

Approved February 2, 1989
Date

MINUTES OF THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT

The meeting was called to order by Elizabeth Baker at
Chairperson

3:34 ~~AM~~/p.m. on Wednesday, January 25, 1989 in room 423-S of the Capitol.

All members were present except:

Committee staff present:

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

Conferees appearing before the committee:

Harland Priddle, Secretary, Department of Commerce
Charles Warren, President, Kansas Inc.
Dennis Schockley, City of Kansas City, Kansas
Bernie Koch, Wichita Chamber of Commerce
Mark Burghart, Kansas Department of Revenue
Michael C. Germann, Manager Public Affairs, Boeing Military Airplanes
Bud Grant, Kansas Chamber of Commerce and Industry
Louanna Honeycutt, Senior Administrative Officer, Sedgwick County
Randy Martin, Olathe Chamber of Commerce

Chairman Baker called the meeting to order at 3:34 p.m. Lynne Holt, Legislative Research was recognized.

Ms. Holt briefed the committee on the major issues and background of H.B. 2021. (Attachment 1).

The first conferee was Harland Priddle, Secretary, Department of Commerce. Secretary Priddle testified that the enterprise zone program is not a simple issue to address, and each time we review the subject, we seem to identify pieces of the puzzle which must be discussed. The Department of Commerce believes that the enterprise zone program is a significant marketing tool to be used in recruiting new businesses into our state. The Department of Commerce concurs with the need to adopt and improve a reporting system for identifying credits within enterprise zones as outlined in H.B. 2021. (Attachment 2).

Secretary Priddle responded to questions from the committee.

Charles Warren, President, Kansas Inc. was the next conferee. Mr. Warren stated that he believes that the current bill is an improvement over the existing statute and should be adopted by the Committee. Mr. Warren did raise 6 issues for the committee's consideration, some of which are addressed in H.B. 2021 and some which are not. (Attachment 3).

Dennis M. Shockley representing the City of Kansas City, Kansas was the next conferee. Mr. Shockley testified that generally, the City of Kansas City, Kansas supports the concept of H.B. 2021. However, there are two concerns they have about the current state of enterprise zones in Kansas. First, the lack of meaningful incentives in enterprise zones and second, concern about the definition of an enterprise zone. (Attachment 4).

Bernie Koch with the Wichita Area Chamber of Commerce was the next conferee. Mr. Koch testified that the Wichita Area Chamber of Commerce supports the bill with some reservations and suggestions. (Attachment 5).

The next conferee was Mark A. Burghart, General Counsel, Kansas Department of Revenue. Mr. Burghart testified that the Department of Revenue has no formal position on the merits of H.B. 2021 although they do have certain concerns which they would like the House Committee to be aware of. The bill will make it extremely difficult for the Department to verify that a taxpayer does in fact qualify for tax benefits and the Department desires to avoid as much taxpayer irritation and

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT,
room 423-S, Statehouse, at 3:34 ~~xxx~~/p.m. on Wednesday, January 25, 1989.

litigation as is possible under the circumstances. Unless a clearer definition of "Kansas basic enterprise" is provided, they fear that there will be a great deal of litigation and the resultant taxpayer discontent. (Attachment 6).

Mr. Burghart responded to questions from the committee.

Mike Germann, Public Affairs Manager for Boeing Military Airplanes was the last conferee to testify as a proponent of H.B. 2021. Mr. Germann testified that Boeing has a concern related to a phrase used in the definition of "Kansas basic enterprise." Boeing urges the committee to examine this language carefully, and if possible, clarify its intent. (Attachment 7).

Bud Grant, Vice President of the Kansas Chamber of Commerce and Industry testified in opposition to H.B. 2021. Mr. Grant testified that the KCCI has several concerns should the legislature enact the bill. First, the bill offers to businesses nothing that is not available to them today. Secondly, as you review the language of the bill and the changes it proposes to make to the Job Expansion and Investment Credit Act, we assume that one of the things that it's attempting to do is to eliminate retailers from the availability of the credits available under the provisions of the Act. Retailers are undoubtedly part of the economic base in every county. A third area of concern is that section of the bill that says that if at least 51 percent of the gross income of an enterprise is derived from out of state activities, it would qualify as a Kansas basic enterprise. It seems strange that at a time when all of us are encouraging Kansas businesses to buy and to sell from one another, we would at the same time be offering a program which says that if you cross the 51 percent threshold for selling out of state you are better than a business that doesn't and the state will give incentives to keep you better. (Attachment 8).

Mr. Grant responded to questions from the committee.

Louanna Honeycutt, Senior Administrative Officer, Sedgwick County testified next. Ms. Honeycutt testified that it is her understanding that enterprise zones are proliferating across the state and questions arise as to whether they are serving their intended purpose. Ms. Honeycutt expressed concern with Section 2 of H.B. 2021, which requires annual reports and would pose a problem for Sedgwick County and other large communities. (Attachment 9).

Ms. Honeycutt responded to questions from the committee.

The final conferee in opposition was Randy Martin, of the Olathe Area Chamber of Commerce. An area of concern would be practical application of the legislation. (Attachment 10).

Mr. Martin responded to questions from the committee.

(Attachment 11) is a copy of a letter from Dale Northern, Mayor of Dodge City distributed to all committee members.

The minutes of the January 17, 18 and 19 meetings were approved.

The meeting adjourned at 5:02 p.m.

Elizabeth Baker

Date: 1/25/89

GUEST REGISTRE

HOUSE

Committee on Economic Development

<u>NAME</u>	<u>ORGANIZATION</u>	<u>ADDRESS</u>
Bob Corant	KCCI	TOPEKA
Jim Edwards	KCOE	"
Row Farrow	JPE	Olache, Kan.
Ed Riemann	KDOC	Topeka
Coland Inuit	WIBA	Wichita
Bernie Koch	Wichita Chamber	Wichita
Catherine Holdeman	City of Wichita	Wichita
Jean Barber	TIAR	Topeka
Willie Martini		
Roger P. Nelson	IPPBR	Lawrence.
MARK BURSHART	REVENUE	TOPEKA
Holland Puddle	Commerce	Topeka
Judy Frost	City of Topeka	"
DENNIS SHOCKLEY	CITY OF KCK	KCK
Mary Ellen Coker	Wichita	Ks. Assoc for Small Business
Gran Squires	KDOC	Topeka
Terry Denker	KDOC	Topeka
Jon Bray	Life at its Best	Topeka

te: 1/25/89

GUEST REGISTER

HOUSE

Committee on Economic Development

NAME

ORGANIZATION

ADDRESS

D. WAYNE ZIMMERMAN

KDOC

TOPEKA

Charles Warr

Kb Inc

Topeka

Archie Hurst

W. Bud Aggs

Topeka

Mike Germain

Boeing, Military Airplanes

Wichita

Scott Hessel

KANSAS, Inc.

Topeka

Southern American

Sedgwick County

Wichita

Randy Martin

Olathe Chamber

Olathe

JEFFREY SONNICH

KLSI

TOPEKA

Smalley

KBT

"

Paul Stobe

City of Independence

Independence

Marion Kovich

"

"

Don Zale

"

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Ed Foster

Boys

League

TOPIC IIF

The Committee reviewed the Kansas Enterprise Zones program.

Major Issues and Background

The policy questions underlying this topic are:

1. Is the Kansas Enterprise Zones Act accomplishing what the Legislature has established statutorily as its objectives and does sufficient information exist to evaluate the effectiveness of the program?
2. Provided that the information does exist so that cost-effectiveness can be measured, can the program be modified to accomplish the same objectives more efficiently?
3. If the information does not exist to evaluate the program in a manner acceptable to the Legislature, what might the Legislature do to facilitate collection of that information?
4. How useful is the sales tax exemption for small businesses located within enterprise zones in light of enactment of 1988 H.B. 2626 which makes available sales tax exemptions to eligible businesses regardless of location in Kansas?

Purpose

The 1982 Kansas Legislature passed the Kansas Enterprise Zones Act (K.S.A. 12-17,108 et seq.) (amended in 1983 and further in 1986) to:

expand and renew the local economy and improve the social and economic welfare of residents in economically distressed zone areas located within counties and cities of the state of Kansas, by providing incentives for business and industry to develop new business and expand existing business within economically distressed areas and thereby create new jobs and sources of income, particularly for disadvantaged workers.

State Trends and Models

Thirty-seven states plus the District of Columbia adopted the enterprise zone concept. Of that number, 16 states and the District of Columbia offer eligible businesses property tax reductions or abatements; 21 states provide sales or sales and use tax incentives; and 24 states offer employer income tax credits. In many states, eligible businesses located in enterprise zones may also avail themselves of other types of tax incentives and certain types of capital financing incentives, such as IRB/IDB allocation preferences, tax increment financing, venture capital financing, direct state loans, and infrastructure or public service improvements. (Data from National Association of State

* H.B. 2021 accompanies this report.

House Eco Devo Comm.
Attachment 1
1/25/89

Development Agencies, October, 1988.) In testimony presented to the Committee (July, 1988), Kansas, Inc. identified two models of program implementation. The first, the competitive model, is characterized by limits imposed on the number (aggregate and per year) of zones permitted. Local units of government must compete for zone designation. The second, the noncompetitive model, which applies to Kansas, among other states, is characterized by the absence of limits on the number (aggregate and per year) of zones permitted.

According to the Kansas Department of Commerce, there are currently 189 enterprise zones in Kansas, 36 of which are county designations.

Benefits

Incentives to qualified businesses located in Kansas enterprise zones include job expansion and investment credits, sales tax exemptions and refunds, and preferential treatment with respect to state programs, funds, and services. The most frequently used state tax incentive is the exemption or refund of sales taxes for all materials or services, including machinery and equipment, purchased for construction or expansion of a business facility located in an enterprise zone.

A. Job Expansion and Investment Credit. A qualified business which is located within an approved enterprise zone may claim a larger income tax credit pursuant to the Job Expansion and Investment Credit Act of 1976 (K.S.A. 79-32,153 et seq.) equal to:

1. \$350 for each new employee who resides in Kansas, other than one whose employment entitles the employer to a federal targeted jobs tax credit in the same taxable year, or \$500 for each new employee who resides in Kansas and whose employment entitles the employer to a federal targeted jobs tax credit in the same taxable year (qualified businesses outside enterprise zones may claim only \$100 per new employee); and
2. \$350 (instead of \$100) for each \$100,000 of qualifying facility investment.

However, the larger credits are still subject to the general limitation that they may not exceed 50 percent of the tax attributable to the investment.

Expanding or new businesses may use this tax credit for up to ten years and must add for the first taxable year in which the credit is being claimed two employees to the number engaged or maintained in employment at the business facility during the previous taxable year.

The statutes are explicit with respect to the definition of "facility" which a taxpayer must establish or expand as a precondition for qualifying for income tax credits under the Job Expansion and Investment Credit Act.

B. Sales Tax Exemptions. In addition to income tax credits, a taxpayer may receive a sales tax exemption pursuant to K.S.A. 79-5606(ee). This exemption has been issued since January 1, 1987 and statutorily supercedes sales tax refunds (although the Department of Revenue continued to receive and process refund requests in 1988). The sales tax exemption applies to "all sales of tangible personal property or services purchased for the purpose of and in conjunction with constructing, reconstructing, enlarging, or remodeling a qualified business facility located within an enterprise zone." This

facility must qualify for an income tax credit pursuant to the provisions of the Job Expansion and Investment Credit Act of 1976 and amendments thereto. The sales tax exemption under this Act also applies to the sale and installation of machinery and equipment purchased for installation at such a facility. It should be noted, however, that 1988 H.B. 2626 applies this exemption to all sales of manufacturing machinery and equipment effective January 1, 1989. Eligibility for benefits under the Job Expansion and Investment Credit Act will no longer be a prerequisite for the sales tax exemption on manufacturing machinery and equipment.

C. Preferential Treatment. The Secretary of Commerce and other state agencies are required pursuant to K.S.A. 12-17,111 to give preference to enterprise zones and businesses and local incentive projects located within these zones in the provision of programs, funds, and services. Another statutorily provided incentive (which has not been used to date) is a waiver or modification of rules and regulations of state agencies.

Profile of Beneficiaries of Tax Incentives

The Kansas Department of Revenue analyzed for the Department of Commerce the number of job expansion and investment credits, sales tax refunds, and sales tax exemption certificates issued within Kansas enterprise zones. The sectors compared in this analysis included: (1) manufacturing; (2) retail trade; (3) service; and (4) other. The processing period for the credits spanned CYs 1986, 1987, and 1988 through August 31; for the refunds, August, 1985 through August, 1988; and for the exemptions, January, 1987 through August, 1988. The Department of Revenue concluded that manufacturing firms received 61 percent of the benefits claimed for all job expansion and investment credits and sales tax refunds and 91 percent of the benefits for all sales tax exemption certificates issued. The type of incentive with the largest average amount per claim is the sales tax exemption certificate with an average of \$115,749 per claim. The manufacturing sector far exceeded the other sectors with claims for this tax exemption averaging \$173,160 per claim.

From January 1, 1986 through August 31, 1988, a period of 32 months, taxpayers in 37 counties received a total of almost \$735,000, for a total of 201 job expansion and investment credits or an average of \$3,700 per credit. During the three years from August, 1985 through August, 1988, 98 sales tax refunds, totaling almost \$3,925,000, were issued to taxpayers in 17 counties or an average of \$40,000 per refund. From January 1, 1987 through August 31, 1988, a period of 20 months, sales tax exemption certificates were issued to 242 taxpayers for 256 claims, worth an estimated total tax benefit of \$29.7 million (based on calculations assuming 4 percent state and 1 percent average local tax rates), or approximately \$123,000 per project. The Department of Revenue noted that the fiscal impact of \$29.7 was calculated based on time of issue of exemption certificates. However, in actuality, the total fiscal impact on cash flow of these projects may span several years and may not be quantifiable until all purchases are made and the projects have been completed.

Procedure for Enterprise Zone Designation

The governing board of a city or county seeking to designate an area as an enterprise zone must submit a resolution to the Secretary of Commerce. This resolution must request that the proposed area be approved as an enterprise zone and must be accompanied by a plan which is to include the following:

1. a map showing the boundaries of the zone;

2. a narrative describing how the enterprise zone will eliminate economic distress; and
3. local incentives (including a schedule for implementation) to consist of at least one of the following: financial assistance; job training; targeted capital improvements; local inspection fee waivers; employee child care; or other incentives approved by the Secretary of Commerce.

The Secretary of Commerce may approve or disapprove the resolution. Approval of any resolution is effective for no more than five years. If the Secretary makes no decision regarding the resolution within 30 days from receipt of the resolution, the resolution is considered to be approved.

K.S.A. 12-17,110 also sets forth certain criteria for cities and counties which must be met as a precondition for approval by the Secretary.

S.B. 470

The 1987 Joint Committee on Economic Development recommended 1988 S.B. 470 for introduction. Essentially, S.B. 470 did two things:

1. defined "Kansas basic enterprise" and applied that term to certain sections of the legislation governing the Department of Commerce, Kansas, Inc., the Kansas Technology Enterprise Corporation, Kansas Venture Capital, Inc., Kansas venture capital companies, local seed capital pools, and the Kansas Small Business Procurement Act; and
2. amended the Job Expansion and Investment Credit Act to exclude from the definition of "revenue producing enterprise" those services associated with the sale of products at retail and services provided by certain professionals.

The Joint Committee's intent in recommending both the definitional change and amendments to the Job Expansion and Investment Credit Act was to confine state benefits to those businesses "which are basic to the state's economic structure, and which have the greatest potential for effecting economic growth." It was argued that retail businesses would follow primary businesses to service the needs generated by those businesses.

Provisions of S.B. 470 were incorporated into the conference committee report on 1988 H.B. 2909 which authorized the establishment of the Kansas Basic Enterprises Loan Program. H.B. 2909, with the provisions of S.B. 470, was enacted by the 1988 Legislature but vetoed by the Governor. The Governor's veto message stated that "many new business ventures were induced to develop in Kansas because of the favorable treatment afforded by existing Kansas laws. To eliminate incentives for those which have begun business in Kansas in good faith is both unfair and unwise."

Committee Activities

In its initial review (July, 1988) of the issue of enterprise zones and the need for a definition of "basic industries," the Committee heard presentations from the Secretary

of Commerce; Professor Charles Krider; Business School, University of Kansas; the Mayor of Olathe; the President of the Kansas Chamber of Commerce and Industry; the President of the Kansas Industrial Developers Association; the Vice-President of the Wichita-Sedgwick County Partnership for Growth, Inc.; the Associate Director of the City of Topeka Community and Economic Development; the Vice-President of Economic Development and Governmental Affairs for the Kansas City Area Chamber of Commerce; and the President of Kansas, Inc.

The Secretary of Commerce informed the Committee that the Department of Commerce, in conjunction with the Department of Revenue, was undertaking a study to obtain more information on use of the benefits conferred to companies located in enterprise zones. (Some of that information is included above and salient findings of the study are addressed below.) Professor Krider concluded that there is no significant evidence that tax concessions have more than a minor effect on plant location decisions. He offered as options for legislative consideration the elimination of enterprise zones and job expansion and investment credits. He also suggested that an evaluation be conducted on the effectiveness of the business and job development tax credit and enterprise zones.

Conferees representing local units of government and the Kansas Industrial Developers Association were generally supportive of the state laws currently governing enterprise zones and associated tax incentives. The conferee from Topeka Community and Economic Development observed that it was premature to judge the program as it only began in 1982 and since the inception of the program, the law has been modified extensively. He also suggested that the state assist eligible Kansas communities to take advantage of the Federal Enterprise Zone program authorized by the Housing and Community Development Act of 1987. The conferee from Wichita-Sedgwick County Partnership for Growth contended that job expansion and investment credits gave preference to new companies over existing companies. This policy, in his opinion, might encourage existing companies to look outside the state for expansion, complicates the marketability of the incentive, creates ill will between existing and new companies, and fails to target incentives to markets with the greatest potential for job growth.

The President of Kansas, Inc. identified several problems associated with the Kansas Enterprise Zone program: (1) insufficient data exist to effectively monitor the costs and benefits of the state's enterprise zones; (2) interpretation of statutory boundary requirements is inconsistent and results in fragmented zones that include depressed, affluent, and vacant areas; (3) inclusion of industrial parks in enterprise zones may impede genuinely depressed areas within the same zones from competing to attract businesses, particularly if negative social conditions are not addressed; (4) enterprise zone legislation discriminates against businesses located outside zones, since such businesses do not enjoy the same benefits as their counterparts within zones; (5) the sales/use tax exemption provision of 1988 H.B. 2626 makes enterprise zone tax incentives less attractive since these exemptions apply to businesses throughout the state; and (6) the inability to effectively evaluate the impact of enterprise zones, as well as the tendency of some communities to receive designations for areas that are not genuinely distressed undermines the credibility of other incentives to promote economic development.

In his testimony to the Committee, the President of Kansas, Inc. set forth several recommendations: (1) a cap should be placed on the total number of enterprise zones and on the number permitted per year and cities should be required to compete in developing proposals which would, in turn, be ranked by the state; (2) it should be required that a certain percentage of employees hired by a firm be residents of the area; (3) data collection and reporting requirements should be developed to help the Department of Commerce and Department of Revenue to gauge employment patterns, capital formation, economic growth, and revenue gain and loss due to activity in the zones; (4) there should

be a limit on the number of times cities and counties can amend their zone designations but there should be sufficient flexibility to account for changing conditions; (5) a greater level of commitment should be required from local units of government in providing support services prior to granting them zone designation and more specific criteria should be developed to aid in ranking city and county proposals; (6) criteria should be developed as to what constitutes "economic distress" for use in zone designations; (7) "basic enterprises" or specific types of firms should be targeted for inclusion in enterprise zones; and (8) the value and attractiveness of monetary incentives should be increased.

The Committee resumed its review of enterprise zones at its meeting in November, at which time the Kansas Department of Commerce presented the findings of the study it had conducted in conjunction with the Kansas Department of Revenue. Some of the most salient findings disclosed that:

1. 97.9 percent or over \$33.5 million of the amount exempted, credited, or refunded in taxes from 1985 to the end of August, 1988 were from the sales tax exemption or refund. Only 2.1 percent or almost \$735,000 came from job expansion and investment credits.
2. Although they comprised 17.7 percent of all applicants for enterprise zone incentives, retail firms received only 1.9 percent or over \$660,000 of the total enterprise zone credits, refunds, or exemptions.
3. Larger cities seem to use the enterprise zone designations more frequently than smaller cities.
4. Of all new and expanding manufacturers identified by the Department of Commerce during the period 1985-1987, 58.2 percent of new and expanding manufacturers located or expanded in enterprise zones. Of those companies interviewed which were located in enterprise zones, 12.5 percent stated that the zone designation affected their expansion or location decisions.
5. Most of the surveyed companies located in an enterprise zone learned of the zone designation only after they had relocated or expanded.
6. Of the manufacturers located in enterprise zones who were surveyed, 33 percent had taken sales tax exemptions or refunds.

According to the President of Kansas, Inc., the findings illustrate that the original intended purpose of the Enterprise Zone Act is not being achieved and that the larger and growing communities of the state benefit disproportionately from the program's incentives. He also repeated his observation that 1988 H.B. 2626 has virtually eliminated the comparative advantage of an enterprise zone location. He contended that on January 1, 1989, the sales tax exemption for manufacturing will be available statewide. That will leave only the \$350 job expansion and investment credit, associated investment credits, and sales tax refunds and exemptions on nonmanufacturing purchases exclusive to enterprise zones. Based on Kansas, Inc.'s calculations, only \$2.46 million or 12.6 percent of all annual sales tax exemptions and job expansion and investment credits will be available exclusively to nonmanufacturing firms located in enterprise zones. The policy question, as he defined it, "is whether the award of \$2.46 million in tax incentives to nonmanufacturing firms through the device of 185 enterprise zones is efficient and still makes an important contribution to the state's economic development goals."

The President of Kansas, Inc., identified two options for legislative consideration. In his view, either of these options could provide an effective means of achieving state and local economic development goals. The first option would eliminate existing enterprise zones but would continue provision of \$100 job expansion and investment credits to all currently eligible employers; restrict the \$350 or \$500 tax credit and accompanying investment credits to businesses located anywhere in the state engaged in a basic enterprise, as defined in 1988 S.B. 574 -- the Kansas Partnership Act; and eliminate sales tax exemptions and refunds on all purchases not directly related to manufacturing.

The second option, based on Florida's program, would eliminate all current enterprise zones and designate new zones on a competitive basis using certain established criteria. Zone designation would be requested by communities which have specific redevelopment or revitalization plans. This option also provides for the establishment of three types of enterprise zones within local communities -- industrial zones, downtown revitalization zones, and rural zones.

At the November meeting, the Committee also heard testimony from a representative of the Kansas Industrial Development Association who urged careful analysis of any contemplated changes to enterprise zone legislation. In his opinion, enterprise zone incentives have been very useful to Kansas industrial developers in their efforts to attract new industries and work with existing industries. In a similar vein, a spokesperson for the Kansas Chamber of Commerce and Industry urged the Committee to review and study all incentives during the 1989 Legislative Session.

Committee Conclusions and Recommendations

The Committee observes that the intent of the Kansas Enterprise Zone Act is, in part, to develop new business and expand existing business within economically distressed areas of the state. The Committee concludes that there appears to be questionable use of incentives to realize this objective. It is the Committee's unswerving position that the state's economic growth is inextricably related to the location and expansion of businesses that are primary or basic -- that produce goods and services within an area and sell them outside the area. In its report to the 1988 Legislature, the Committee provided the following justification for introduction of legislation which, if enacted, would have defined "basic industry" and "basic enterprise" and amended the Job Expansion and Investment Credit Act: "The intent of the proposed legislation is to provide economic development incentives to only those enterprises which are basic to the state's economic structure, and which have the greatest potential for effecting economic growth." The Committee notes that it has not deviated in its support of such legislation and recognizes that the 1988 Legislature passed a bill that, if it had not been vetoed, may have realized this intent. To that end, the Committee recommends introduction of legislation which defines "basic industry" and "basic enterprise" and redefines "revenue producing enterprise" in the Job Expansion and Investment Credit Act as a Kansas basic enterprise. The Committee's intent in amending that definition is to make retail services and specified professional services ineligible for job expansion and investment credits and associated enterprise zone incentives. The proposed legislation will permit those businesses which now exist or will be established prior to January 1, 1990, but which are not or will not be clearly defined as "basic enterprises," to continue to receive enterprise zone benefits. However, this legislation is to specify that enterprise zone incentives will only be available to basic enterprises (other than "grandfathered in" enterprises) after January 1, 1990. It is also recommended that taxpayers be authorized to claim incentives for further construction, enlarging, remodeling, or installation of machinery and equipment with respect to the same facility for which the taxpayer had originally qualified.

The proposed bill would require local units of government which designated enterprise zones to submit reports, with specified information, to the Kansas Department of Commerce on or before February 15 of each year. The bill also would require the Department to submit to the Governor and the Legislature by March 1 of each year a report containing the information furnished by the governmental units. Finally, the Committee notes that the tax form used to claim job expansion and investment credits is fairly complicated. Therefore, the Committee recommends that the Kansas Department of Revenue simplify the form even though this may have to be preceded by certain statutory changes.

Testimony

Presented to:

The House Economic Development Committee

on House Bill 2021

by

Harland E. Priddle
Secretary of Commerce

January 25, 1989

*House Eco Devo Comm.
Attachment 2 1/25/89*

Chairman and Members of the Committee, I commend you as well as the Joint Committee in looking at the enterprise zone program in depth. It is not a simple issue to address, and each time we review the subject, we seem to identify pieces of the puzzle which must be discussed.

As we begin today, I would like to review some information compiled by the Departments of Commerce and Revenue related to the credits and exemptions for the years 1985 through 1988. Through a physical search, and I emphasize a physical search because no reporting system is in place at this time, we identified \$34.3 million which had been exempted. Of this total amount, \$33.6 million was from the sales tax exemptions and refunds. With elimination of the sales tax on manufacturing machinery, it appears that the major source of credit being used in enterprise zones has been addressed. Only \$734,000 during that three-year period was from the source of job development tax credit. As I summarize this initial point, I would like to reemphasize that there is no reporting system for the Department of Revenue and the Department of Commerce to determine exact benefits of enterprise zones and the credits being given by the state. We believe we should adopt a reporting system to make sure we can identify the problems we are solving. In this regard, we fully concur with the section in House Bill 2021 which addresses this issue.

At the present time, there are 208 enterprise zones in the state of Kansas. Of this total, ten are located in the counties of Johnson and Wyandotte and the cities of Wichita and Topeka. The remaining 198 are in rural communities, counties, or towns throughout the state of Kansas. In many cases in the small communities and counties, this is the only significant, organized economic development program within their communities. We believe the enterprise zone program provides an incentive for small communities to participate in economic development activities. During the past year our field staff in the six regional offices has been extremely active in working with communities to move them into the economic development system using the enterprise zone program as a means of entry. We documented 63 personal contacts and presentations and 131 mail and telephone responses.

We also believe the enterprise zone program is a significant marketing tool to be used in recruiting new businesses into our state. During the past three months I have personally participated on two recruiting missions throughout the country. We visited with 83 companies. Enterprise zones and their value always comes up. At the present time, we are not required to

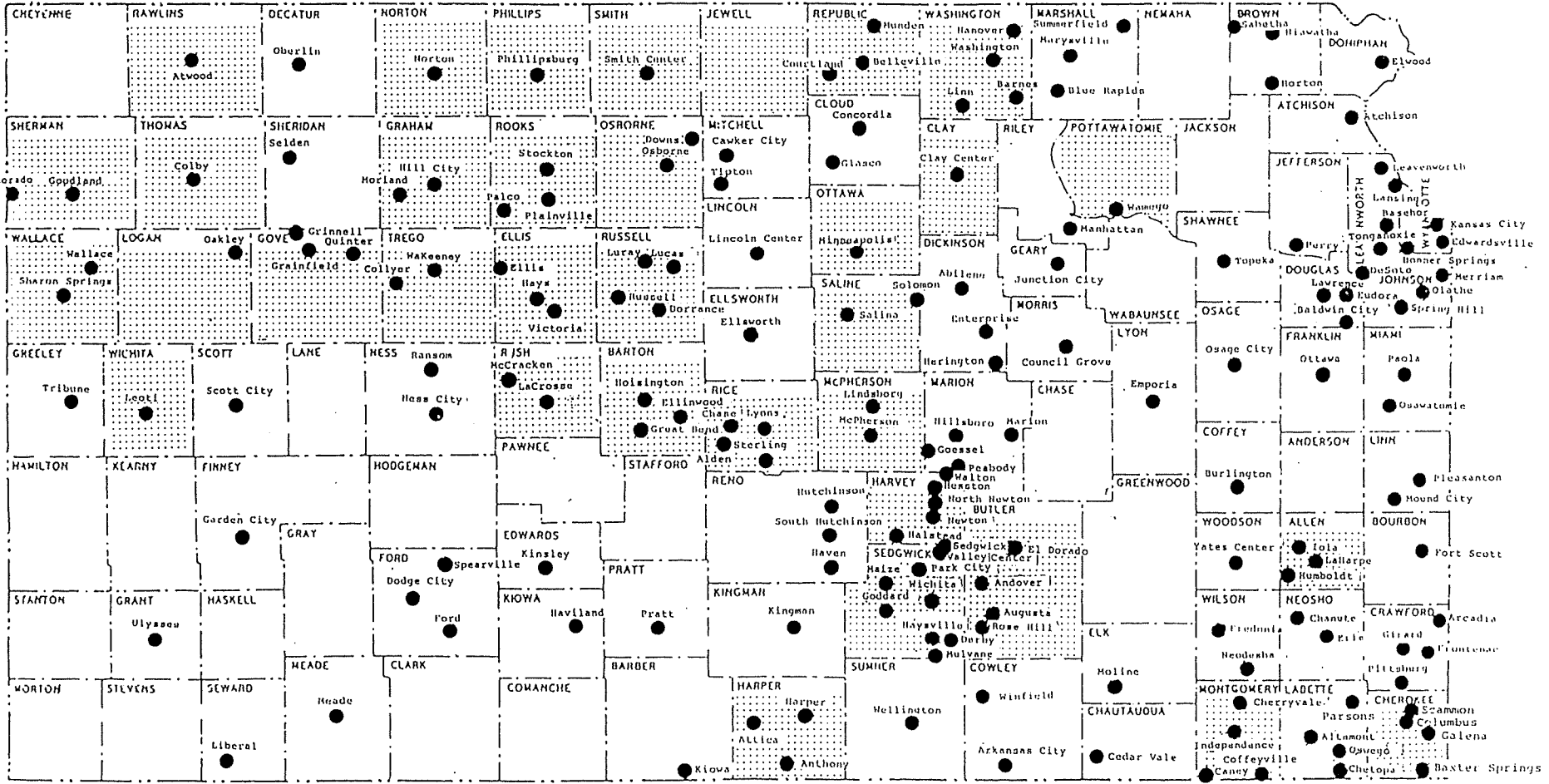
define kinds of industries within the zones, and as a result, it sends a positive signal to all businesses interested in Kansas.

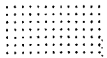
We concur with the need to adopt and improve a reporting system for identifying credits within enterprise zones as outlined in House Bill 2021. We believe, however, the adoption of the bill in its current form and the restriction to Kansas basic industries as of this time may be premature. We believe it will send signals and be detrimental to small communities and small businesses in Kansas. An analysis of Kansas industries indicates a total of approximately 65,000 business establishments in our state. Although it is desirable to proceed and transgress into a manufacturing climate, at the present time over half of the 65,000 business establishments in Kansas are involved in retail and service industries. After a reporting system has been established and more positive information determined, it may be appropriate to readdress the basic industries concept.

I stand for questions.

Designated City And County Enterprise Zones

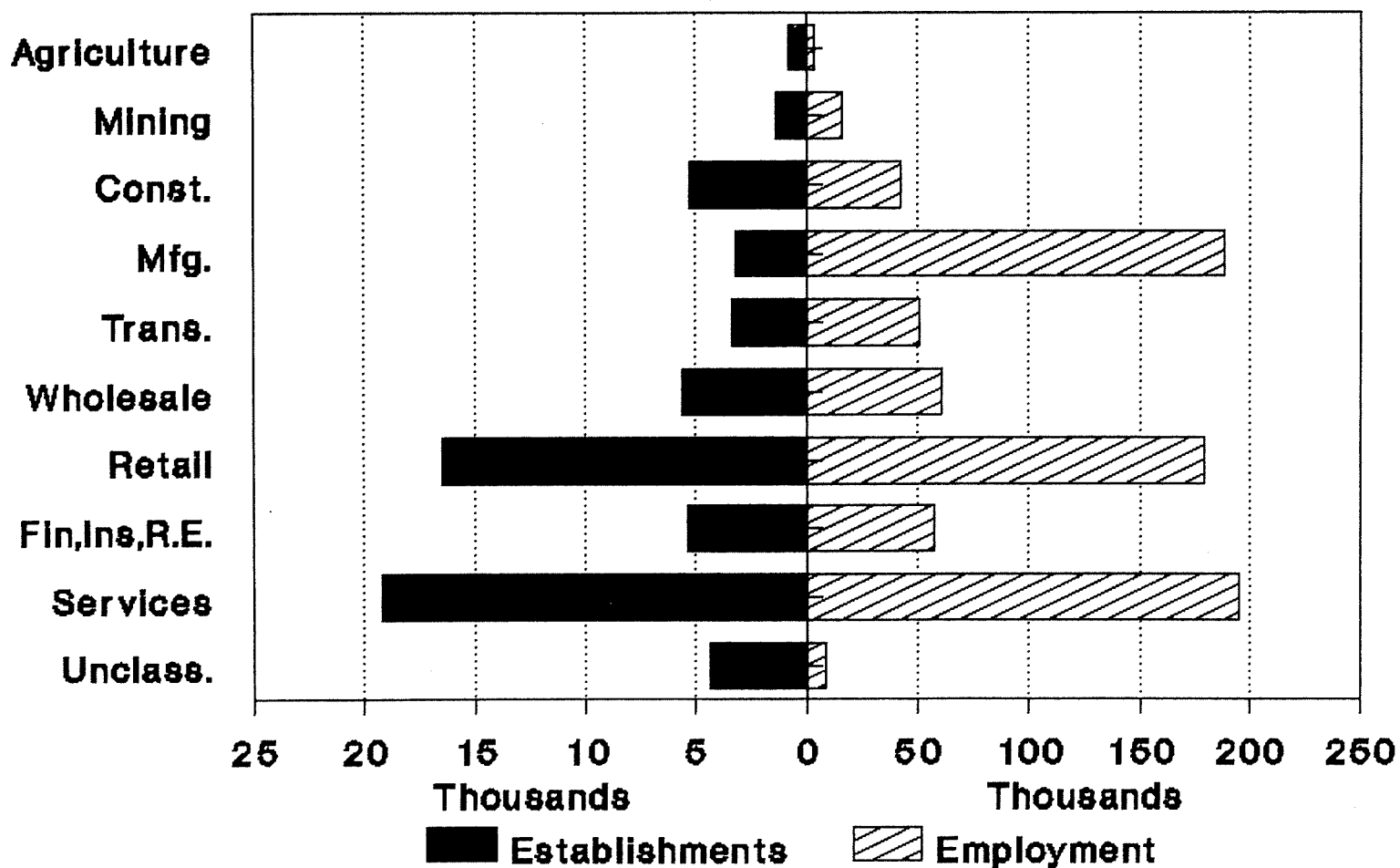
As Of December 31, 1988



 DESIGNATES COUNTY ZONE

DOC
4-2-5
1/25/89

KANSAS INDUSTRIES



County Business Patterns - 1986 (5/88)

9-2-6
1/25/89



Governor Mike Hayden, Co-Chairman
Eric Thor Jager, Co-Chairman

Charles R. Warren, President

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ENTERPRISE ZONES
H.B. 2021

Testimony before the
House Committee on Economic Development
January 25, 1989

by

Charles R. Warren
President, Kansas Inc.

House Eco Devo Comm.
Attachment 3
1/25/89

ENTERPRISE ZONES

Madame Chairman, members of the Committee. Thank you for this opportunity to testify on H.B. 2021 which would make certain amendments to the Enterprise Zone Act.

First, I would like to point out that you are currently sitting within an Enterprise Zone designated by the City of Topeka and approved by the Kansas Department of Commerce. A similar situation existed in the State of Florida which prompted their legislators to drastically reduce the number of zones within their states and move toward a program which required much tighter eligibility requirements on the part of local governments desiring to take advantage of the incentives being offered by their State of Florida to improve distressed areas and attract industrial development.

In November 1988, I presented at the Committee's request two options for reforming the current Enterprise Zone Act. The first would have extended the current incentives now provided within Enterprise Zones statewide to basic enterprises only. The second would have provided a competitive model with a limited number of zones authorized within the State. Both options would have "grandfathered" all establishments currently within zones.

The second option was rejected by the Interim Committee and aroused a great deal of controversy and concern among local governments, chambers of commerce, and industrial development groups within the State.

H.B. 2021 is a compromise position that provides incentives only to basic enterprises and requires local governments to report annually on activity within their zones and to indicate what local incentives are being provided to establishments within the zones.

I believe that the current bill is an improvement over the existing statute and should be adopted by the Committee.

However, I would like to raise some issues for the Committee's consideration, some of which are addressed by the proposed legislation and some which are not.

1) As a general rule, retailers and professional services should not be granted enterprise zone incentives. Both require customers much more than incentives to be successful. Our economic development strategy should concentrate on the expansion and attraction of basic industries to provide growing local economies which will provide the jobs and income to purchase goods and services. A more fundamental reason not to provide incentives to retailers and services is that, in most cases, these firms are competing with existing establishments which can be placed at a disadvantage if they are operating without comparable tax breaks.

2) The requirement of annual reports on enterprise zone activity is a positive step. It should have the effect of making local governments much more aware of their local economies and whether they are achieving the most effective results from their own EZ designations. EZ's should be a tool for use by local

government, not merely a state incentive program.

3) Local governments should also be required to pay administrative fees to the Department of Commerce when they apply for designations and re-designations. The Community Development Division has not been provided any funds or personnel for the specific purpose of administering this program. They are currently forced to manage this responsibility with personnel hired for other purposes. The full administrative costs of the program should be covered by local governments.

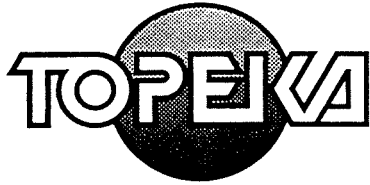
4) The Committee may also want to consider whether enterprise zone benefits should be extended to Kansas companies which build "replacement facilities." Currently, full EZ benefits can be given to a company from Missouri which relocates to Kansas and thus creates new jobs for the State. Comparable benefits, however, cannot be provided to a Kansas company which relocates from an outmoded facility to another location within the State, because no new jobs have been added to the Kansas economy. Enterprise zones are much more useful for industrial attraction but less so for business retention purposes.

5) We must monitor carefully developments at the federal level regarding enterprise zones. A federal enterprise zone program has been established by Congress. It currently provides no incentives, but since Jack Kemp has been nominated to be Secretary of Housing and Urban Development, and was a prime and early supporter of EZ's, valuable incentives may be provided by the federal government. We will want to make certain that our

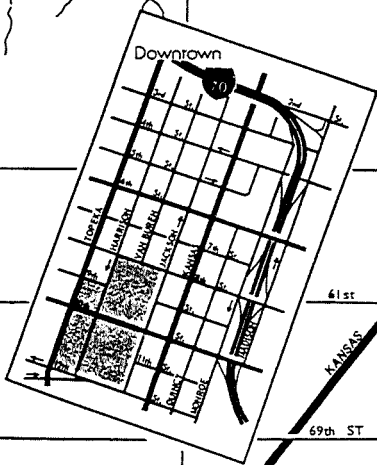
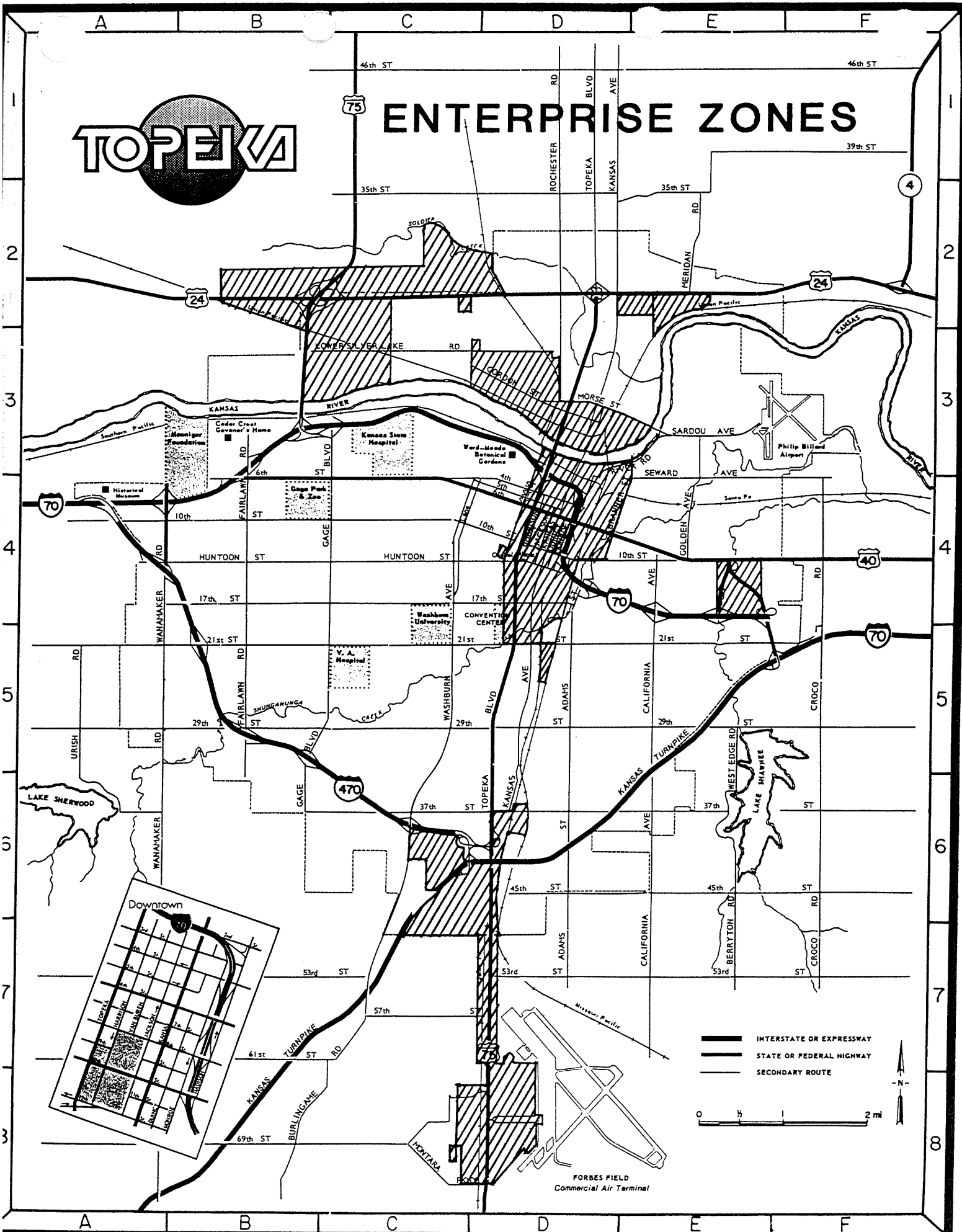
program is designed to take advantage of any federal benefits available in the future.

6) A final issue which this Committee must consider in dealing with the enterprise zone program is whether the current system of 208 zones would make it difficult to increase the level of incentives offered in future years. The State of Missouri provides tax credits of \$1200 per job compared to our \$350 per job in an EZ. Increasing the level of credits would have a significant fiscal impact since it would be tantamount to providing them statewide.

Attached for your information is: 1) a map of enterprise zone boundaries for the City of Topeka; 2) excerpts from my testimony on enterprise zones before the Interim Committee on the Department of Commerce's research report and their survey results; and, 3) a set of graphs showing breakdowns of the incentives provided through enterprise zones.



ENTERPRISE ZONES



9-3-6
1/25/89

Department of Commerce Research Report

A research report on Enterprise Zones was prepared by the Department of Commerce and provided to the 1988 Interim Committee. Data on the types and amounts of incentives available and actually used by businesses located in enterprise zones was compiled and analyzed for the first time. The survey of businesses located in the zones presented a much clearer picture on the impact of these incentives.

Recent tax changes by the 1988 Legislature, specifically H.B. 2626 which extended statewide the exemption of the sales tax on the purchase of machinery and equipment directly related to manufacturing, may dramatically reduce the comparative advantage of an enterprise zone location.

The legislative intent of aiding distressed areas was circumvented by the fact that approximately 185 enterprise zones were applied for by cities and counties in Kansas and approved by the Department of Commerce. Loose statutory provisions enabled local governments to include healthy or stable areas into locally-defined zones and still meet so-called distressed area criteria. With several notable exceptions, locally required incentives were often limited to low or no cost benefits such as free snow removal. As a result, numerous local governments have taken the program seriously in their designation of zones or their provision of local incentives. Most local governments have not used this program as an explicit redevelopment tool or as a tool to guide the location of development. Generally, local

officials have little idea of the number and types of businesses located in their zones or the numbers of jobs created in the zones.

The survey results in the report substantiate the limited value of the zones to business and to local governments in industrial development or revitalization.

- o 66.3 percent of the companies within a zone were unaware of, or did not use, the sales tax refund or exemption.
- o Nearly three out of four companies were not aware of, or did not use, the business and job development tax credits.
- o Many of those that did use the various credits found that the process was extremely time consuming and the paperwork so confusing that it was not worth their effort.
- o Of the expanding or relocating companies within an enterprise zone, only 48 percent were even aware they were in a zone.
- o Half of the companies which expanded or relocated did so without being aware of the tax advantages that could be available to them by virtue of being within an enterprise zone.
- o Of those companies that were aware of enterprise zone incentives, only 12 percent stated that the designation had any affect on their location decisions.

The Commerce survey demonstrates that few companies knew of the zone designations and few of those considered it an important factor in their decisions to expand or move.

These survey results and conclusions seem to be contradictory in light of the substantial amount of tax breaks afforded to businesses by the enterprise zone program. From August 1985 to August 1988, \$34,290,902 in tax credits and refunds have been provided to companies in the zones. That total dollar amount of incentives awarded is for many indisputable evidence that the program has been and is successful.

The apparent contradiction is easily explained depending upon the criteria chosen to evaluate program success. As a tool for use by local governments to guide development, enterprise zones must be considered of little value. The effectiveness of the program in job creation cannot be evaluated from the information presented in the Commerce report. No attempt was made to identify a causal relationship between the incentives provided and the hiring of employees. And, it is extremely doubtful that such a relationship could be proven. As a tool for use by State government to reduce the tax liability of certain firms and industries already located, or that decided to locate and expand in Kansas, the program must be considered a success because it has reduced business tax liabilities by \$34 million dollars.

Over the past three years, the sales tax credit and exemption certificates accounted for \$33.5 million or 99 percent

of all enterprise zone tax incentives. The Job Development and Business Investment credits accounted for \$735,000 or 1 percent of enterprise zone tax incentives. On an annual average basis, these tax expenditures total \$19,087,175 and \$275,625 respectively.

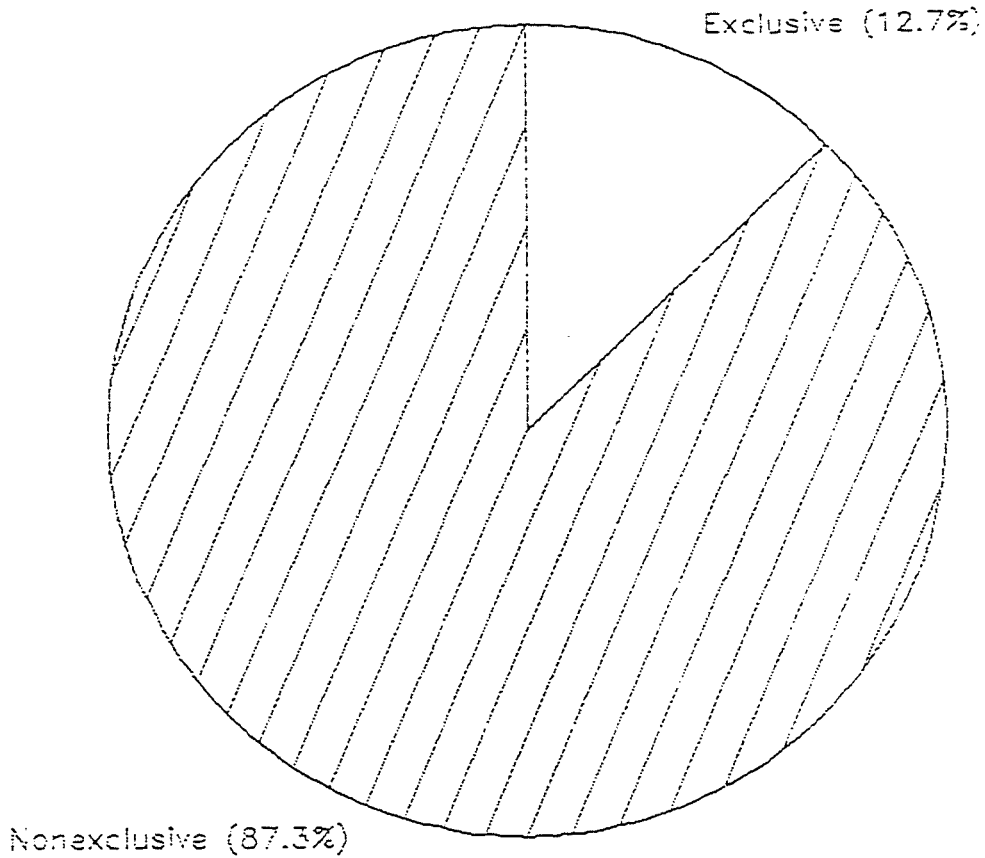
On January 1, 1989, the sales tax exemption for manufacturing will be available statewide leaving only the \$350 job tax credit and associated investment credits plus the sales tax refunds and exemptions on non-manufacturing purchases exclusive to enterprise zones. Of the annual tax exemptions available before January 1989, only \$2,460,347 or 12.6 percent will be available exclusively within the zones and \$16,554,257 or 87.4 percent will be available statewide.

A further breakdown of the tax breaks which will remain shows that they were used by:

- o Manufacturers - \$169,932 or 6.9 percent
- o Retailers - \$353,861 or 14.4 percent
- o Services - \$816,918 or 33.2 percent
- o All Others - \$1,119,636 or 45.5 percent

Annual Tax Expenditures in E.Z.

after January 1, 1989



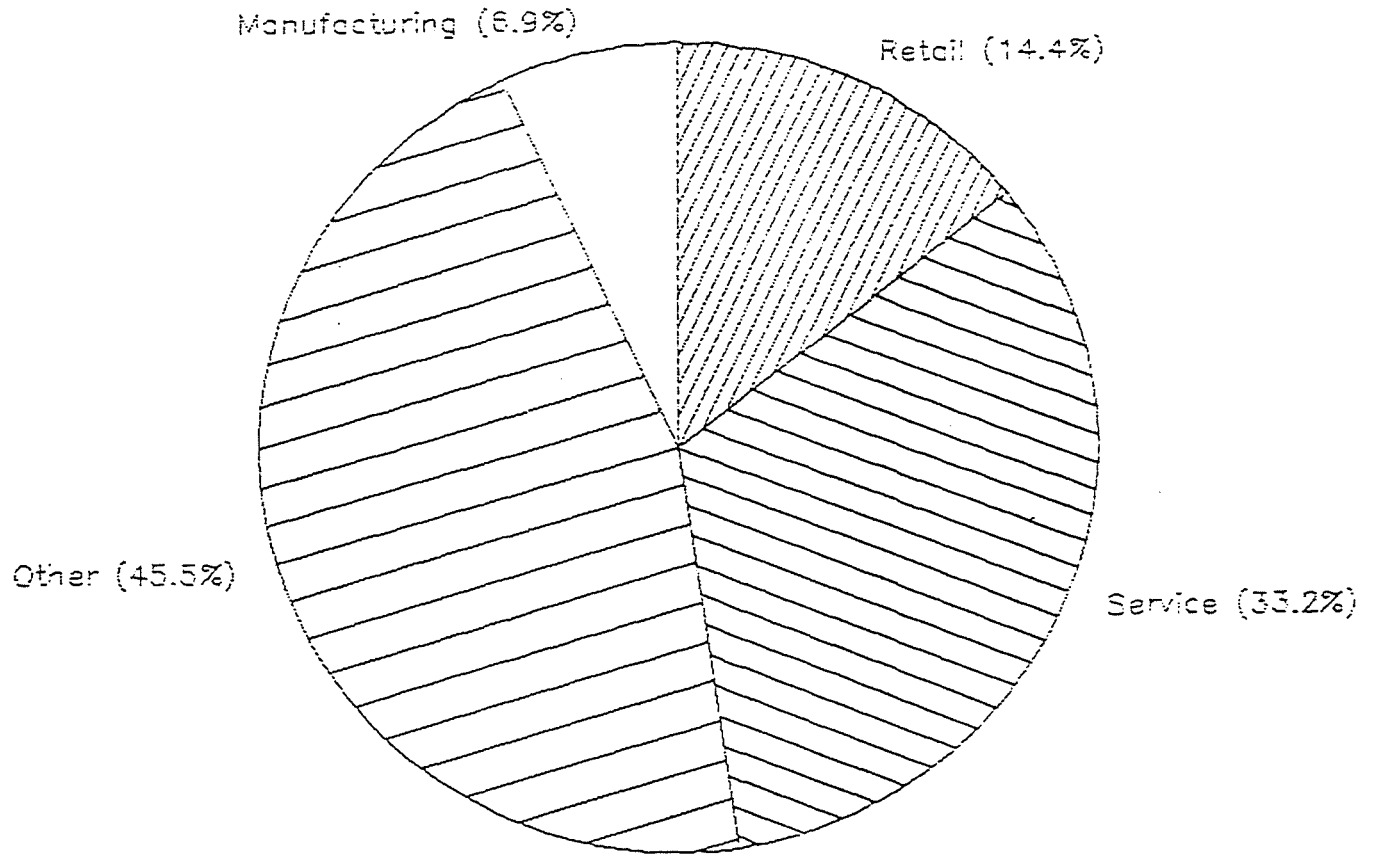
Annual Tax Expenditures:

1. Exclusive to Enterprise Zones:		
-Business/Job Development Credits	-	\$275,625
-Non-manufacturing related Sales Tax Refund/Exemption	-	2,184,722
2. Non-Exclusive to Enterprise Zones:		
-Manufacturing related Sales Tax Refund/Exemption	-	16,902,403
Total:		\$19,362,750

9-3-11
1/25/89

Exclusive to Enterprise Zones

after January 1, 1989



Annual Tax Expenditures (Exclusive to Enterprise Zones)

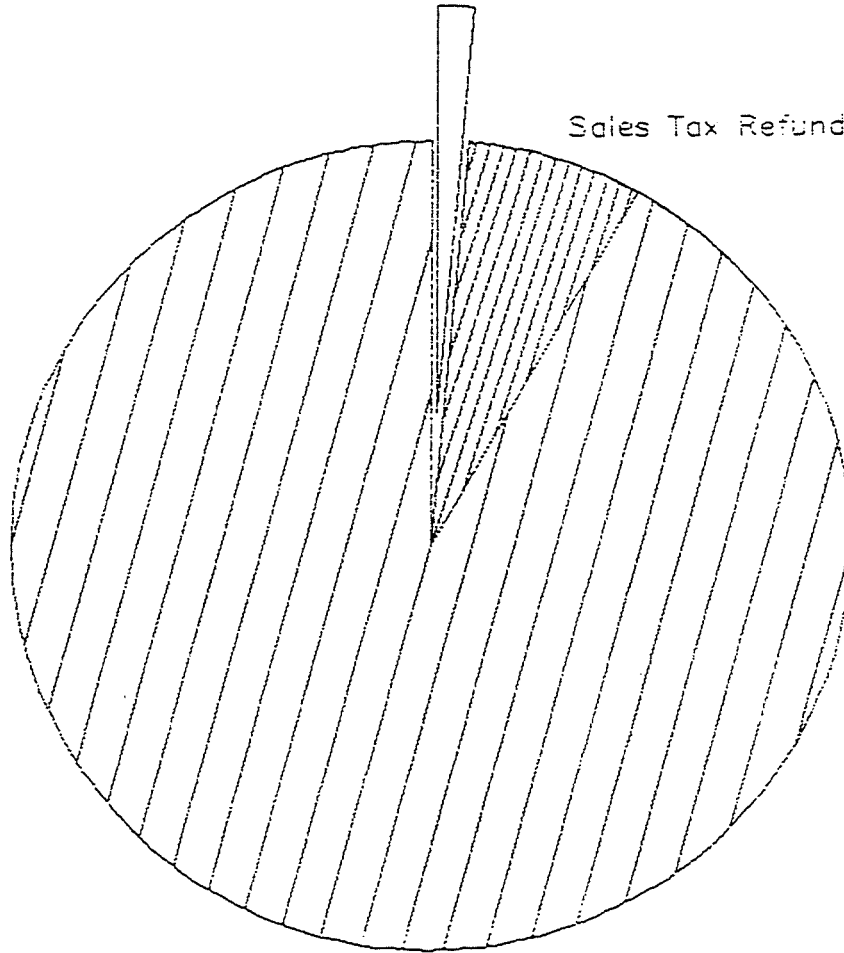
Type	Retail	Service	Manufacture	Other
Bus/Job Credits	\$7,790	\$23,710	169,932	\$74,194
Sales Tax Refunds	50,103	134,348	0	325,037
Sales Tax Exemptions	295,968	658,860	0	720,405
Totals:	353,861	816,918	169,932	1,119,636

A-3-12
1/25/89

Annual Tax Expenditures (1985-1988)

Enterprise Zones Only
Bus/Job Development (1.4%)

Sales Tax Refund (3.8%)



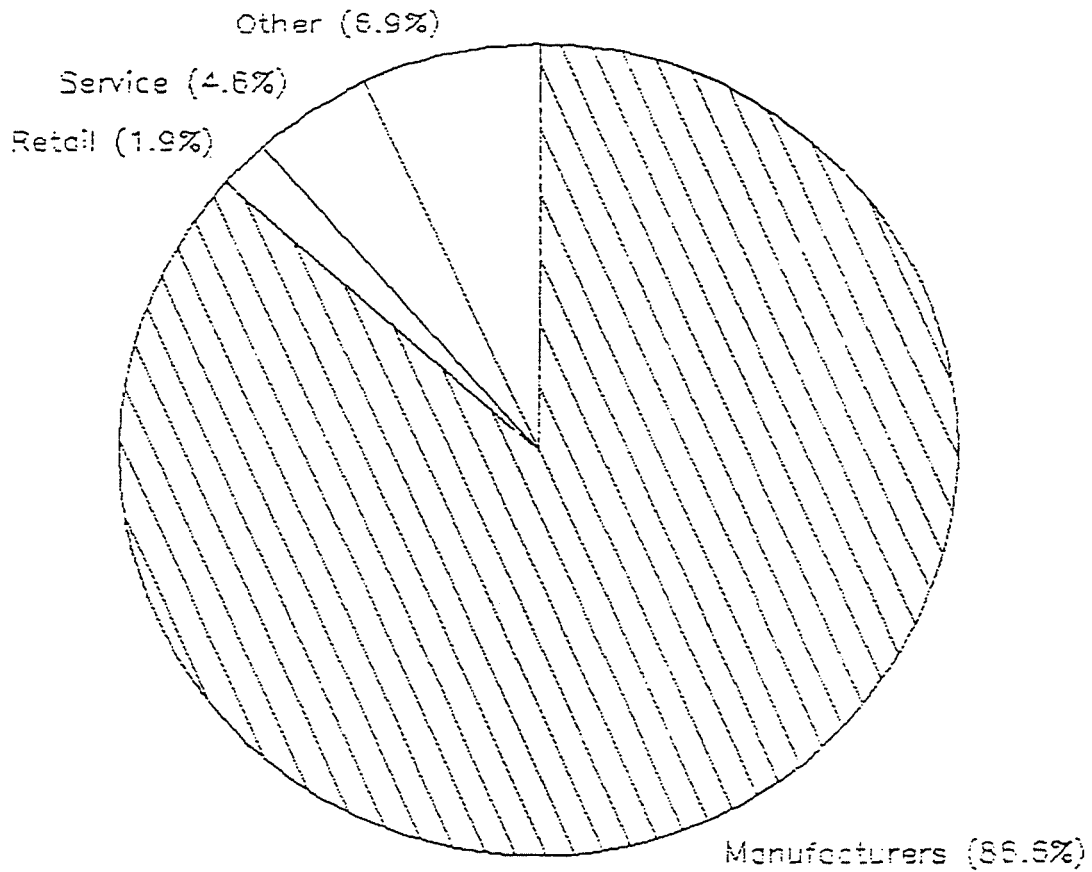
Sales Tax Expt. (91.8%)

Credit by Dollar Amount:

1.	Business/Job Tax Credits	-	\$275,625
2.	Sales Tax Refund	-	1,308,024
3.	Sales Tax Exemption	-	17,779,101
Total:			\$19,362,750

Total Tax Exemptions (1985-1988)

S.I.C. Code



Credits by Dollar Amount

1.	Manufacturing	-	\$29,688,540
2.	Retail	-	664,354
3.	Service	-	1,564,369
4.	Other	-	2,373,639
Total:			\$34,290,902

4-3-14
1/25/89

TESTIMONY OF DENNIS M. SHOCKLEY
REPRESENTING THE CITY OF KANSAS CITY, KANSAS
January 25, 1989

Generally, the City of Kansas City, Kansas supports the concept of HB 2021. However, there are two concerns we have about the current state of Enterprise Zones in Kansas.

First, the lack of meaningful incentives in Enterprise Zones. The 1988 Legislature eliminated the comparative advantage of an Enterprise Zone location by extending statewide the exemption of the sales tax on the purchase of machinery and equipment directly related to manufacturing. Figures for the past three years show that the sales tax incentives represented 99% dollarwise of all Enterprise Zone incentives. The remaining 1% was made up by the job and investment tax credits. Over that three year period this 1% represented \$735,000 statewide. The job and investment credits are now the only advantages Enterprise Zones have, if you consider \$250,000 per year an advantage. It has been suggested that the state forms filed for these credits are too confusing, thus businesses do not bother. While that may not be a terribly convincing argument, there does seem to be some need for simplification. Nevertheless, we are primarily interested in increasing the incentives so that they are meaningful. I would suggest increasing them tenfold in qualifying Enterprise Zones.

Second, is our concern about the definition of an Enterprise Zone. Currently, Enterprise Zones can qualify for designation if "there is widespread poverty, unemployment, and general distress in the area," but there is no required definition to be met.

While grandfathering current zones, or grandfathering businesses already receiving tax benefits, we would like to see any increased job and investment credits only in truly distressed areas as defined further in the state law as zones where unemployment is 1 1/2 times the average state rate, or zones where 70% of the residents have incomes below 80% of the median income of the City, or where the population has decreased 10% between decennial censuses. In other words, we support a qualifying definition of poverty, unemployment, and distress.

The concept of Enterprise Zones outlined in the original federal law (Kemp - Garcia) was that Enterprise Zones focus on truly distressed areas. As presently structured in Kansas, they do not.

With Jack Kemp as the new Secretary of Housing and Urban Affairs, I know we will see renewed efforts to ignite federal Enterprise Zones with viable federal incentives. If Kansas wishes to position itself, so as to take advantage of the federal law, it needs to act now. But even in the absence of the federal law, Kansas needs to help those areas of the state that are truly in need of these kinds of incentives to aid both the local and state economies by encouraging business growth to expand the job and tax base of our state.

DMS:tm

Enclosures

House Eco Devs Comm.

*Attachment 4
1/25/89*

whether such area meets the criteria listed in K.S.A. 12-17,110, and amendments thereto. The secretary shall approve or disapprove the resolution by written findings of fact and shall notify the governing body of the city or the board of county commissioners submitting the resolution of such determination. Upon the approval or disapproval of the resolution, the secretary shall transmit such findings to the governing body of such city or board of county commissioners. If the resolution is approved, the secretary shall transmit such findings and approval, to all affected state departments and agencies and shall notify such departments and agencies that the provisions of K.S.A. 12-17,111, and amendments thereto, shall be effective for the authorized enterprise zone in accordance with the provisions of this act. The secretary shall have 30 days from receipt of such resolution to review, approve or disapprove its compliance with K.S.A. 12-17,110, and amendments thereto, and if applicable, transmit written notice of approval. Upon expiration of the thirty-day period, if the secretary has taken no action, the designating resolution shall be deemed approved and written notice of the automatic approval shall be transmitted to all affected state departments and agencies. The approval of any such resolution submitted on or after the effective date of this act shall be effective only for five years after the date of such approval at which time the governing body of a city may submit to the secretary, in the same manner prescribed for submission of an original resolution requesting the designation of an enterprise zone, a resolution requesting reapproval of an enterprise zone. Such resolution shall be approved or disapproved in the same manner prescribed for the original approval or disapproval of the designation of an enterprise zone.

(b) Every area approved as an enterprise zone by the secretary of the department of economic development prior to the effective date of this act shall continue to constitute and qualify as an enterprise zone until such area is required to be reapproved as an enterprise zone pursuant to subsection (a).

History: L. 1982, ch. 75, § 3; L. 1983, ch. 67, § 1; L. 1986, ch. 79, § 2; July 1.

12-17,110. Enterprise zones; resolution submitted to secretary of department of

economic development; criteria for approval. (a) The secretary of the department of economic development shall approve a resolution submitted by a city pursuant to K.S.A. 12-17,109, and amendments thereto, only if:

(1) The area is within the corporate limits of a city; and

(2) the area has a population not exceeding 25% of the population of the city and a land area not exceeding 25% of the land area of the city, and the total area, including the area or areas which have been designated as an enterprise zone, included within enterprise zones does not exceed 25% of the population of the city and 25% of the land area of the city. For the purpose of determining whether the total area included within an enterprise zone or zones exceeds 25% of the total land area of a city, the land area within an industrial park located outside the corporate limits of a city shall only be considered to the extent of the land area of such park which is included within an enterprise zone; and

(3) (A) there is widespread poverty, unemployment and general distress in the area; or the average rate of unemployment in the area for the most recent eighteen-month period for which data is available was at least 1 1/2 times the average state rate of unemployment for such eighteen-month period; or at least 70% of the residents living in the area have incomes below 80% of the median income of the residents of the city as determined under section 119(b) of the housing and community development act of 1974; or the population in the area decreased by 10% or more for any ten-year period commencing after 1970; and

(i) the governing body of the city finds that there is substantial deterioration, abandonment or demolition of commercial or residential structures in the area; or

(ii) the governing body of the city finds that there are substantial tax arrearages of commercial or residential structures in the area; or

(B) the area is located wholly within a city which meets the requirements for federal assistance under section 119 of the housing and community development act of 1974.

(b) The secretary of the department of economic development shall approve a resolution submitted by a county pursuant to

12-17,109, and amendments thereto, only if:

The area is wholly within the corporate limits of a city and the area has a population not exceeding 25% of the population of the city and a land area not exceeding 25% of the land area of the county, and the total area, including the area or areas which have been designated as an enterprise zone, included within enterprise zones does not exceed 25% of the population of the county and 25% of the land area of the county.

there is widespread poverty, unemployment and general distress in the area; or the average rate of unemployment in the area for the most recent eighteen-month period for which data is available was at least 1 1/2 times the average state rate of unemployment for such eighteen-month period; or at least 70% of the residents living in the area have incomes below 80% of the median income of the residents of the county as determined under section 119(b) of the housing and community development act of 1974; or the population in the area decreased by 10% or more for any ten-year period commencing after 1970; and

(i) the governing body of the county finds that there is substantial deterioration, abandonment or demolition of commercial or residential structures in the area; or

(ii) the governing body of the county finds that there are substantial tax arrearages of commercial or residential structures in the area; or

(B) the area is located wholly within a city which meets the requirements for federal assistance under section 119 of the housing and community development act of 1974.

(b) The secretary of the department of economic development shall approve a resolution submitted by a county pursuant to

12-17,109, and amendments thereto, only if:

The area is wholly within the corporate limits of a city and the area has a population not exceeding 25% of the population of the city and a land area not exceeding 25% of the land area of the county, and the total area, including the area or areas which have been designated as an enterprise zone, included within enterprise zones does not exceed 25% of the population of the county and 25% of the land area of the county.

there is widespread poverty, unemployment and general distress in the area; or the average rate of unemployment in the area for the most recent eighteen-month period for which data is available was at least 1 1/2 times the average state rate of unemployment for such eighteen-month period; or at least 70% of the residents living in the area have incomes below 80% of the median income of the residents of the county as determined under section 119(b) of the housing and community development act of 1974; or the population in the area decreased by 10% or more for any ten-year period commencing after 1970; and

(i) the governing body of the county finds that there is substantial deterioration, abandonment or demolition of commercial or residential structures in the area; or

(ii) the governing body of the county finds that there are substantial tax arrearages of commercial or residential structures in the area; or

(B) the area is located wholly within a city which meets the requirements for federal assistance under section 119 of the housing and community development act of 1974.

(b) The secretary of the department of economic development shall approve a resolution submitted by a county pursuant to

12-17,109, and amendments thereto, only if:

The area is wholly within the corporate limits of a city and the area has a population not exceeding 25% of the population of the city and a land area not exceeding 25% of the land area of the county, and the total area, including the area or areas which have been designated as an enterprise zone, included within enterprise zones does not exceed 25% of the population of the county and 25% of the land area of the county.

commencing after December 31, 1982, whereby no addition modifications as provided for in K.S.A. 79-32,138(b)(ii) and subtraction modifications as provided for in K.S.A. 79-32,138(c)(iii), as those subsections existed prior to their amendment by this act, shall be required to be made for such taxable year.

History: L. 1967, ch. 497, § 31; L. 1972, ch. 374, § 1; L. 1973, ch. 399, § 1; L. 1976, ch. 433, § 5; L. 1976, ch. 434, § 6; L. 1978, ch. 408, § 2; L. 1980, ch. 316, § 13; L. 1981, ch. 386, § 1; L. 1982, ch. 411, § 1; L. 1982, ch. 410, § 2; L. 1984, ch. 351, § 19; L. 1987, ch. 386, § 1; July 1.

79-32,141.

CASE ANNOTATIONS

1. Absence in UDITPA of reference to combined report method does not preclude use for unitary business. *Pioneer Container Corp. v. Beshears*, 235 K. 745, 755, 684 P.2d 396 (1984).

79-32,142.

CASE ANNOTATIONS

1. Combined report not a tax return; consolidated returns distinguished therefrom. *Pioneer Container Corp. v. Beshears*, 235 K. 745, 753, 755, 684 P.2d 396 (1984).

JOB EXPANSION AND INVESTMENT CREDIT ACT OF 1976

79-32,153. Credit against tax for establishment of qualified business facility; conditions; amount; limitations. (a) Any taxpayer who shall invest in a qualified business facility, as defined in subsection (b) of K.S.A. 79-32,154, and amendments thereto, shall be allowed a credit for such investment, in an amount determined under subsection (b) or (c), as the case requires, against the tax imposed by the Kansas income tax act for the taxable year during which commencement of commercial operations, as defined in subsection (f) of K.S.A. 79-32,154, and amendments thereto, occurs at such qualified business facility, and for each of the nine succeeding taxable years. No credit shall be allowed under this section unless the number of qualified business facility employees, as determined under subsection (d) of K.S.A. 79-32,154, and amendments thereto, engaged or maintained in employment at the qualified business facility as a direct result of the investment by the taxpayer for the taxable year for

which the credit is claimed equals or exceeds two.

(b) The credit allowed by subsection (a) for any taxpayer who invests in a qualified business facility located outside an enterprise zone on or after the effective date of this act shall be a portion of the income tax, but not in excess of 50% of such tax, otherwise imposed by the Kansas income tax act on the taxpayer's qualified business facility income, as defined in subsection (g) of K.S.A. 79-32,154, and amendments thereto, for the taxable year for which such credit is allowed. Such portion shall be an amount equal to the sum of the following:

(1) One hundred dollars for each qualified business facility employee determined under K.S.A. 79-32,154, and amendments thereto; plus

(2) one hundred dollars for each \$100,000, or major fraction thereof (which shall be deemed to be 51% or more), in qualified business facility investment as determined under K.S.A. 79-32,154, and amendments thereto.

(c) The credit allowed by subsection (a) for any taxpayer who invests in a qualified business facility within an enterprise zone on or after the effective date of this act shall be a portion of the income tax, but not in excess of 50% of such tax, otherwise imposed by the Kansas income tax act on the taxpayer's qualified business facility income, as defined in subsection (g) of K.S.A. 79-32,154, and amendments thereto, for the taxable year for which such credit is allowed. Such portion shall be an amount equal to the sum of the following:

(1) Three hundred and fifty dollars for each qualified business facility employee as determined under K.S.A. 79-32,154, and amendments thereto, who resides in this state, other than a qualified business facility employee referred to in paragraph (2) of this subsection (c);

(2) five hundred dollars for each qualified business facility employee as determined under K.S.A. 79-32,154, and amendments thereto, who resides in this state and whose employment entitles the employer to a targeted jobs tax credit under sections 51 and 52 of the internal revenue code in the same taxable year; plus

(3) three hundred fifty dollars for each

\$100,000, or major fraction thereof (which shall be deemed to be 51% or more), in qualified business facility investment as determined under K.S.A. 79-32,154, and amendments thereto.

(d) No credit shall be allowed under this section for investment in a public utility, as such term is defined in K.S.A. 66-104 and amendments thereto.

History: L. 1976, ch. 431, § 1; L. 1978, ch. 411, § 1; L. 1982, ch. 412, § 1; L. 1982, ch. 75, § 12; L. 1983, ch. 67, § 3; L. 1986, ch. 385, § 1; July 1.

Law Review and Bar Journal References:

"Survey of Kansas Law: Taxation," Sandra Craig McKenzie and Virginia Ratzlaff, 33 K.L.R. 71, 83 (1984).

79-32,154. Same; definitions. As used in this act, the following words and phrases shall have the meanings respectively ascribed to them herein: (a) "Facility" shall mean any factory, mill, plant, refinery, warehouse, feed lot, building or complex of buildings located within the state, including the land on which such facility is located and all machinery, equipment and other real and tangible personal property located at or within such facility used in connection with the operation of such facility. The word "building" shall include only structures within which individuals are customarily employed or which are customarily used to house machinery, equipment or other property.

(b) "Qualified business facility" shall mean a facility which satisfies the requirements of paragraphs (1) and (2) of this subsection.

(1) Such facility is employed by the taxpayer in the operation of a revenue producing enterprise, as defined in subsection (c). Such facility shall not be considered a qualified business facility in the hands of the taxpayer if the taxpayer's only activity with respect to such facility is to lease it to another person or persons. If the taxpayer employs only a portion of such facility in the operation of a revenue producing enterprise, and leases another portion of such facility to another person or persons or does not otherwise use such other portions in the operation of a revenue producing enterprise, the portion employed by the taxpayer in the operation of a revenue producing enterprise shall be considered a qualified business facility, if the requirements of

paragraph (2) of this subsection are satisfied.

(2) If such facility was acquired by the taxpayer from another person or persons, such facility was not employed, immediately prior to the transfer of title to such facility to the taxpayer, or to the commencement of the term of the lease of such facility to the taxpayer, by any other person or persons in the operation of a revenue producing enterprise and the taxpayer continues the operation of the same or substantially identical revenue producing enterprise, as defined in subsection (i), at such facility.

(c) "Revenue producing enterprise" shall mean: (1) The assembly, fabrication, manufacture or processing of any agricultural, mineral or manufactured product;

(2) the storage, warehousing, distribution or sale of any products of agriculture, mining or manufacturing;

(3) the feeding of livestock at a feed lot;

(4) the operation of laboratories or other facilities for scientific, agricultural, animal husbandry or industrial research, development or testing;

(5) the performance of services of any type;

(6) the administrative management of any of the foregoing activities; or

(7) any combination of any of the foregoing activities.

(d) "Qualified business facility employee" shall mean a person employed by the taxpayer in the operation of a qualified business facility during the taxable year for which the credit allowed by K.S.A. 79-32,153, and amendments thereto, is claimed. A person shall be deemed to be so engaged if such person performs duties in connection with the operation of the qualified business facility on: (1) A regular, full-time basis; (2) a part-time basis, provided such person is customarily performing such duties at least 20 hours per week throughout the taxable year; or (3) a seasonal basis, provided such person performs such duties for substantially all of the season customary for the position in which such person is employed. The number of qualified business facility employees during any taxable year shall be determined by dividing by 12 the sum of the number of qualified business facility employees on the last business day of each month of such taxable year. If the

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TESTIMONY ON H.B. 2021
HOUSE ECONOMIC DEVELOPMENT COMMITTEE
BERNIE KOCH
WICHITA AREA CHAMBER OF COMMERCE
January 25, 1989

Madam Chairperson, members of the committee, I'm Bernie Koch with the Wichita Area Chamber of Commerce. Thank you for the opportunity to testify on House Bill 2021.

We support the bill with some reservations and suggestions. As I understand its purpose, House Bill 2021 is designed to define and thus narrow the focus of businesses that can qualify for enterprise zone incentives. Our economic development people, those on the front lines trying to attract new business and industry and encourage existing companies to expand; those people firmly believe that enterprise zones are important economic development incentives. One of the first questions asked by out-of-state prospects is, "Do you have enterprise zones?"

The bill does not seem to injure that ability to attract those prospects with one possible exception. I call your attention to line 197 of the bill on page 6. One of the requirements for a Kansas basic enterprise is contained on that line: "Is or proposes to be located or principally based in Kansas;"

My concern is that an industry principally based somewhere else may wish to consider locating a major job-producing facility in Kansas, but would not qualify as a Kansas basic enterprise. For example, Kansas aggressively pursued a Toyota plant not long ago. Toyota is not principally based in Kansas and did not propose to be principally located here, yet such a facility would have provided thousands of jobs for our citizens. It would appear that this line would prevent a Toyota or other major company from receiving enterprise zone credits. I believe it needs to be either clarified or eliminated.

My other concern with the bill is that its purpose is to eliminate retail services and professional services from enterprise zone incentives. I would suggest that cities be allowed to designate a portion of their core area enterprise zones where retail and professional services would qualify for the incentives.

House Eco Devo Comm.
Attachment 5 1/25/89

With downtown properties in many cities expected to be hard-hit by reappraisal, cities can use all the help they can get to keep their core areas vital and successful. We've been fighting that battle in Wichita, as have other cities in Kansas.

Allowing enterprise zone credits for retail and professional services in downtown areas would not be a drastic policy departure for Kansas. Just last year, the legislature, by wide margins in both houses, passed two measures to help downtown development. I'm referring to the bills allowing creation of municipal improvement districts and tax increment financing.

In conclusion, the Wichita Area Chamber agrees that there's a need to narrow the focus of enterprise zones. A fast-food restaurant or a retail store in a residential area should not qualify for enterprise zone designation. However, we would like to encourage restaurants and retail establishments in our downtown, and we respectfully request your favorable consideration of that possibility.

Thank you for the opportunity to comment. I'll attempt to respond to questions.

KANSAS DEPARTMENT OF REVENUE
Office of the Secretary
Robert B. Docking State Office Building
Topeka, Kansas 66612-1588

MEMORANDUM

**TO: The Honorable Elizabeth Baker, Chairperson
House Committee on Economic Development**

**FROM: Mark A. Burghart, General Counsel
Kansas Department of Revenue**

RE: House Bill No. 2021

DATE: January 25, 1989

The Department of Revenue has no formal position on the merits of H.B. 2021 although we do have certain concerns which we would like the House Committee to be aware of as it considers the bill.

The bill amends those statutes which provide certain tax benefits to businesses locating within designated enterprise zones. Under existing law, a taxpayer may claim an income tax credit for any investment in a qualified business facility if at least two new employees are hired as a direct result of the investment. Assuming that a taxpayer qualifies for the income tax credit, it would also qualify for a sales tax exemption for all purchases associated with the qualified facility. The sales tax exemption is the most attractive tax incentive according to taxpayers. The definition of qualified business facility in K.S.A. 1988 Supp. 79-32,154 is sufficiently broad to cover most types of business operations in the state, including retail operations. In fact, I would be hardpressed to identify any business which would not qualify.

The apparent intent of H.B. 2021 is to concentrate tax benefits on those businesses with a significant export component. Although it is always desirable to target tax incentives, it is our opinion that the language of the bill, while satisfactory for defining the parameters for economic development programs, is entirely too generalized for tax credit purposes. The lack of a more precise definition of "Kansas basic enterprise" will only lead to problems of interpretation for both taxpayers and the Department.

*General Information (913) 296-3909
Office of the Secretary (913) 296-3041 • Legal Services Bureau (913) 296-2381
Audit Services Bureau (913) 296-7719 • Planning & Research Services Bureau (913) 296-3081
Administrative Services Bureau (913) 296-2331 • Personnel Services Bureau (913) 296-3077*

*House Eco Devo Comm.
Attachment 6 1/25/89*

This is particularly true when one considers that the Department is required to resolve any doubt as to the meaning of a tax credit statute in favor of imposing a tax and disallowing the credit.

The bill will make it extremely difficult for the Department to verify that a taxpayer does in fact qualify for tax benefits. For example, what standard would be employed to determine if an industry "will be" primarily engaged in producing goods for out of state sale? (lines 202-203) How would the Department document that an industry attracts buyers from out of state? (lines 205-207) What criteria would be used to determine if locally - produced goods supplant goods imported from other states? (lines 213-215) These examples illustrate the lack of any objective criteria which can be relied upon by the taxpayer and the Department to arrive at a correct determination.

The Department desires to avoid as much taxpayer irritation and litigation as is possible under the circumstances. Unless a clearer definition of "Kansas basic enterprise" is provided, we fear that there will be a great deal of litigation and the resultant taxpayer discontent.

Thank you for the opportunity to bring these concerns to your attention.

Statement of
Boeing Military Airplanes

Presented to the House Committee
on Economic Development
The Honorable Elizabeth Baker, Chairperson

Statehouse
Topeka, Kansas
January 25, 1989

BOEING

* * * * *

Madam Chairperson and Members of the Committee:

My name is Mike Germann, Public Affairs Manager for Boeing Military Airplanes. I want to thank you for the opportunity to express a concern which we have with 1989 House Bill No. 2021. Specifically, our concern relates to a phrase used in the definition of "Kansas basic enterprise."

"Kansas basic enterprise" is defined on page 6 of the bill to mean: ". . . an enterprise which: (1) Is or proposes to be located or principally based in Kansas; and . . ." This phrase obviously is intended to be limiting in nature, but we are unsure as to its precise meaning and just how limiting it is in fact.

Our concern with the phraseology can best be expressed by way of example. Boeing Military Airplanes is an operating division of The Boeing Company. Operational headquarters and major facilities of Boeing Military Airplanes are located in Kansas. Facilities also are located in other states. Is Boeing Military Airplanes "an enterprise which . . . is . . . located or principally based in Kansas[?]" Or, is Boeing Military Airplanes, an operating division of The Boeing Company, "located or principally based" in Washington State, the State of incorporation, the location of the corporate offices and the location of principal facilities of The Boeing Company?

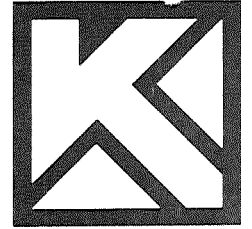
We urge you to examine this language carefully, and if possible, clarify its intent.

Thank you for allowing me to bring our concern before the Committee. Madam Chairperson, I would be pleased to try to respond to any questions which you or Members of the Committee might have.

*House Eco Devo Comm.
Attachment 7 1/25/89*

LEGISLATIVE TESTIMONY

Kansas Chamber of Commerce and Industry



500 First National Tower One Townsite Plaza Topeka, KS 66603-3460 (913) 357-6321

A consolidation of the
Kansas State Chamber
of Commerce,
Associated Industries
of Kansas,
Kansas Retail Council

HB 2021

January 25, 1989

KANSAS CHAMBER OF COMMERCE AND INDUSTRY

Testimony Before the

House Committee on Economic Development

by

Bud Grant
Vice President

Madam Chairman and members of the Committee:

My name is Bud Grant, Vice President of the Kansas Chamber of Commerce and Industry, and I appreciate the opportunity of appearing before you today in opposition to HB 2021.

The Kansas Chamber of Commerce and Industry (KCCI) is a statewide organization dedicated to the promotion of economic growth and job creation within Kansas, and to the protection and support of the private competitive enterprise system.

KCCI is comprised of more than 3,000 businesses which includes 200 local and regional chambers of commerce and trade organizations which represent over 161,000 business men and women. The organization represents both large and small employers in Kansas, with 55% of KCCI's members having less than 25 employees, and 86% having less than 100 employees. KCCI receives no government funding.

The KCCI Board of Directors establishes policies through the work of hundreds of the organization's members who make up its various committees. These policies are the guiding principles of the organization and translate into views such as those expressed here.

*House Eco Devo Comm.
Attachment 8 1/25/89*

In 1976, following two years and two interim studies of legislative debate, the legislature enacted the Job Expansion and Investment Credit Act. It was an innovative and far-reaching step for the state of Kansas and at the time put Kansas as the only state in the nation to offer such a program to encourage the development and creation of jobs. What made it unique was that it was available to all segments of the Kansas economy with virtually none excluded from its provisions except for financial institutions.

Should the legislature enact HB 2021 and should it become law, KCCI has several concerns. I would like to take the next few moments to review those with you.

First, it is obvious that there is a desire on the part of the Kansas Legislature to offer special encouragement to those types of businesses which are described within HB 2021 as a Kansas basic enterprise. However, HB 2021 offers to those businesses nothing that is not available to them today. The bill simply narrows the availability of incentives to Kansas business and does nothing in the way of offering new or innovative programs. If, in fact, it is the desire of the Kansas Legislature to offer something special to encourage Kansas basic enterprises and their development in Kansas, then I would hope that through the innovation and expertise of the universities, the Kansas Industrial Developers Association and the Kansas Legislature, such programs could be developed.

Secondly, as you review the language of HB 2021 and the changes it proposes to make to the Job Expansion and Investment Credit Act, I assume that one of the things that it's attempting to do is to eliminate retailers from the availability of the credits available under the provisions of the Act. However, let me quote to you just a couple of sentences from a recently completed study undertaken by the Institute for Public Policy and Business Research at the University of Kansas on behalf of the Overland Park Chamber of Commerce; "In most communities, retail trade subsectors are secondary indus-

tries. They support primary industries in other sectors. Apparently people come from Missouri and from beyond the community to shop. Thus some subsectors of retail trade bring new wealth to the community and are part of Johnson County's economic base."

Madam Chairman and members of the committee, retailers are undoubtedly part of the economic base, not only in Johnson County, but in every county. They are also the state's primary tax collectors. The state should encourage, not discourage, their success. This is particularly true when considering the recent Kansas Department of Commerce study of enterprise zones which documents the relatively small cost of retail participation in the program.

A third area of concern is that section of the bill that says that if at least 51 percent of the gross income of an enterprise is derived from out of state activities, it would qualify as a Kansas basic enterprise. It seems strange that at a time when all of us are encouraging Kansas businesses to buy and to sell from one another, we would at the same time be offering a program which says that if you cross the 51 percent threshold for selling out of state you are better than a business that doesn't and the state will give incentives to keep you better.

Another area of the bill which I think is open to question is that area which provides that a firm can qualify as a Kansas basic enterprise if it is a national or regional firm primarily engaged in interstate commerce. Today's world is a world which has not only a national economy, but a global economy. I challenge you to name a business which is not engaged in interstate commerce. The Kansas Department of Human Resources estimates that more than 97 percent of Kansas businesses are so engaged.

Finally, KCCI's greatest concern is the impact which the passage of HB 2021 would have on small communities all across the state of Kansas. Kansas currently has, according to the Department of Commerce, 208 enterprise zones. Because we are a state of small communities, the vast majority of those enter-

prise zones are in the small communities. While most of these communities hope, very few expect to have the opportunity to locate a manufacturing facility within their enterprise zone. Because of this, many have established their main street as their enterprise zone. This is where they have targeted their attempt to grow and to create jobs for their citizens and to encourage those citizens to stay in their home towns. It is the Job Expansion and Investment Credit Act which offers the primary incentives to those small main street businesses. Those incentives would no longer be available to business if HB 2021 would become law. Does the legislature want to slam the development door in the face of these small communities across the state?

KCCI agrees with Governor Hayden's statement which he made in his veto message last May when vetoing HB 2909, a similar piece of legislation; "creation of a stable and consistent business climate is extremely important to our business community and to Kansas' long-term economic development." We believe that economic development legislation should move our state forward... not backward.

I'd be pleased to attempt to answer any questions.

Testimony prepared for
HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT

Presented by

Louanna Honeycutt
Senior Administrative Officer
Sedgwick County

HB2021

January 25, 1989

*House Eco Devo Comm.
Attachment 9 1/25/89*

Madam Chairman and honorable committee members, I appreciate the opportunity to present testimony opposing HB2021. There are some considerations I would like you to take into account before making a decision on this piece of legislation.

I understand that enterprise zones are proliferating across the state and questions arise as to whether they are serving their intended purpose. The incentives they offer, however, make Kansas more attractive both in retaining existing business and in attracting business from outside our state. Kansas has much to offer in terms of quality of life, a skilled and educated labor force, and in lower cost of living relative to many other regions of the country.

The reality is that intense competition requires that we offer incentives to entice businesses to locate in Kansas rather than other states that are, at least on the surface, perceived to be more attractive. Sedgwick County has found enterprise zones to be effective as a means of retaining industry or to locate businesses here from outside Kansas. The incentives offered by enterprise zones are often requisite to companies contemplating a move or expansion.

It has been the policy of Sedgwick County to request enterprise zone designations for the purpose of offering attendant incentives to manufacturing industry. Obviously, however, current statutes permit any type of business which locates in a zone to take advantage of state incentives if it meets the state's economic development guidelines, and to request incentives from the County.

The Board of Sedgwick County Commissioners gives close scrutiny to businesses requesting two of the County's incentives, those of property tax abatement and Industrial Revenue Bond financing. It primarily restricts local incentives to manufacturing businesses.

Currently, Sedgwick County has 16.14 square miles designated as enterprise zones. These, of course, are strictly designations in the unincorporated areas of the County and are exclusive of the 22.5 square miles in Wichita as well as those in some of our second and third class cities.

Section 2 of HB2021, which requires annual reports, would pose a problem for Sedgwick County and other large communities. The only way to ascertain the actual number of business establishments located in our zones and the number of employees each business has created would be to individually contact all businesses in

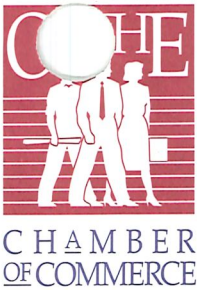
our enterprise zones. This might not be a problem for some counties, however, for Sedgwick County it would be a time-consuming undertaking, particularly at current staffing levels. Further, to do all this, compile the data, and produce a final report during the allotted time (before February 15 of each year) would be difficult if not impossible for Sedgwick County.

While we understand and agree that enterprise zones should be limited primarily to manufacturing companies, eliminating benefits for most service industries could have a detrimental effect on our overall economic development goals. The information being requested in this bill would not accomplish the objective which is to measure the impact of this incentive. The Department of Revenue, however, has at hand all the information necessary to measure the actual impact of enterprise zones. This would include the number of businesses taking advantage of the enterprise zone benefits and the number of new employees. This information can be taken directly from income tax returns.

Some service-oriented businesses provide hundreds of jobs. We must give careful consideration as to whether we want to lose such prospects to other states by making them ineligible for the incentives in enterprise zones.

True, here and there, a fast-food restaurant, convenience store, or other retail or service provider may reduce revenues. In Sedgwick County, any one of these individual businesses may not affect the local economy greatly one way or another. In less prosperous or less populous counties across the state, however, one such business may have significant impact on that area's economy.

Kansas is not in a favorable position among states competing for new businesses and industries. We simply have to provide incentives such as those available in enterprise zones. We must look at the comprehensive picture. Do we want to risk losing the jobs and eventual revenue both at the state and local levels, a large company may bring to our state, even though it may be service oriented? Ought we do this just to ensure that we extract optimal revenue from businesses that may not impact the economy greatly one way or another? In other words, do we want to throw the baby out with the bath water? Further, being mindful that downtown areas have been targeted for urban revitalization, are we prepared to deal with the detrimental impact this legislation might precipitate in these downtown revitalization efforts?



January 25, 1989

TO: HOUSE ECONOMIC DEVELOPMENT COMMITTEE
FROM: RANDY MARTIN, OLATHE AREA CHAMBER OF COMMERCE

I want to thank the committee for this opportunity to comment on HB 2021. The growth of Kansas is a concern to all of us, and the topic of enterprise zones will affect our growth, adversely or positively.

I have every intention to be brief, as there is much work to be done here and back in Olathe.

The legislation that the interim committee reviewed and that several have commented on encouraging changes in Kansas Enterprise Zone Legislation does require your analysis. I would like to encourage you to consider this analysis of enterprise zones on two levels:

First, the impact of HB 2021 must be considered from a fiducial and judicial responsibility, and I compliment the work of the various organizations and agencies that have supported this type of analysis.

The second area I hope you will analyze carefully is in the area of practical application of the legislation. In communities across the state, we have professional economic development people that are working every day in the trenches with prospects and suspects that are considering adding

growth of Kansas.

In Olathe, and in several other concerned communities represented here by KCCI and others. the changes caused by HB 2021 could slow down the growth that the entire state wants to see. I can tell you from first hand experience, Olathe is successfully creating jobs to Kansas, due in part to pro-growth environment that this legislation has helped to create.

Enterprise zone legislation as currently configured, has many strengths, for Kansas communities and while I don't intend to review all of the various benefits, there is one benefit that is not measurable in dollars and cents that we have found very beneficial. That is the atmosphere and supportiveness that we are able to express to potential job locators that are considering Kansas. In olathe, we have specific cases where companies have shown interest in and considered our community because of the atmosphere and cooperation that is reflected by a state authorized enterprise zone.

These companies may or may not ultimately use the enterprise zone benefits, and Kansas Inc. has illustrated the fact that some companies that can use the benefits do not use them, but whether they do or do not, the marketing and atmosphere benefits of opening a prospects eyes to Olathe are realized. If we begin to redefine and confine enterprise zone usage we will turn away job locators.

I have heard and read that the bill has done some things that were not intended. I would not pretend to guess the intentions of each legislator that supported the creation of the Enterprise Zones, but I do know that the goal was economic enhancement, and that is being successfully done.

It is a cliché by now, but true nonetheless, that sometimes we do more good by accident than we do on purpose, and maybe that is the case with certain elements of enterprise zone legislation. The idea that we can fine tune legislation is appropriate, and I encourage that refinement, but lets not polish too far and lose sight of the goal we wanted; Creating Jobs.

We must consider whether success for the entire State of Kansas will be accomplished by nicking away from the areas that are succeeding. We do not win by competing within the State, our competition is outside of Kansas in Austin, in Durham, in Atlanta, in Southern California. Our success will come, not in hurting each other, but in successfully competing with the external competition, and the Enterprise zone legislation as currently structured is making it possible for us to compete.

Olathe is competing, changes caused by 2120 will damage our ability in marketing and succeeding against competition.

Olathe has been to supportive of any legislation that will help Kansas communities to compete, that has been the case for a long time. Much of the legislation in recent years has helped Kansas cities to compete effectively, and whether

Olathe could benefit directly or not, much of what has been done here in these rooms has helped.

That spirit of support and cooperation is what is bringing the Kansas economy success, and HB 2021 seems illconceived and misdirected to the continuation of that success.

Where the rubber meets the road, we like the enterprise zones, and I hope you consider changes with much more care and consideration than 2021 represents. Thank you.



CHAMBER
OF COMMERCE

ENTERPRISE ZONE

Latest Board Vote: December 1988

The Olathe Area Chamber of Commerce and the community at large has successfully brought over 800 jobs to the State of Kansas utilizing the various state and local incentives now available in Kansas.

Changes in these incentive programs would seriously affect the ability of Kansas community to compete in drawing new employers to the State.

Specifically, current enterprise zone incentives have brought millions of dollars of assessed valuation and hundreds of jobs into the State of Kansas. the benefits of which will be felt by the State for decades to come.

Recognizing that not all of the enterprise zone benefits may have been intended by the legislature, they are benefits nonetheless, and the Chamber encourages their retention and use by all qualifying communities in Kansas.

**City of
Dodge City**

CITY HALL
P.O. Box 880
Dodge City, Ks. 67801-0880
Phone 316/225-1381

January 24, 1989

The Honorable Elizabeth Baker
House of Representatives
State Capitol Building
Topeka, KS 66612

RE: HB 2021

Dear Ms. Baker:

It is the understanding of the City of Dodge City that the proposed HB 2021 will reduce the types of businesses that can benefit from the incentives of being located in an Enterprise Zone. The Enterprise Zone designated in the City of Dodge City has been a great incentive for businesses to locate in Dodge City and allow our existing businesses to expand. This bill, if passed, will negatively affect Dodge City's economic growth in attracting new businesses and expanding present businesses. Dodge City, like many other communities, has made the transition from industrial to primarily service businesses. Excluding retail and offices from the Enterprise Zone will hinder the types of businesses that Dodge City has the greatest opportunity to attract.

I appreciate the opportunity to voice the needs of the Dodge City community and I ask that you take this information into consideration at the hearings to be presented regarding this bill.

Sincerely,

Dale R Northern

Dale Northern
Mayor

Mayor: Dale Northern

Commissioners: Bob Carlson, Jim Lembright, Tom Martin, Kent Smoll

*House Eco Dev Comm.
Attachment 11 1/25/89*