

MINUTES OF THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT

The meeting was called to order by Chairperson Representative Kenny Wilk at 3:30 p.m. on February 4, 2003, in Room 522-S of the Capitol.

All members were present except:

Committee staff present: April Holman, Legislative Research  
Renae Jefferies, Revisor of Statutes  
Fulva Seufert, Committee Secretary

Conferees appearing before the committee: Tracy Taylor, President & CEO, KTEC  
Charles R. Ranson, President, Kansas, Inc.  
Mark Leonard, Research Analyst, Kansas, Inc.  
Richard Cram, Department of Revenue, Office of Policy & Research  
David Burress, Policy Research Institute, University of Kansas

Others attending: See list attached

Chairman Wilk opened the meeting Tuesday, February 4, 2003, by recognizing Representative Vaughn Flora who requested a committee bill introduction. It concerned tax increment financing and sales tax revenue bonds; relating to major commercial, entertainment and tourism areas and redevelopment of property located in Sedgwick County; amending K.S.A. 12-1770a and 12-1774 and K.S.A. 2002 Supp. 79-3620 and repealing the existing sections.

Representative Burroughs made a motion to introduce this as a committee bill, and Representative Novescone seconded. Motion carried.

The Chair recognized Mr. Tracy Taylor, President & CEO of KTEC, who provided clarification to his answer to Representative Boyer's question January 30, 2003, referring to the \$132,530 which was the equivalent to their three open FTE positions that **HB 2026** removed from the KTEC budget. He said he misunderstood and thought the question concerned KTEC Holdings, KTEC's source of follow-on capital for Kansas businesses. He further said that KTEC Holdings funding was not removed from their budget in **HB 2026**, and he apologized for not answering the question more clearly. "The Division of Budget, however, is recommending that we substitute significant KTEC Holdings and other outside revenue resources for EDIF appropriations in the 2004 budget. Under this recommendation, the funds would be used for operations expenses, in conflict with KTEC Holdings' intent of reinvesting in emerging companies." (Attachment 1).

The Chairman thanked Mr. Taylor for his time and trouble to clarify the budget item.

## CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT at 3:30 p.m. on February 4, 2003 in Room 522-S of the Capitol.

Deb Hollon, Senior Fiscal Analyst, was unable to attend the meeting, but provided the committee members with a written interpretation concerning this same topic in an attempt to clarify some questions in the January 30, 2003, meeting. ([Attachment 2](#)).

The Chair recognized Mr. Charles R. Ranson, President of Kansas, Inc., who said that he planned to testify on the following three subjects:

- The Kansas, Inc. Annual Report
- Implementation of provisions of **SB 129** (2002 Session) concerning Kansas, Inc.'s report on the cost effectiveness of specified income tax credits and sales tax exemptions
- Kansas, Inc.'s reaction to Governor Sebelius' recommendation to transfer the functions and responsibilities of the agency to KDOCH and to abolish Kansas, Inc.

Mr. Ranson then asked if Mark Leonard, newly hired Research Analyst, could address the committee to present analysis of Population and Income Indicators for 1991 through 2001. His report ([Attachment 3](#)) included the following:

- Chart 1. Population and Employment, 1991-2001
- Table 2. Kansas Employment Indicators by Industry, 1991-2001
- Table 3. Kansas Wage Indicators
- Chart 3. Real Gross State Product, 1990-2000
- Chart 4. Labor Productivity, 1990-2000

Chairman Wilk asked the Committee to look these figures over carefully as it could be a valuable tool, and he hoped the members would provide interaction.

Mr. Ranson followed by saying that he appreciated all the questions. He made a comment about the annual reports not being as focused as they should be and that some more meaningful reports could be prepared with the committee's input. He then addressed in depth the three subjects stated above. ([Attachment 4](#)).

The Chair next introduced Mr. Richard Cram, Department of Revenue, who spoke to confidentially restrictions concerning taxpayer information. He said that "K.S.A. 2002 Supp 79-3234 bars current and former Department employees from disclosing to anyone the amount of income or any particulars set forth or disclosed in any income tax return." His handout stated, "The Department annually provides to Kansas, Inc. a summary report showing the amount of various tax credits claimed and the number of taxpayers claiming them per tax year. The Department also provides to Kansas, Inc. information on the amount of enterprise zone sales tax exemptions claimed. A copy of the most current summary report is attached. ([Attachment 5](#)). Also attached is the *State of Kansas Economic Development Incentive Questionnaire*. ([Attachment 6](#)).

Chairman Wilk introduced Mr. David Burress, Policy Research Institute, University of Kansas, who provided the members with information ([Attachment 7](#)) on the following topics:

- Is Kansas Cost-Competitive (Taxes, Costs of Doing Business, and Economic Development)
- Kansas Joint Committee on Economic Development

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT at 3:30 p.m. on February 4, 2003 in Room 522-S of the Capitol.

- Business Tax and Cost Study
- Economic Development Framework
- Key Tax Rates and Costs, 6 States
- Kansas Business Tax Incentives
- Cost of Business Comparisons, 6 States
- Conclusions and Recommendations

The Chair thanked all the guests who testified and commented that there was a wealth in good information in the presentations. He announced that the next meeting would be Thursday, February 6, 2003, at which time the committee would be briefed on the STAR Bond authority and particularly the Wichita STAR Bond bill that may come to the Committee. If so, hearings will be held next week.

Representative Kuether made a motion to approve the minutes of the January 30, 2003 meeting. Representative Hill seconded. Motion carried.

The meeting adjourned at 5:05 p.m.