



**Senate Commerce Committee**  
**Written Neutral Comments**  
**SB 493-Administrative Cost Recovery Fees**  
**March 15, 2016**

Chairman Lynn and honorable committee members,

The Olathe Chamber of Commerce is the largest chamber in Johnson County and the second largest chamber in the Kansas City area. Comprised of 1,300 members and growing, it was the first chamber in the state to receive 5-Star Accreditation from the U.S. Chamber of Commerce – a designation obtained by less than 1 percent of the nation’s chambers. Its mission is to be the voice of business that advances the economic well-being and quality of life in Olathe.

SB 493 proposes to allow the Secretary of Commerce to assess “administrative cost recovery fees” for recuperating application processing, oversight, administrative and other costs for community finance, economic development tax incentive, and grant programs administered by the Department of Commerce. The members of the Olathe Chamber support adequate funding for the Department of Commerce and appreciate a desire to recoup cost associated with administering their business incentive programs.

While many of the rates outlined are reasonable, a few are concerning for our members and may be cost prohibitive for future investment in Kansas. In particular, consider the up to 1% assessment of the amount of the special obligation bonds issued or reissued for STAR bonds projects and an administrative fee up to 5% of a “private activity bond,” which likely will include Industrial Revenue Bonds, an important tool we use often for economic development projects. The proposed percentages could be very costly depending on the size of the project. As such, we recommend if these provisions are retained you look at capping the dollar amount collected.

The members of the Olathe Chamber appreciate legislation that supports economic development programs in Kansas, but ask you consider the actual cost and limit assessed fees to meet those costs. We urge you to avoid implementation of administrative cost that are excessive and put Kansas economic developers at a disadvantage when they are promoting our state. Thank you for the opportunity to submit our thoughts on SB 493. If you should have any questions, please feel free to contact me at 913.764.1050.

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