

Approved 4-28-75  
Date \_\_\_\_\_

MINUTES OF THE HOUSE COMMITTEE ON FEDERAL & STATE AFFAIRS

The meeting was called to order by ROBERT H. MILLER at  
Chairperson

12:30 a.m./p.m. on April 10, 1986 in room 526S of the Capitol.

All members were present except:

Rep. Peterson-E

Committee staff present:

Lynda Hutfles, Secretary  
Arden Ensley, Revisor's Office  
Russ Mills, Research

Conferees appearing before the committee:

Representative Braden  
Senator David Kerr  
Jamie Schwartz, Kansas Economic Development  
Chuck Krider, KU  
Senator Gerald Karr

The meeting was called to order by Chairman Miller.

The Chairman told the committee that they would be taking the bills in the order they were on the agenda. At the second meeting of the day unfinished business on economic development package will be taken up. A hearing on SB761 and discussion and possible action on bills previously heard, in the order they were heard, will be on the agenda.

Representative Aylward made a motion, seconded by Representative Eckert, to introduce a bill which would include the "throwing star" as an unlawful weapon as a committee bill. The motion carried.

Representative Roenbaugh made a motion, seconded by Representative Long, to approve the minutes of the April 9 meeting. The motion carried.

SB756 - Statewide Risk Capital System  
SB757 - Venture Capital Tax Credit  
SCRI635-Internal Improvement Repeal  
SB754 - Targeted Research & Development Tax Credit Act  
SB755 - Kansas Technology Enterprise Corp.

Representative Braden explained the package of four economic development bills and one resolution, all of which are part of the economic development package that started in the Senate. There were a total of nine pieces of legislation that carried out ten initiatives recommended by economic development. These initiatives carried out all thirty-four recommendations of the Redwood/Krider report.

SCRI605

A vote for the proposed amendment would allow the legislature to enact laws authorizing the state to be a party to works of internal improvement if any such law is passed by a 2/3 vote of all members of each house of the legislature. Redwood/Krider recommended a complete repeal of this section, but the Senate felt they would get into trouble with that. The bill says 2/3 vote; it should be left this way.

SB754

The purpose of this bill is to encourage increasing research and development activities within the state by providing corporate income tax credit to companies who make such additional investments. This is only money spent on research & development in access of money spent on the average. Research and development is critical to creating new jobs in the state.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON FEDERAL & STATE AFFAIRS

room 526S, Statehouse, at 11/17/87 a.m./p.m. on April 10, 1986  
12:30

SB757

This bill allows tax credit up to 25% for cash investment in a certified Kansas Venture Capital Company, up to a maximum total investment of \$24 million. Credits could be carried back for up to three years or forward until used.

Senator David Kerr

SB756

This bill is the answer for the rural areas of Kansas. There is a need to create a truly statewide rural/urban system of technical support and available risk capital for small, mature and existing enterprises, as well as new and innovative enterprises, especially those that are not located in major metropolitan centers.

SB757

Senator Kerr explained how the money would be raised upon the establishment of the Kansas Statewide risk capital system act. Banks would raise \$10 million, the state would invest \$10 million of the state idle funds and \$30 million would be borrowed from SBA at reduced interest rates. Dividends from these investments will be tax free.

There was discussion of the Board makeup and what control the legislature would have over the investments if this bill is passed and a risk capital system is implemented.

Secretary Schwartz told the committee that this was a good package and he supported it.

Chuck Krider who worked along with Tony Redwood on the report, strongly supports the package. The Kansas economy needs to grow by emphasing internal growth and new development. The number one problem in Kansas internal improvements is the lack of adequate financing. Except for Boeing, there is not a lot of research going on in Kansas. It is of crucial importance to encourage corporations to get into the research area. See attachment A of recommendations submitted by the KRIDER/REDWOOD report.

SB755

Senator Karr passed out a flow chart as a guide to get a little better grasp of the elements in SB755. See attachment B. This bill does not go into effect until January 12, 1987. The idea of this is that implementation and process would be in the hands of a new administration. There are three different types of centers for development and research - Basic Research, Applied Research and Centers of Excellence. This is a long-term potential framework (5,10,20 years). Senator Karr suggested that these bills be reviewed very carefully for inconsistencies.

There was discussion on the makeup of the KTEC Board in SB755. It was suggested that the private sector be limited to four members and one more be added to the university scientist making that four.

There was discussion of the fiscal note which could range from a low of \$15-\$20 thousand to \$100 thousand to adequately fund above what is now in place.

Bud Grant, KCCI, gave testimony endorsing the package of bills. He is encouraged with all that has been happening in the State over the past 12 months. He endorses the Redwood study. He told the committee that Jim Turner, Kansas League of Savings Institutions, also endorses the package of bills.

The meeting was adjourned.