

MINUTES OF THE SENATE COMMITTEE ON COMMERCE.

The meeting was called to order by Chairperson Senator Karin Brownlee at 8:30 a.m. on February 19, 2002 in Room 123-S of the Capitol.

All members were present except:

Committee staff present:

April Holman, Legislative Research
Debra Hollon, Legislative Research
Norman Furse, Revisor of Statues
Sherman Parks, Revisor of Statues
Lea Gerard, Committee Secretary

Conferees appearing before the committee:

Jim Dahmen, Chairman KTEC
Beth Brough, Vice President of Academic
and Govt. Programs, KTEC
Matt McClorey, Vice President of Business
Development, KTEC
David Moore, Business Development,
Department of Commerce & Housing
Larry Robbins, Plant Manager, Goodyear
Jim Edward, KCCI

Others attending:

See attached list

Jim Dahmen, Chairman of the KTEC Board, appeared before the committee to give an overview of KTEC (Attachment 1). KTEC has increased their resources for competitive leadership to stimulate economic development in Kansas. By pooling EDIF resources, the state is able to provide funds and services in order to invest in small emerging technology startups and help them to achieve their growth potential.

Jim Dahmen introduced Beth Brough, Vice President of Academic and Government Programs at KTEC (Attachment 2). Beth Brough presented information on the the economic performance measurement for the State of Kansas.

Matt McClorey, Vice President of Business Development at KTEC. KTEC provides critical services to business through research and development resources, investment dollars and business assistance. When a company is at the concept stage, KTEC provides research and development resources through its centers of excellence.

Hearings on **SB 565**—Expanding the IMPACT act:

In accordance with KSA 75-3715a, the fiscal note for **SB 565** was submitted to committee members.

David Moore, Business Development with the Department of Commerce & Housing, testified in support of **SB 565** (Attachment 3). The bill would increase the statutory cap on the investments and major projects and comprehensive training program from 1% to 2% of the annual Kansas Individual Withholding tax revenues. IMPACT provides employers that relocate or expand their business operations within the State of Kansas financial assistance to train employees hired to fill the new jobs created by the relocation or the expansion. IMPACT is financed through Public Purpose Tax Exempt Bonds that are issued by the Finance Authority. The bonds are indirectly retired through the revenue received from the Kansas Withholding Taxes paid by the jobs that are created or retained in the project. The bonds are issued as needed to finance the program.

Larry Robbins, Plant Manager for the Topeka Goodyear Plant, testified in support of **SB 565** with a proposed amendment (Attachment 4). The amendment would incorporate further changes to the IMPACT act which are reflected in **HB 2962**, Page 1, Line 43 and Page 2, Line 1 that would lower the thresholds for qualifying projects.

Jim Edwards, Kansas Chamber of Commerce and Industry, testified in support of **SB 565** (Attachment 5). The IMPACT program in the Kansas Department of Commerce and Housing has been the state's primary

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tool to encourage business operations with potential to bring a large number of high paying jobs to locate or expand in Kansas. Through the IMPACT program, 61 projects have led to the creation of more than 33,000 new jobs in Kansas.

Senator Steineger asked David Moore if he could elaborate on the word “other” found in the statement “the bond proceeds allow for expenses related to training of new workforce or other expenses related to the expansion or relocation costs” for the fiscal note on **SB 565**. David Moore explained in 1996, the IMPACT act was amended to allow for 10% of the total award amount given to a company to be used for infrastructure related costs.

There being no further conferees wishing to testify, the hearing on **SB 565** was closed.

Chairperson Brownlee announced she would chair the **SB 501** subcommittee and the members would be Senator Steineger, Senator Jenkins and Senator Jordan.

The meeting was adjourned at 9:30 a.m.

The next meeting is scheduled for February 20, 2002 at 8:30 a.m.