

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE

The meeting was called to order by Chairman Dwayne Umbarger at 10:30 A.M. on January 18, 2008 in Room 123-S of the Capitol.

All members were present except:

Senator Jay Emler - excused
Senator Steve Morris - excused
Senator Jean Schodorf - excused
Senator Mark Taddiken - excused

Committee staff present:

Jill Wolters, Senior Assistant, Revisor of Statutes
Jason Long, Assistant Revisor of Statutes
Kristen Clarke Kellems, Assistant Revisor of Statutes
Amy Deckard, Kansas Legislative Research Department
Audrey Dunkel, Kansas Legislative Research Department
Julian Efird, Kansas Legislative Research Department
Cody Gorges, Kansas Legislative Research Department
J. G. Scott, Kansas Legislative Research Department
Amy VanHouse, Kansas Legislative Research Department
Jarod Waltner, Kansas Legislative Research Department
Melinda Gaul, Chief of Staff, Senate Ways & Means
Mary Shaw, Committee Assistant

Conferees appearing before the committee:

Senator Derek Schmidt
Representative Dennis McKinney
Jeff Morris, City Manager, Coffeyville
Randy Riggs, City Manager, Chanute
Dick Lock, Councilman, Erie
Kim Alderfer, Assistant City Administrator, Greensburg
Jeanette Siemens, Kiowa County Economic Development
Paul Sasse, City Manager, Independence
Dennis Pruitt, Director, Montgomery County Action Council
Judy Brigham, City Administrator, City of Iola
J. D. Cox, Neodesha
Steve Lightle, CPA, Coffey County Housing Executive Director
Ashley Jones, Local Initiatives Support Corporation
Stephen R. Weatherford, President, Kansas Finance Development Authority and Kansas Housing Resources Corporation

Others attending:

See attached list.

Bill Introductions

Senator Steineger moved, with a second by Senator Wysong, to conceptually introduce two bills, one, concerning Municipalities; consolidation and reorganization; political and taxing and second, political and taxing subdivisions; budgets; filing electronically (7rs1801 and 7rs1803). Motion carried on a voice vote.

The Chairman opened the public hearing opened on:

SB 417--Establishing a housing development grant program; waiving certain requirements for rural housing incentive district creation

A Staff briefing was given on the bill by Jason Long, Assistant Revisor, Office of the Revisor of Statutes (Attachment 1). A Staff briefing on the State Gaming Revenues Fund (SGRF) Overview was given by Julian Efird, Principal Analyst, Kansas Legislative Research Department (Attachment 2).

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The Chairman welcomed the following conferees on the bill:

Senator Derek Schmidt described the nature of the disaster in his area and the background of why the bill was introduced ([Attachment 3](#)). He noted that something needed to be done about housing in the area and the ability to have this part of Kansas still be an economic and growing area. The goal was to have a common response with others in Kansas such as Greensburg where a tornado damaged the town. In addition, Senator D. Schmidt noted that a tax credit bill was introduced.

State Representative Dennis McKinney, explained that the housing was critical to get the workforce back in Greensburg ([Attachment 4](#)). The concern is how to get people back into houses at an affordable mortgage. Representative McKinney emphasized that their hope is to rebuild the community and assuring that it will be a community people will be proud of in Kansans.

Jeff Morris, City Manager, Coffeyville ([Attachment 5](#)). Mr. Morris explained that Coffeyville had such major damage in floods that was like nothing that had been seen in 139 years. Coffeyville now has a serious crisis in housing shortages. Their major jobs are manufacturing and industrial, so mortgages need to be affordable. Their hope is to bring their residents back home to Coffeyville.

Randy Riggs, City Manager, Chanute, ([Attachment 6](#)). Mr. Riggs reported that the proposed legislation can be part of the multi-faceted puzzle small communities must put together. Their issue is that their area is not attracted to developers for investments for economic development. It directly influences the quality of their workforce. The City of Chanute has started developing new housing units in a subdivision and they anticipate that revenues from lot sales will not cover anything near what they need to cover the costs. In closing, he noted that pro active ideas are a needed stimulus for rural Kansas and there is a need to be creative about the whole topic.

Dick Lock, Councilman, Erie, in Neosho County, explained that the flood was the most disastrous one in their area. They are now annexing for displaced people that were in the flood plain through FEMA. Mr. Lock noted that they are a bedroom community between Parsons and Chanute. They lost their grocery store and it has not come back yet and their senior center was displaced. Revenues were lost through the disaster. The money through this bill would improve current infrastructure. (No written testimony was submitted.)

Kim Alderfer, Assistant City Administrator, City of Greensburg ([Attachment 7](#)). Ms. Alderfer reported that they do not have anything to offer that is anything different than the other counties in the State of Kansas to entice a business because there is no housing. She noted that housing will be a big issue because they have a bio-diesel plant scheduled to be built within three to five years and that the community is committed to rebuild.

Jeanette Siemens, City of Greensburg, Economic Development Director, explained that any grants or incentives in the housing area would be appreciated ([Attachment 8](#)). There is a lack of housing; therefore, it is not an incentive for people to come to Greensburg. It makes housing so critical because they do not have it at this time. The people in Greensburg have made a commitment to rebuild. Senator Teichman expressed concern that many people have moved away from Greensburg. She noted that people need to come back into these areas and it is necessary to rebuild.

Paul Sasse, City Manager, Independence ([Attachment 9](#)). Mr. Sasse reported that the flood exceeded the worst flooding event in Independence history. It exceeded the designated 500 year event (2/10% chance of happening in a year). The flood damage of existing residential structures significantly reduced their already stressed housing stock. They have been advised by industries that the lack of available housing will continue to impact their ability to sustain and continue to grow their operations in Independence. Mr. Sasse expressed that his biggest concern is that industries have been attracted, but their employees may not have housing where they can live. Mr. Sasse detailed information in his written testimony regarding the impediments to developments of new housing.

Dennis Pruitt, Director of the Montgomery County Action Council ([Attachment 10](#)). Mr. Pruitt explained that Montgomery County has had a shortage of employees prior to the 2007 floods, and unless the population gains are realized in the near future, the workforce deficit will cause severe economic damage in the future

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and a hardship. Several quotes are listed in Mr. Pruitt's written testimony from a number of industries in their area about concern of economic development. Some solutions are suggested in the written testimony.

Judy Brigham, Iola, City Administrator ([Attachment 11](#)). Ms. Brigham reported that their major issue is the housing and getting people into the area to build new housing. She noted that the concern is the same as those that have testified before her. The City of Iola depends greatly on their industrial partners and they are that housing is a concern. Ms. Brigham explained that they stand to lose neighborhoods. She noted that the proposed bill gives hope to the tornado and flood-affected areas.

J. D. Cox, Neodesha, explained that having housing for people affected in Neodesha by the flooding is very important and they have a bad situation ([Attachment 12](#)). Mr. Cox noted that it was the worst flood they ever had. They are surrounded by two rivers and during the flooding they were as an island. In regard to housing, it is critical that of 1,100 residential homes in the area, 112 were flood-damaged. In reference to economic development there needs to be solutions to live in the communities where they work and they are looking to long-term solutions.

Steve Lightle, Coffey County Housing Executive Director, reported that they have a family from Coffeyville currently living in Burlington and he expressed concern that this family wants to go back home ([Attachment 13](#)). He also noted that Coffey County was fortunate in that it did not sustain the extent of damage that was done in the Greensburg and southeast Kansas areas. They did not lose any homes to the disasters. He expressed concern that Coffey County would not benefit directly for at least three years from the proposed legislation.

Ashley Jones, LISC of Greater of Kansas City, Assistant Program Officer, explained that LISC is a program area of the Local Initiatives Support Corporation, the nation's largest community development organization ([Attachment 14](#)). She noted that they are dedicated to revitalizing urban core and rural neighborhoods. She noted that it was apparent that housing was a problem in Kansas before the disasters, but now it has been elevated to a crisis level. LISC supported **SB 417**.

Steve Weatherford, Kansas Development Finance Authority, was present and spoke in regard to how to administer the bill ([Attachment 15](#)). He is president of KHRC whose mission is to provide housing opportunities across the state. The disasters in some of these areas has turned the situation into a crisis. Mr. Weatherford requests two changes in the bill:

- Since KHRC does not receive an annual operating appropriation from the State, administrative costs for operating the Initiative would need to come from the designated funding. They requested that the Committee add a provision explicitly allowing a modest administrative fee for both KHRC and the successfully funded communities.
- KHRC recommends that the funds from the Housing Development Grant Fund Program be deposited into the State Housing Trust Fund with direction to use the funds for the purposes described in the bill.

The Chairman thanked Steve Weatherford for his assistance in helping draft the bill and thanked the conferees for spending a good share of the day with the Committee.

Written testimony was received from the following individuals:

Doug Wareham, Sr. Vice President-Governmental Relations, Kansas Bankers Assn ([Attachment 16](#))

Matthew Goddard, Heartland Community Bankers Association ([Attachment 17](#))

Luke Bell, Director of Governmental Relations, Kansas Association of Realtors ([Attachment 18](#))

Martha Neu Smith, Executive Director, Kansas Manufactured Housing Assoc ([Attachment 19](#))

Chris Wilson, Executive Director, Kansas Building Industry Association ([Attachment 20](#))

Philip Dudley, Mayor, City of Osawatomie ([Attachment 21](#))

Ron Gaches, on behalf of the Kansas Association of Mortgage Brokers ([Attachment 22](#))

Steve Hewitt, City Administrator, Greensburg ([Attachment 23](#))

Phil Perry, Dir., KS Governmental Affairs, Home Bldrs. Assn. of Kansas City ([Attachment 24](#))

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The Chairman closed the hearing on **SB 417**.

The meeting adjourned at 12:45 pm. The next meeting was scheduled for January 22, 2008. .