

Approved March 15, 1988
Date

MINUTES OF THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT

The meeting was called to order by Phil Kline at
Chairperson

3:40 ~~XX~~ p.m. on Tuesday, March 1, 1988 in room 423-S of the Capitol.

All members were present except: Representatives Mainey, Teagarden, Leach, Baker, Barkis, Hassler and Foster. - Excused.

Committee staff present:

Jim Wilson, Revisor
Lynn Holt, Research
Elaine Johnson, Secretary

Conferees appearing before the committee:

Representative Joe Knopp
James S. Maag, Director of Research, Kansas Bankers Association
David Hanson, Kansas Associations of Life and Property Casualty Insurance
Ron Todd, Kansas Insurance Department

Chairman Kline called the meeting to order and opened the hearing on H.B. 3070. Chairman Kline recognized Representative Joe Knopp to present the bill.

Representative Knopp stated that this was brought to his attention as the result of an expansion by an insurance company in his area. He feels that it represents an important step for others also. Looking forward to the future, many jobs will be created in the state and it is important that we have the tools to attract those businesses and jobs as much as we do in the manufacturing areas. Insurance companies and commercial companies fit this bill. Job credits are allowed for those who pay income tax but for those institutions that do not pay income tax there is not the incentive. This bill has been introduced to provide the offset for the premiums tax and privilege tax these other financial institutions pay the state in lieu of income tax.

Chairman Kline then recognized Jim Maag of the Kansas Bankers Association.

Mr. Maag testified in support of H.B. 3070. He stated that the banking industry has believed for some time that the credits allowed to other businesses under the original act should be expanded to include financial institutions. When a bank builds a new building or establishes a new branch facility they are adding just as much to a community's development as other businesses, yet the act has precluded them from realizing a tax credit for their efforts. The existence of the tax credit for banks would be an additional positive factor when banks start considering the pros and cons of establishing additional branch facilities or building a new home office. (Attachment 1).

Chairman Kline recognized Dave Hanson.

Dave Hanson representing the Domestic Insurance Industry of Kansas, both the Kansas Property Casualty Association and the Kansas Life Association, testified that they support H.B. 3070. The insurance industry feels that this is a good measure to treat the insurance industry in Kansas just as any other industry to encourage expansion, investment and job opportunities.

Discussion followed.

Chairman Kline then recognized Ron Todd of the Kansas Insurance Department.

Ron Todd commented on the administration that they understood they might have to do relative to the insurance companies. He referred to page 10,

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT,
room 423-S Statehouse, at 3:40 ~~am~~/p.m. on Tuesday, March 1, 1988.

line 3 of H.B. 3070. In reference to the premiums tax, it is hard to tell what kind of business they want to build. If it were a big insurance claims building, nothing covers such expansion. He feels we are not getting at the source. The Insurance Department is to come up with the rules to implement this bill and will be happy to help work on this bill.

The minutes of the February 24 joint meeting, and the February 24 and 25 meetings were approved.

The meeting adjourned at 3:57 p.m.



Date: 3/1/88

GUEST REGISTER

HOUSE

Committee on Economic Development

<u>NAME</u>	<u>ORGANIZATION</u>	<u>ADDRESS</u>
Debbie Zabel	1 PPBR	University of Ks.
Belva Ott	Dun & Bradstreet Inc.	Wichita
David Hanson	Ks ASSOC'S LIFE & PROP. CAS. INSUR.	Topeka
Harold Jones	KBA	Topeka
Jim Maag	KBA	"
John Blythe	Ks Farm Bureau	Manhattan
Jerry Braska	Ks Farm Bureau	Manhattan
Kurt Frost	Ks INS DEPT	Topeka
John Renart	SOS	Topeka
Ben Todd	Ks. Ins. Dept.	"
D. WAYNE ZIMMERMAN	KDOC	TOPEKA



The KANSAS BANKERS ASSOCIATION
A Full Service Banking Association

March 1, 1988

TO: House Committee on Economic Development
FROM: James S. Maag, Director of Research *JSM*
Kansas Bankers Association
RE: HB 3070-Amendments to the Job Expansion and Investment Credit Act

Mr. Chairman and Members of the Committee:

Thank you for the opportunity to appear before the committee in support of HB 3070. This bill would expand the 1976 act to allow tax credits against the state privilege and premiums taxes for investments in qualified facilities and the creation of new jobs.

The banking industry has believed for some time that the credits allowed to other businesses under the original act should be expanded to include financial institutions. When a bank builds a new building or establishes a new branch facility they are adding just as much to a community's development as other businesses yet the act has precluded them from realizing a tax credit for their efforts.

Under the 1987 branching act passed by the Legislature *7 de novo* branch banks have been established in communities which had been without banking services for years. There are currently two additional *de novo* applications pending for branches in towns without banks and these should soon be approved by the state banking board. For these small communities the establishment of these branch facilities is the equivalent of a new small business for the community, but unlike that small business the bank cannot claim a tax credit for its investment and the creation of new jobs. The same scenario occurs when a bank establishes a new branch office within the city limits where the home bank is located.

We believe the existence of the tax credit for banks would be an additional positive factor when banks start considering the pros and cons of establishing additional branch facilities or building a new home office. We would respectfully request that the committee recommend HB 3070 favorably for passage.

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House Eco Devo
Attachment 1
3/1/88