

Approved _____

3-1-89

Date

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 23, 1989 in room 123-S of the Capitol.

All members were present except:

Senator Wint Winter
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 Senator Dave Kerr, Chairman.

The Chairman referred the Committee to a summary from Legislative Research explaining the bills to be discussed. (Attachment 1) He pointed out the deadline and status of each bill left in Committee. The Chairman focused on Senate Bill 88 and 278 which have not yet been heard in Committee.

Senator Vidricksen pointed out that the Department of Commerce is not interested in Senate Bill 164. Senator Kerr stated he would comply with Senator Vidricksen's request to keep the bill alive by sending it to an exempt committee with no specific plan on how to work it.

Senate Bill 89 will stay in the Committee and will remain in the Committee with the possibility that it will be worked next year.

Concerning Senate Bill 114, the Chairman stated he could not see why the Committee would want a separate bill in that we have a vehicle for training at community colleges in the KIT and KIR program. Senator Salisbury felt the bill was premature, but she opposed killing the bill. The Committee decision was not to work SB114, but not to kill it.

The Chairman advised that hearings on Senate Bill 278 would be scheduled for Thursday.

The Committee decided to hold on Senate Bill 88, and HB2020, which deal with the same topic. HB2020 is coming to the Committee.

Regarding Senate Bill 101, the Chairman stated that Rich Bailey, Department of Commerce, had advised that there is a request from an insurance company that wanted to invest in a seed capital company. Insurance companies can take credit against their premium tax for venture capital but not for local seed capital. Senator Kerr advised that an amendment could be run on the floor to enable insurance companies to take credit against the premium tax for investments in seed capital. Senator Salisbury felt like it was not a substantial change. The Chairman advised that he will prepare a floor amendment.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON ECONOMIC DEVELOPMENT,
room 123-S, Statehouse, at 8:00 a.m./p.m. on February 23, 1989

Senator Karr noted that the Joint Committee on Economic Development held hearings on rural development and felt it was a high priority during the interim. The Chairman agreed and felt it was one of the most frustrating parts of the whole economic development effort. Senator Karr was concerned about the gaps in service in rural areas, about venture capital and seed capital feeding on areas where the money is. Committee discussion centered on the problems with promoting economic development in rural areas.

Committee members were advised that on Wednesday Harland Priddle, Secretary of Commerce, will be asked to coordinate a presentation on Rural Economic Development.

It was moved by Senator Francisco and seconded by Senator Oleen that the minutes of the February 21, 1989, meeting be approved. Motion carried, minutes approved.

There being no further business, the meeting was adjourned.

*Sen. Co. - All 89
2-22-89
Attachment 1*

Senate Committee on
Economic Development
Bills in Committee

Brief Explanation of Bills

Status

S.B. 88 -- Small Business Enterprise Loan Guarantee Program (Senator Ehrlich)

A Small Business Loan Guarantee Fund is to be established in the state treasury, expenditures from which will be made for guarantees on loans to small businesses for working capital, business expansion or conversion, or the purchase of land, buildings, equipment, inventories, and supplies. The maximum guarantee percentage for loans is 75 percent. Loans of less than \$10,000 and loans of more than \$200,000 cannot be guaranteed under this program. The Secretary of Commerce, in cooperation with an advisory council, will oversee loan guarantees.

Has not been heard.

S.B. 89 -- Local Seed Capital Pools (Senator Ehrlich)

This bill amends K.S.A. 1988 Supp. 74-8401 to allow investments in local seed capital pools to qualify for state income tax credits if moneys are used for operating capital.

Hearing on bill on 2/9.
No action taken.

S.B. 114 -- Kansas Economic Development Incentives Act (Committee on Education)

In this bill, state grants would be provided to vocational education institutions to offset in part the expenses attributed to the operation of an economic development incentives program. This program is to be administered by the Department of Commerce.

Hearing on bill on 2/15.

S.B. 164 -- Government Activities in Competition with Private Enterprise (Senator Vidricksen)

This bill sets forth a policy that no state agency, institution, or political subdivision supported in whole or in part by state funds shall engage in any activity in competition with private enterprise. Exceptions to that policy are also addressed in the bill. The Secretary of Commerce is to make determinations as to whether a state-supported entity is in competition with private enterprise.

Hearing on bill on 2/16.

S.B. 278 -- Loans to Farmers and Small Businesses in Kansas (Committee on Agriculture)

This bill authorizes the Pooled Money Investment Board to invest up to \$50 million in certificates of deposit in Kansas financial institutions for the purpose of financing loans to eligible farmers and small businesses.

Has not been heard.