

MINUTES OF THE SENATE COMMERCE COMMITTEE

The meeting was called to order by Chairperson Karin Brownlee at 8:15 A.M. on February 26, 2008 in Room 123-S of the Capitol.

All members were present.

Committee staff present:

Jennifer Thierer, Kansas Legislative Research Department
Norm Furse, Revisor of Statutes
Jason Long, Revisor of Statutes
Jackie Lunn, Committee Assistant

Conferees appearing before the committee:

Wendell Bailey, Regional Advocate, Small Business Administration
Derrick Sontag, State Director, NIFB
Pete Schreperman, John Stone Supply, Legislature Chair WIBA
Dave Anderson, Mayor, De Soto
Timothy Cowden, Sr. Vice President, Business Development KC Area Council
Steve Weatherford, KDFFA
Brad Snapp, Sedgwick County Housing Department

Others attending:

See attached list.

To read testimony submitted by conferees go to:

[http://skyways.lib.ks.us/government/KansasSenateCommerceCommittee.](http://skyways.lib.ks.us/government/KansasSenateCommerceCommittee)

SB 453--Creating the Kansas commission on rural policy.

SB 579--Rules and regulations; consideration of effect on small business

SB 634--Qualified goods manufacturer act

SB 488--Authorization of mortgage revenue bonds

Chairperson Brownlee called the Committee's attention to **SB 453** and called on Jason Long, Revisors Office to explain the balloon on the bill which included all the amendments approved in an earlier meeting. Mr. Long presented written copy (Attachment 1) Mr. Long reviewed the balloon for the Committee. Upon the conclusion of Mr. Long's review there was discussion on the bill with the Committee

Senator Kelly feels that the granting authority should be removed from the bill and would like to delete Sections: 4,5,and 6 because this commission should be a think tank.

Senator Kelly made a motion to amend the balloon and delete sections: 4,5,and 6 and take the grant authority away from this commission and allow them to provide advice to the Secretary of Commerce. Chairperson Brownlee called for a second to the motion and there was none.

With no second to Senator Kelly's motion, there was discussion. Some of the Committee members do not want to remove the grant authority from the bill. Senator Barone suggested a change on Page 1, line 25 removing the phrase "financing and performing" and adding the word "recommending". Senator Kelly stated if they allow granting authority people will perceive the commission differently. Senator Schodorf joined the discussion stating she respects Senator Kelly's views but she feels they need to move on with the bill. Senator Reitz joined in agreeing with Senator Schodorf.

Senator Reitz made a motion to pass the bill out as amended and as a substitute bill. Senator Schodorf seconded. Motion carried with one "no" vote by Senator Kelly.

Next, Chairperson Brownlee turned the Committee's attention to **SB 579** and introduced Jason Long, Revisors Office, to explain the bill. Mr. Long stated that the bill requires that when a state agency submits its economic impact statement to the rules and regs board for adoption of new rules and regs the impact statement must include the consideration of small employers.

Chairperson Brownlee opened the hearing on **SB 579** and introduced Wendell Bailey, Regional Advocate,

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Small Business Administration, to give his testimony as a proponent of the bill. Mr. Bailey presented written testimony ([Attachment 2](#)) which can be found in its entirety on the link listed on Page 1 of these minutes.

Chairperson Brownlee introduced Derrick Sontag, State Director, NFIB, to give his testimony as a proponent of **SB 579**. Mr. Sontag presented written testimony ([Attachment 3](#)) which can be seen in its entirety on the link listed on page 1 of these minutes.

Chairperson Brownlee called the Committee's attention to proponent "written only" testimony from the following which can be found in their entirety on the link listed on page 1 of these minutes:

Jeff Glendening, KCCI, ([Attachment 4](#))

Pete Schreperman, Legislative Chair, WIBA, ([Attachment 5](#))

Leslie Kaufman, Executive Director, Kansas Cooperative Council, ([Attachment 6](#))

Chairperson Brownlee asked if there was anyone else that wanted to testify on **SB 579**. With no others to testify Chairperson Brownlee opened the floor for questions of the proponents by the Committee. The definition of small business employer was discussed. It was noted that small employer is 50 and under employees. Rules and regs for businesses were also discussed.

Upon the conclusion of the discussion Chairperson Brownlee closed the hearing on **SB 579**.

Senator Kelly made a motion to pass the bill out favorably. Senator Reitz seconded. Motion carried.

Chairperson Brownlee introduced Jason Long, Revisors Office, to explain **SB 634**. Mr. Long stated the bill provides tax credits for qualified goods manufacturers. Qualified goods manufacturer means a person, corporation, partnership or other entity engaged in manufacturing of paper products and packaging in Johnson county, Kansas, that satisfies certain conditions.

Upon the conclusion of Mr. Long's explanation of the bill, Chairperson Brownlee opened the floor for questions. The Committee had questions on the fiscal note and a discussion followed with the Committee voicing concerns with the fiscal note. It was noted by Mr. Long, that there are no other tax credit programs like this one in the state. The penalty for failure to comply was also discussed. It was noted that if qualified goods manufacturers did not comply they would forfeit their tax credits.

Upon the completion of the questions and discussion, Chairperson Brownlee opened the hearing on **SB 634** and called on Senator Julia Lynn to introduced Timothy Cowden, Sr. VP, Kansas City Area Business Development Council, to give his testimony as a proponent of **SB 634**. Mr. Cowden presented written testimony ([Attachment 7](#)) which can be found in its entirety on the link shown on page 1 of these minutes. Upon the conclusion of Mr. Cowden's testimony there was a short question and answer session.

Chairperson Brownlee introduced Dave Anderson, the Mayor of DeSoto, to give his testimony as a proponent of **SB 634**. Mayor Anderson presented written testimony ([Attachment 8](#)) which can be found in their entirety on the link listed on page 1 of these minutes. It was noted by Mayor Anderson that the corporation in question is a national corporation which is profitable but is showing a tax loss after a restructuring process which occurred a couple of years ago.

Upon the conclusion of Mayor Anderson's testimony there were questions from the Committee. The Committee has concerns since this bill is just for one company, will other companies come back next year asking for the same consideration. It was noted by Mayor Anderson that this was a time sensitive issue with the company in question and they needed to have this tool available when the project is ready to go forward.

Upon the conclusion of the questions from the Committee, Chairperson Brownlee called the Committee's attention to the "written only" testimony of Sara Ritter, Executive Director, Chamber of Commerce and De Soto Economic Development Council, and Kent Eckels, Overland Park Chamber of Commerce, as proponents of **SB 634**. Ms. Ritter's written copy of testimony ([Attachment 9](#)) and Mr. Eckels written copy of testimony ([Attachment 10](#)) can be found in their entirety on the link shown on page 1 of these minutes.

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Chairperson Brownlee asked if there was anyone else that wished to testify for or against **SB 634**. With none, she closed the hearing on **SB 634** and stated to the Committee they would not work this bill today. Chairperson Brownlee then called the Committee's attention to **SB 488**.

Chairperson Brownlee called on Jennifer Thierer, Legislative Research, to explain her memo on **SB 488**, ([Attachment 11](#)) which addresses concerns of the Committee regarding the totals for county revenue that Sedgwick and Shawnee counties received from the mortgage bond program. Ms. Thierer's written copy can be found in its entirety on the link shown on page 1 of these minutes. A discussion followed with the Committee regarding the memo. It was noted by Ms. Thierer, that Shawnee County is in agreement with the figures that Sedgwick County has presented.

Upon the conclusion of Ms. Thierer's explanation, Chairperson Brownlee called on Steve Weatherford, KDFA to explain why his figures for the revenue which was received by Sedgwick and Shawnee counties regarding their mortgage bond programs are so different from those presented by Sedgwick and Shawnee counties. Mr. Weatherford presented written testimony ([Attachment 12](#)) which can be found in its entirety on the link shown on page 1 of these minutes.

Chairperson Brownlee called on Brad Snapp, Sedgwick County Housing Department, to explain the admin fee received by Sedgwick County Housing Department in 2007 regarding their revenue bond program. Mr. Snapp presented written copy ([Attachment 13](#)) which can be found in its entirety on the link shown on page 1 of these minutes.

A short discussion followed with Chairperson Brownlee stating the Committee would work on this bill again tomorrow and adjourned the meeting at 9:30 a.m. with the next scheduled meeting to be February 27, 2008 at 8:30 a.m. in room 123 S.