

Approved \_\_\_\_\_

Date

2-14-89

MINUTES OF THE SENATE COMMITTEE ON ECONOMIC DEVELOPMENT

The meeting was called to order by Senator Dave Kerr at \_\_\_\_\_  
Chairperson

8:00 a.m./p.m./on February 10, 1989 in room 123-S of the Capitol.

All members were present except:  
Senator Jack Steineger

Committee staff present:

Bill Edds, Revisor of Statutes' Office  
Lynne Holt, Kans LEg Research Dept  
Carol de la Torre, Secretary to the Committee

Conferees appearing before the committee:

The meeting was called to order by the Chairman Senator Dave Kerr.

The Committee considered and discussed a ballooned version (Attachment 1) of Senate Bill 21 and began making amendments to the bill. Deliberations will continue on Tuesday, February 14, 1989.

Senator Salisbury moved that line 19 be adopted; seconded by Senator Francisco. Motion carried.

Senator Feleciano moved and Senator Salisbury seconded the adoption of the suggested change in line 25 with the insertion of the words "or processed". Motion carried.

It was moved by Senator Feleciano and seconded by Senator Salisbury that the proposed changes on lines 29 and 31 be adopted. Motion carried.

It was moved by Senator Francisco and seconded by Senator Moran that the changes in lines 38, 47, 48 and 49 be accepted. Motion carried.

A conceptual motion was made by Senator Moran that no more than 30% of the total amount in the guarantee fund can be used to guarantee any given project. The effect is to delete the \$300,000 provision in line 56 and replace it with the percentage. It was moved by Senator Moran and seconded by Senator Karr that the amendment be adopted. Motion carried.

Minutes of the February 8 and 9, 1989, meetings were reviewed by the Committee. It was moved by Senator Moran and seconded by Senator Salisbury that the minutes be approved. Motion carried, minutes approved.



SENATE BILL No. 21

By Joint Committee on Economic Development

1-9

Senate Bill - New  
2-10-89  
Attachment 1

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AN ACT concerning economic development; relating to the financing of exports from Kansas; prescribing certain powers, duties and functions for the secretary of commerce;

establishing the Kansas export loan guarantee review committee; establishing the Kansas export loan guarantee fund in the state treasury.

Be it enacted by the Legislature of the State of Kansas:

Section 1. This act shall be known and may be cited as the Kansas export finance act.

Sec. 2. As used in this act:

(a) "Kansas export transaction" means a transaction for the export of products from Kansas to a destination outside the 50 states of the United States of America, ~~which are substantially manufactured within Kansas;~~

substantially manufactured within Kansas or services which result in additional employment within Kansas

(b) "preexport" means the period of time between the formation of a Kansas export transaction and the actual shipment of the products; and

or performance of the services

(c) "postexport" means the period of time between a shipment of products for a Kansas export transaction and the receipt of final payment therefor.

or performance of services

Sec. 3. (a) Subject to the provisions of appropriations acts, the secretary of commerce is hereby authorized to enter into agreements with Kansas exporters and financial institutions, and with other public or private entities including agencies of the United States government or foreign governments, to provide insurance, coinsurance and guarantees against commercial preexport and postexport credit risks for Kansas export transactions in accordance with this act.

, reinsurance

(b) The secretary of commerce shall administer the provisions of this act and may adopt rules and regulations which are deemed necessary by the secretary for such administration.

44 Sec. 4. (a) Each agreement entered into by the secretary of com-  
 45 merce to guarantee against commercial preexport and postexport  
 46 commercial credit risks for a Kansas export transaction shall be  
 47 backed by moneys credited to the Kansas export loan guarantee fund  
 48 and shall receive prior approval by the Kansas export loan guarantee  
 49 review committee. No agreement shall be executed guaranteeing any  
 50 amount for a Kansas export transaction which together with all other  
 51 such agreements in effect would guarantee an aggregate amount  
 52 exceeding 400% of the moneys in the Kansas export loan guarantee  
 53 fund on the date such agreement would otherwise become effective.  
 54 No such agreement shall provide a guarantee for more than 90% of  
 55 the loan financing of the Kansas export transaction, including the  
 56 principal and any interest thereon, or shall cover more than \$300,000  
 57 of the loan financing, including the principal and any interest  
 58 thereon, for any individual Kansas export transaction. The remaining  
 59 credit risk for any such loan financing may be covered by a financial  
 60 institution providing the loan or by other appropriate entities.

any agreement guaranteeing a Kansas export transaction in an amount exceeding \$50,000

The secretary may submit any agreement guaranteeing a Kansas export transaction in any amount not exceeding \$50,000 to such committee for approval.

COLLATERAL ISSUE

61 (b) No guarantee may be provided under this section for a period  
 62 of more than 360 days. No guarantee may be provided under this  
 63 section for a Kansas export transaction unless the loan financing  
 64 therefor is provided entirely by one or more Kansas financial insti-  
 65 tutions, except that the loan financing or any part thereof may be  
 66 provided by other financial institutions ~~if such loan financing or part~~  
 67 ~~thereof cannot be obtained from Kansas financial institutions for the~~  
 68 ~~Kansas export transaction.~~

, except that a guarantee may be renewed for an additional period of not to exceed 120 days upon approval by the secretary of commerce

upon a finding by the Kansas export loan guarantee committee that funding by one or more Kansas financial institutions cannot reasonably be obtained. Priority shall be accorded for guarantees of Kansas export transactions of companies which have not previously engaged in exporting activities or companies which intend to substantially expand exporting activities

69 (c) The secretary of commerce shall charge and collect a Kansas  
 70 export loan financing guarantee ~~fee equal to 1%~~ of the amount guar-  
 71 anteed for each guarantee provided under this section.

application fee in an amount not less than \$100 in addition to a fee in an amount equal to 1/2 of 1% per annum

72 Sec. 5. (a) There is hereby established the Kansas export loan  
 73 guarantee review committee within the department of commerce.  
 74 The committee shall consist of five members who have appropriate  
 75 experience and expertise in areas of commercial finance, including  
 76 international finance. The members of the committee shall be ap-  
 77 pointed by the governor, subject to confirmation by the senate as  
 78 provided in K.S.A. 75-4315b and amendments thereto, and shall  
 79 serve ~~at the pleasure of the governor.~~ Not more than three members  
 80 of the committee shall be of the same political party.

for a term of four years

until a successor is appointed and qualified, except that of the members first appointed to the committee, one shall be appointed for a term of one year, one shall be appointed for a term of two years, one shall be appointed for a term of three years and two shall be appointed for a term of four years

82 (b) The committee shall review all proposals for Kansas export  
83 loan financing guarantees under section 4 and shall approve those  
84 proposals that the committee deems to represent reasonable risks  
85 and to have a sufficient likelihood of repayment. The committee shall  
86 advise the secretary of commerce on matters under this act when  
87 requested by the secretary and may provide such advice when  
deemed appropriate by the committee.

88 (c) The committee shall organize annually by electing a chair-  
89 person and vice-chairperson from among its members. The com-  
90 mittee shall meet upon call of the secretary of commerce or the  
91 chairperson or upon call of any three of its members. Three members  
92 shall constitute a quorum for the transaction of business.

93 (d) Members of the Kansas export loan guarantee review com-  
94 mittee attending meetings of the committee, or attending a subcom-  
95 mittee meeting thereof authorized by the committee, shall be paid  
96 compensation, subsistence allowances, mileage and other expenses  
97 as provided in K.S.A. 75-3223 and amendments thereto.

98 Sec. 6. (a) There is hereby established the Kansas export loan  
99 guarantee fund in the state treasury. The Kansas export loan guar-  
100 antee fund shall be administered by the secretary of commerce. All  
101 moneys in the Kansas export loan guarantee fund shall be used to  
102 provide guarantees against commercial preexport and postexport  
103 credit risks in accordance with this act.

104 (b) All moneys received for Kansas export loan financing guar-  
105 antee fees under section 4 shall be remitted to the state treasurer  
106 at least monthly and deposited in the state treasury to the credit of  
107 the Kansas export loan guarantee fund.

108 (c) The pooled money investment board may invest and reinvest  
109 moneys credited to the Kansas export loan guarantee fund in obli-  
110 gations of the United States of America or obligations the principal  
111 and interest of which are guaranteed by the United States of America  
112 or ~~in interest-bearing time deposits in any commercial bank or trust~~  
113 ~~company located in Kansas, or, if the board determines that it is~~  
114 ~~impossible to deposit such moneys in such time deposits,~~ in repur-  
115 chase agreements of less than 30 days' duration with a Kansas bank  
116 or with a primary government securities dealer which reports to the  
7 market reports division of the federal reserve bank of New York for

in amounts exceeding \$50,000

interest-bearing time deposits in any commercial bank or trust company  
located in Kansas. Such deposits shall be secured as stipulated in K.S.A.  
75-4218. If the board determines that it is impossible to deposit such  
moneys in such time deposits at a rate equal to or greater than the  
average yield before taxes received on 91 day United States treasury  
bills as determined by the federal reserve banks, as fiscal agents of  
the United States, at its most recent public offering of such bills  
prior to the inception of such deposit contract, such moneys shall be  
invested in

8 direct obligations of, or obligations that are insured as to principal  
119 and interest by, the United States government or any agency thereof.  
120 All moneys received as interest earned by the investment of the  
121 moneys credited to the Kansas export loan guarantee fund shall be  
122 deposited in the state treasury and credited to the Kansas export  
123 loan guarantee fund.  
124 Sec. 7. This act shall take effect and be in force from and after  
125 its publication in the statute book.