

Approved March 15, 1989
Date

MINUTES OF THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT

The meeting was called to order by Elizabeth Baker at
Chairperson

3:36 ~~a.m.~~/p.m. on Wednesday, March 1, 1989 in room 423-S of the Capitol.

All members were present except: Representative Foster. Excused.

Committee staff present:
Jim Wilson, Revisor
Lynne Holt, Research
Elaine Johnson, Secretary

Conferees appearing before the committee:
None

The meeting was called to order by Vice Chairman Weimer at 3:36 p.m.

Vice Chairman Weimer recognized Representative Bob Mead.

Representative Mead presented his sub-committee's report on recommendations for EDIF. (Attachment 1).

Representative Mead responded to questions from the committee.

Representative Reinhardt made a motion that the EDIF recommendations be forwarded to the Appropriations Committee. Representative Kline seconded the motion. Motion carried.

Chairman Baker opened Substitute H.B. 2021 for discussion and recognized Jim Wilson.

Mr. Wilson went over an amendment one that would amend the bill conceptually to allow a taxpayer who invests in a non-manufacturing facility in an existing enterprise zone, after the effective date of the act, who commences operations within the current 5 year period of the enterprise zone, to be able to get a credit under current law instead of the lower credit rates enacted by this act and would change line 65, page 2 of the bill to read two hundred dollars, line 70 of page 2 to read three hundred and fifty dollars and line 76, page 2 to read two hundred dollars. Mr. Wilson explained the second proposed amendment. (Attachment 2).

Representative Russell made a motion to adopt amendment two. Representative Heinemann seconded the motion. Motion carried.

Representative Aylward made a motion to adopt amendment one. Representative Chronister seconded the motion. Motion carried.

Representative Weimer made a motion to pass Substitute H.B. 2021 favorably with amendments previously adopted as Substitute H.B. 2021 and as further amended by the committee today. Representative Chronister seconded the motion. Motion carried.

Chairman Baker called for discussion of H.B. 2440.

Representative Gjerstad made a motion that H.B. 2440 be passed favorably. Representative Gregory seconded the motion.

Representative Kline made a sub-motion to amend line 23 of the bill to read "ect, except for capital improvements,". Representative Mead seconded the motion. Motion failed.

Representative Chronister made a motion that the bill be tabled. Representative Aylward seconded the motion. Motion failed.

Chairman Baker called for a return to Representative Gjerstad's motion that H.B. 2440 be passed favorably. Motion carried.

The meeting was adjourned at 5:02 p.m.

Unless specifically noted, the individual remarks recorded herein have not been transcribed verbatim. Individual remarks as reported herein have not been submitted to the individuals appearing before the committee for editing or corrections.

Elizabeth Baker
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GUEST REGISTER

HOUSE

Committee on Economic Development

<u>NAME</u>	<u>ORGANIZATION</u>	<u>ADDRESS</u>
BUS GRANT	KCCI	TOPEKA
Melanie Staras	KDOA	Topeka
RON FANROW		OLATHE, KS
Ruth Kline	AAUW	OVERLAND PARK
Louise Johnson	Guest of Phil Kline	" "
Roy Nilsen	IPPR	Lawrence
Marcene Grimes	Leadership Topeka	Topeka
Karen Hastings		Wichita
Larry Janowski	KIDA	Wichita
Chris Schuman	KDHE	Topeka
Stephanie Elliott	Dept of Revenue	Topeka
MARK BURGHART	REVENUE	"
Jan Dray	Life Skills Dept	Topeka
Lola Warren	St. Conservation Comm.	Topeka
Ann Patterson	KDOC	Topeka
Jonathan Small	Greenwood Co. Fair Assn	Topeka
Bernie Koch	Wichita Chamber	Wichita
DON GRAGG	KDOC	Topeka

Date: _____

GUEST REGISTER

HOUSE

Committee on Economic Development

NAME

ORGANIZATION

ADDRESS

Charles L. Lane

Kansas Inc.

Topeka

Kathryn Dugrove

Repr.

Hodge City

Mary Ellen Conlee

Ks. Assoc for Small Business

Wichita

J. Frost

City Topeka →

D.W. ZIMMERMAN

KDOC

TOPEKA

BOB J. MEAD
 REPRESENTATIVE, 112TH DISTRICT
 P O BOX 224
 509 HOUCK
 PAWNEE ROCK, KANSAS 67567



TOPEKA

COMMITTEE ASSIGNMENTS
 MEMBER ECONOMIC DEVELOPMENT
 LABOR AND INDUSTRY
 TRANSPORTATION

HOUSE OF
 REPRESENTATIVES
MEMORANDUM

February 28, 1989

TO: House Committee on Economic Development

FROM: Subcommittee on the Economic Development Initiatives Fund (EDIF)
 Representative Bob Mead, Subcommittee Chairman
 Representative Elizabeth Baker
 Representative Diane Gjerstad
 Representative Henry Helgerson
 Representative Phil Kline

RE: Subcommittee Recommendations

The 1988 Legislature passed H.C.R. 5033 which endorsed the recommendations of Kansas, Inc. with respect to EDIF expenditures and urged legislatures convened in ensuing years to consider carefully such recommendations. Attached to this report is a copy of that resolution in which it is stated that EDIF expenditures should not be used for salaries of permanent personnel, should not replace the State General Fund as a source of financing established economic development programs, and should be applied only to those programs and policies which clearly identify with a pillar of the economic development strategy of the state. Kansas, Inc. has defined these pillars as: (1) infrastructure; (2) entrepreneurial environment; (3) capital markets; (4) capacity; (5) technology; and (6) human capital.

It is our position that certain EDIF funding recommendations made by the Governor for FY 1990 do not accord with the intent of H.C.R. 5033. In our opinion, several projects appear to be eligible for EDIF funding but the Governor's recommendation either includes no funding for some of those projects or proposes to fund them inadequately. It is our belief that certain other projects should not be funded from the EDIF but may be funded from other sources. Our recommendations do not purport to set any priorities for EDIF expenditures, nor does the absence of a recommendation reflect an opinion as to its funding merits. Recommended funding for certain projects was simply not addressed and for other projects was acceptable to us.

Given the above qualifications, our recommendations for FY 1990 are as follows:

1. No EDIF funding is recommended for the following water-related projects: Jetmore Multipurpose Small Lake; Contamination Remediation; and Superfund Match. Our reasoning for the proposed elimination of funding is that these three projects are included in the State Water Plan and presumably would be funded from alternative sources if 1989 H.B. 2008 is enacted. This recommendation would result in savings of \$2,051,250 to the EDIF.

House Eco Devo Committee

Attachment 1 3/1/89

2. No EDIF funding is recommended for salaries for positions in the Kansas Department of Commerce, Kansas Technology Enterprise Corporation, and the Kansas Department of Wildlife and Parks. It is our understanding that the salaries proposed for EDIF funding in these agencies are not temporary and therefore should not be funded from the EDIF. This recommendation would result in savings of \$274,411 to the EDIF.
3. No EDIF funding is recommended for the Recreational Access Program and for associated operating expenses. (Salaries for the program would be eliminated in the second recommendation.) In addition, no EDIF funding is recommended for the McMasters Program. In our opinion, given limited resources, these projects should not be considered priorities for EDIF funding. These recommendations would result in savings of \$1,117,710 to the EDIF.
4. If the savings of the first three sets of recommendations are totaled, the ending balance to the EDIF would be increased by \$3,443,371. We propose to apply \$3,305,000 of that amount to enhance or initiate funding for several projects. Even with our recommendations (set forth below), the ending EDIF balance would total \$786,934, which is \$138,371 more than the Governor's recommendation.

ENHANCEMENTS: We recommend that the Small Business Development Centers receive an additional \$175,000 to bring total EDIF funding for this purpose to \$275,000, or the agency's request. We recommend an additional \$500,000 for undesignated KTEC operating expenses to approximate the funding level requested by the agency from the EDIF. We also recommend an additional \$500,000 for arts programming for the Kansas Arts Commission. The Governor's recommendation would reduce significantly from the FY 1989 level EDIF funding for this purpose. If the above enhancements are funded, the total would be \$1,175,000.

NEW PROGRAMS: We recommend \$30,000 for a resort study, requested by the Department of Wildlife and Parks but not recommended by the Governor. As this study would determine the feasibility of resort development on Department lands, action on its findings could result in increased tourism and, consequently, more state revenue. In addition, we recommend funding for the following programs for which legislation is currently pending: Trade Fair Assistance (\$100,000); Export Finance Assistance Program (\$1,000,000); and Small Business Loan Guarantee Program (\$1,000,000). It should be noted that Kansas, Inc. and Dr. Redwood also support funding for these programs. Funding for new program initiatives would total \$2,130,000.

CHAPTER 404

House Concurrent Resolution No. 5033

A CONCURRENT RESOLUTION endorsing the recommendations of Kansas, Inc. with respect to expenditures from the state economic development initiatives fund and urging Legislatures convened in sessions subsequent to the 1988 session to give careful consideration to such recommendations.

WHEREAS, The state gaming revenues fund was created in the state treasury by act of the 1986 session of the Legislature; and

WHEREAS, A statutorily prescribed percentage of the receipts to the state gaming revenues fund is to be transferred to the state economic development initiatives fund; and

WHEREAS, In the past, Kansas has lacked the resources to compete equally with other states in encouraging the birth, expansion, retention, and recruitment of industries which enhance economic development; but the state economic development initiatives fund offers a unique opportunity to materially improve the state's competitive position with respect to industrial and economic growth; and

WHEREAS, In May of 1987, the Governor requested Kansas, Inc. to recommend priorities for the use of gaming revenues for economic development initiatives; and

WHEREAS, The Governor's request was consistent with the legislative mandate to Kansas, Inc. to oversee the formulation of economic development policy and short- and long-range strategic planning for the state in order to enhance the state's economic advantage; and

WHEREAS, In compliance with its legislative mandate and in response to the Governor's request, Kansas, Inc. developed and submitted to the Legislature and the Governor recommendations to insure that gaming revenues allocated to the state economic development initiatives fund are expended for economic development investment programs; and

WHEREAS, The recommendations of Kansas, Inc. are that: (1) Expenditures from the state economic development initiatives fund should not be used for salaries of permanent personnel; (2) the state economic development initiatives fund should not replace the state general fund as a source of financing established economic development programs since the purpose of the economic development initiatives fund is to provide financing for economic development "initiatives" and to enhance economic development in the state; and (3) expenditures from the state economic development initiatives fund should be applied only to those programs and policies which clearly identify with a pillar of the economic development strategy of the state: Now, therefore,

Be it resolved by the House of Representatives of the State of Kansas, the Senate concurring therein: That the Legislature, in 1988 session convened, hereby strongly endorses the recommendations made by Kansas, Inc. with respect to expenditures from the state economic development initiatives fund and hereby urges Legislatures convened in all sessions subsequent to the 1988 session to give careful consideration to this resolution and to the recommendations of Kansas, Inc. when deliberating upon matters relating to expenditures from the state economic development initiatives fund; and

Be it further resolved: That the secretary of state is hereby directed to transmit enrolled copies of this resolution to the Speaker of the House of Representatives and the President of the Senate at the commencement of every regular session of the Legislature so long as the state economic development initiatives fund remains extant in the state treasury.

Adopted by the House April 28, 1988.

Adopted by the Senate April 29, 1988.

STATE OF KANSAS

HOUSE OF REPRESENTATIVES

MR. CHAIRMAN:

I move to amend Substitute for HOUSE BILL NO. 2021, On page 4, in line 132, by striking "satisfies"; by striking all in line 133; in line 134, by striking all before "is"; in line 144, by striking the comma; in line 145, by striking all preceding the period; by striking all in lines 146 through 153;

On page 8, by striking all in lines 287 through 293

_____ District.

*Harris Eco Dev Comm.
Attachment 2 3/1/89*