

MINUTES OF THE SENATE COMMERCE COMMITTEE

The meeting was called to order by Chairperson Nick Jordan at 8:35 A.M. on March 8, 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:

Representative Ann Mah

Senator Anthony Hensley

Christi Caldwell, Greater Topeka Chamber of Commerce

Doug Kinsinger, Greater Topeka Chamber of Commerce

Mike O'Brien, Vice President, Manufacturing Americus

Vic Miller, Chairman Shawnee County Commission

Steve Rothrock, Whiteley's Pallett

Others attending:

See attached list.

Chairperson Jordan opened the meeting by introducing Kathie Sparks to explain **HB 2265**. Ms. Sparks explained the Supplemental Note on **HB 2265**. She stated **HB 2265** would create the Qualified Manufacturer Act. Under the provisions of the Act, a manufacturer could receive up to \$1.0 million in Kansas income tax withholding paid by the manufacturer to its employees. The maximum period is four years. A qualified manufacturer is a person, corporation, partnership or other entity engaged in the production of cellulose film in Shawnee County, Kansas, and meets the requirements set forth.

Upon completion of Ms. Sparks explanation of the Supplemental Note on **HB 2265** Chairperson Jordan opened the hearing on **HB 2265** by introducing Representative Ann Mah to give her testimony.

Representative Mah stated supporting **HB 2265** would be an opportunity to save jobs and help the economy in Kansas with rewards for both the state of Kansas and the nation. She asked the Committee to pass HB 2265 out favorably. Representative Mah offered written testimony. (Attachment 1)

Chairperson Jordan introduced Senator Anthony Hensley to give his testimony in favor of **HB 2265**. Senator Hensley stated this was not just a Shawnee County issue. This facility employed people who live in other counties in the state who commute. Senator Hensley gave a brief history of this bill and stated this is a jobs retention bill. There are 190 full time jobs that can be retained. He stated House discussion included the information that the local authorities have also invested money into this project.. This is retaining a long time employer who will continue to retain long time employees. If the plant closes it would be very difficult for these employees of Innovia Films to find other jobs. Senator asked the Committee to help retain these jobs and vote in favor of **HB 2265**. Senator Hensley offered cleanup amendments to **HB 2265** which were suggested by the Department of Revenue. (Attachment 2) In closing Senator Hensley explained the amendments to the Committee.

A discussion followed Senator Hensley's testimony regarding the closing of one of the plants. Senator Hensley referred the Committee to Mr. O'Brien, plant manager of Innovia. He stated that when the plant sold to the new company, a study was done that produced information that one of the plants needed to be closed. The company owns two plants in Great Britain and one in Kansas. The decision has not been made as of this time.

Chairperson Jordan introduced Christi Caldwell, Topeka Chamber of Commerce. Ms. Caldwell introduced the remaining conferees to testify, starting with Doug Kinsinger, President, Greater Topeka Chamber of Commerce. Mr. Kinsinger stated a package of incentives have been put together from several sources, local, federal and state, to keep this plant in Kansas. Mr. Kinsinger reviewed the funding package. In closing Mr.

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Kinsinger stated if Innovia stays here in Kansas there has been serious interest by a technology company in the eastern US who desires to relocate adjacent to Innovia, as long as they are in production. This company utilizes portions of their raw material-viscose and is to a point of relocating their productions closer to the plant. This technology firm could add 35 additional high wage positions in the state of Kansas. Mr. Kinsinger offered written testimony. ([Attachment 3](#))

Upon completion of Mr. Kinsinger's testimony there was discussion by the Committee. Senator Barone has concerns in regards to requiring this company to close a plant in Great Britain before they would receive the incentives. Mr. O'Brien stated if they did not close a plant in Great Britain then they would close the one in Kansas because they will close one plant. The Committee was not sure if language requiring a plant in Great Britain be closed is proper. The discussion continued regarding the language of the bill. Senator Barone and Senator Wysong would like the language removed from the bill that was forcing a plant to be closed in Great Britain. Senator Hensley explained that the House amended the bill to change the language from foreign country to Great Britain. Senator Reitz entered the discussion and is also concerned with the Kansas Legislature stating a company had to close one of the plants in Great Britain. The discussion continued and there was also concern there was no guarantee these jobs would still be in Kansas in years to come.

Chairperson Jordan introduced Michael O'Brien, Innovia Plant Manager. Mr. O'Brien offered written testimony, ([Attachment 4](#)) Mr. O'Brien gave a history of cellophane stating cellophane wrapped products never go moldy and stay fresh. When the business sold there were 3 plants doing the work of 2 ½ plants. The company decided that one plant would need to be closed and one of the remaining would be increased to carry the load of production. Mr. O'Brien stated the site in Kansas has been in operation for a long time. Mr. O'Brien believes the cellophane market is here to stay. He stated he understands that one plant must close and will work as hard as he can to keep his plant in Kansas open.

Chairperson Jordan introduced Vic Miller, Shawnee County Commissioner, 2nd District. Commissioner Miller urged the Committee, on behalf of the Topeka City Commission, to approve **HB 2265**. He stated Shawnee County cannot afford to lose long-term, established employers out the back door. Passing this bill gives an opportunity to keep good paying jobs, with benefits in Shawnee County, and in the US. In closing he stated it would be very difficult for these workers to find similar employment and they could require state assistance to survive. He urged the Committee to help by passing this legislation and together work with Innovia to increase their production of cellophane and position them for future growth that will be in all our best interests. Commissioner Miller presented written testimony. ([Attachment 5](#))

Chairperson Jordan introduced Steve Rothrock, Vice President, Whiteley's Pallet, to give his testimony in support of **HB 2265**. Mr. Rothrock stated Innovia Films is a major part of his business and if they close the plant, it is very probable that he would have to close his company. He stated that closing his doors would affect others such as the wood supplier located in Belvue, Kansas. The wood supplier might have to lay off employees also. In closing Mr. Rothrock urged the Committee to support this bill stating the closing of this plant would not only affect Innovia but others across the state as well. Mr. Rothrock presented written testimony ([Attachment 6](#))

A short discussion occurred upon the completion of Mr. Rothrock's testimony regarding international trade agreements, exports and imports at a national level with the Federal Government.

Chairperson Jordan closed the hearing on **HB 2265**. The meeting was adjourned at 9:25 a.m. with the next meeting scheduled for Wednesday, March 9, 2005 at 8:30 a.m. in room 123 S.