

MINUTES OF THE HOUSE COMMITTEE ON NEW ECONOMY.

The meeting was called to order by Chairperson William Mason at 3:30 p.m. on February 15, 2001 in Room 522-S of the Capitol.

All members were present except: All present

Committee staff present: Bob Nugent, Revisor of Statutes
Renae Jefferies, Revisor of Statutes
April Holman, Legislative Research Department
Lynne Holt, Legislative Research Department
Rose Marie Glatt, Secretary

Conferees appearing before the committee: Lt. Gov. Gary Sherrer, Secretary of Commerce
Matt Goddard, Heatland Community Bankers
Martha Neu Smith, Executive Director, KS Manufactured
Housing
Written Testimony Only
Becca Vaughn, Topeka Independent Living
Erik Sartorius, KS City Regional Assn. of Realtors
Kathleen Taylor Olsen, KS Bankers Assn.

Others attending: See Attached List

The Chairman opened the hearing on **HB 2205**.

Ms. Holt briefed the committee on the background of the bill leading up to the 1999 Interim Joint Economic Development Meeting. The Committee's consensus was to delay any decisions until the Task Force for the Governor's Commission on Housing had completed and sent their report, including recommendations, to the Governor, December, 1999. From that report **HB 2971** was created, passed overwhelmingly in the House but stalled in the Senate Commerce Committee during the 2000 session. **HB 2205** is a substitute for that bill.

The purpose of the bill was to create the Kansas Housing Development Corporation, (KHDC) functioning as a quasi governmental housing finance agency. KHDC would administer the housing program currently administered by KDOC&H. She outlined the structure, responsibilities, functions and prohibitions of said agency. If the bill passed it would take effect July 1, 2001.

Discussion followed clarifying tax issues and responsibilities of a housing development department. Representative Aday explained the genesis of the bill, reviewed the details and history of the current bill and described some of the programs not available in Kansas due to the current structure.

Matt Goddard spoke to the committee as a party with concerns (Attachment 1). Although HCBA does not oppose the bill, Mr. Goddard expressed three concerns: (1) unlimited power given to the agency, (2) perceived need for the bill, and (3) possibility of the state agency competing directly with existing lenders. He offered balloon amendments to **HB 2205** that would address those issues. Representative Aday responded that Mr. Goddard's concerns addressed one small part of the bill. Discussion followed regarding the issuance of bonds for the Housing Department.

Lt. Governor Sherrer spoke in opposition to **HB 2205** (Attachment 2). He gave seven reasons for his position: (1) current structure is effective, (2) state policy would be carried out, but outside state rules, (3) power of the proposed agency to buy, sell or trade securities, (4) competition with the private sector, (5) bonding authority issues, (6) unlimited power to invest funds, and (7) risk involved in borrowing money and guaranteeing loans. He stated that KDOC&H has added new programs, made policy changes that financially support more local housing organizations and that the issues addressed in the bill can be accomplished through his agency. His testimony included data on the Housing Tax Credit Programs from 1987-2001.

Discussion followed regarding the fiscal impact of the bill, tasks not currently being performed by KDOC&H compared to those outlined under the proposed bill and duplication of services by other agencies.

Martha Neu Smith, Executive Director, Kansas Manufactured Housing, expressed two areas of concerns; (1) scope of authority of the new Housing Corporation and (2) lack of legislative oversight or limits on the outstanding debt allowed at any one time (Attachment 3). She encouraged the committee to adopt the amendments suggested by Heartland Community Bankers Assn.

Written testimony was distributed for the following conferees:

Proponent: Becca Vaughn, Topeka Independent Living Resource Center, (Attachment 4)

Parties with Concerns:

Erik Sartorius, Kansas City Regional Assn. of Realtors, (Attachment 5)

Kathleen Taylor Olsen, Kansas Bankers Assn. (Attachment 6)

Representative Aday distributed copies of excerpts outlining the recommendations from the Governor's Housing Report (Attachment 7). He encouraged them to review those recommendations and clarified the duplication issue previously discussed.

The Chairman closed the hearing on **HB 2205**.

Next meeting February 20

The Chairman adjourned the meeting at 5:00 p.m.