. The Department of Revenue supports this amendment.

Senator Reitz moved the Impact Amendment to **HB 2448**. Senator Kelly seconded. Motion carried. Senator Kelly moved to retain the 10 year period on Page 2 and Page 4.. Seconded by Senator Emler. Motion carried.

Chairperson Jordan recognized Senator Wysong who voiced his concern about the Sunset amendment. He is not opposed but thinks they will be back next year and he would like to take it off. Chairperson Jordan stated that only three parts were Sunset. Helen Pedigo, Revisor of Statutes, entered the discussion by reviewing the Sunset parts of the bill. The discussion continued with Senator Emler entering regarding the Sunset and removing some of the Sunset. Senator Brownlee asked what the Governor's Council on Workforce Training was. Secretary Wagnon joined the discussion and explained the Council, what they do and when they

CONTINUATION SHEET

MINUTES OF THE Senate Commerce Committee at 8:30 A.M. on March 21, 2005 in Room 123-S of the Capitol.

meet.

Senator Wysong moved to remove all Sunsets except Page 7 and 8 of the new amendment. Senator Kelly seconded. Motion carried.

Senator Reitz moved **HB 2448** out favorable as amended. Senator Brownlee seconded. Motion carried.

Chairperson Jordan moved the Committee's attention to **SUB HB 2003**. He introduced Helen Pedigo, Revisor of Statutes, to explain a technical amendment to the Bioscience Authority bill from last year. (Attachment 2) A short discussion followed with the Committee.

Senator Barone moved to Ms. Pedigo's amendment into **SUB HB 2003**. Senator Wysong seconded. Motion carried.

Chairperson Jordan called the Committee's attention to the discussion last Friday regarding the Bioscience Authority payments. He called on Dan Schmisser, KTEC, who stated KTEC and the Department of Revenue were in agreement an amend is needed to this bill and payments needed to be made more frequently to the Authority. Secretary Wagnon, Department of Revenue entered the discussion and stated they were still trying to establish a base and the first year will be the most difficult year. The Department of Revenue will try to work with the Authority on their methodology on how to calculate.

Dan Schmisser, KTEC entered the discussion again offering the agreed language for the balloon offered by the Department of Revenue. On Page 4, line 19 after the words investment fund "the State Treasure may make estimated payments to the Authority more frequently based on the estimates provided by the Secretary of Revenue and reconciled annually." Senator Barone entered the discussion inquiring when the first payment would be made to the Authority. Secretary Wagnon stated the first annual payment would be in June of this year. They are already working on 2005 and will start making estimated payments when they figure out how to calculate those. They will probably get something in July and a large payment sometime next June.

Senator Barone moved to conceptionsal amendment to the bill. Senator Wysong seconded. Motion carried.

Senator Schodorf moved **SUB HB2003** out as amended. Seconded by Senator Reitz. Motion carried.

Chairperson Jordan moved the Committee's attention to **HB 22332**. Senator Emler moved to change tourism division to business development division. Senator Wysong seconded. Motion carried.

Senator Brownlee moved the bill out favorable as amended. Senator Wysong seconded. Motion carried.

A discussion followed with the Committee and their interest in developing the Film Industry and how any bills regarding that industry should be in the Commerce Committee and next year they should try to do what they can to promote the film industry in Kansas.

Senator Wysong joined the discussion stating the two Chairs of this Committee had done a great job this year. Chairperson Jordan stated the Commerce Committee is a very good Committee and the Chairs want to compliment them for all their good work this year.

The meeting was adjourned at 9:25 a.m. with the next scheduled meeting to be tomorrow, March 22, 2005 at 8:30 a.m. in room 123S.