

Approved April 6 1990
Date

MINUTES OF THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT

The meeting was called to order by Elizabeth Baker at
Chairperson

3:37 ~~am~~/p.m. on Tuesday, March 27, 1990 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:

E. A. Mosher, Executive Director, League of Kansas Municipalities
R.E. "Tuck" Duncan, Attorney
John Foster, Wichita
Bud Grant, Vice President, Kansas Chamber of Commerce and Industry
Bill Martin, Kansas Industrial Developers Association
Clyde Engert, Director of Intellectual Property Program, Kansas Technology Enterprise Corporation
Duane Johnson, Kansas State Library
Clayton Williamson, President, Kansas Association of Inventors, Inc.
John Johnson, Kansas State University, Farrell Library

The meeting was called to order by Chairperson Baker at 3:37 p.m.

The minutes of the March 19, 20 and 21, 1990 meetings were approved.

Representative Baker opened the hearing on SB 440 and recognized Ernie Mosher, Executive Director of the League of Kansas Municipalities.

Mr. Mosher was the first conferee to testify in support of SB 440. Mr. Mosher stated that on behalf of the League and its member cities, he appeared in general support of SB 440. They are concerned about retaining the basic authority to grant tax exemptions for economic development purposes, and believe that the enactment of some procedural, due process requirements may be appropriate to maintain that basic power in the future. The League approves of all the changes in all sections of the bill. They did propose an amendment. This amendment was submitted to the senate committee. No action was taken on the proposed amendment, however, since it became involved in the broader issue of who must approve the issuance of industrial revenue bonds. Attachment 1.

R.E. "Tuck" Duncan, Attorney, was the next conferee. He testified in support of SB 440 and in particular the provisions of new section 5. He respectfully requests that this section be retroactive for the years since enactment of Article 11, Section 13 of the Kansas Constitution. Retroactivity was approved in HB 2519 enacting similar provisions, passed by the House and now in the Senate. Attachment 2.

John Foster, citizen from the city of Wichita asked to address this bill. He stated what he felt were the problems that existed in the City of Wichita concerning abatements. Mr. Foster did not have any written testimony and was requested by Chairperson Baker to furnish the committee with same. Mr. Foster said that he would and if written testimony is received it will be included at the time it is received.

Bud Grant, Vice President of the Kansas Chamber of Commerce and Industry was the last conferee to testify in support of SB 440. Mr. Grant stated that as passed by the Senate this bill has many improvements over current law. However, we feel the issue of tax exemptions is an issue that must be decided at the local level. There may be a dozen reasons a firm would want to move from one Kansas community to another: labor availability; utilities, market; transportation; etc. However, the availability of tax exemptions on tangible personal property as a reason in and of itself for relocating is unlikely. It does seem unfair that this bill would prohibit a Kansas firm from utilizing the incentives available to another firm moving in from out-of-state should the Kansas firm find

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT,

room 423-S, Statehouse, at 3:37 ~~xxx~~ p.m. on Tuesday, March 27, 1990.

it necessary to relocate within the state. This is not the way to encourage existing Kansas firms to expand and create jobs. While KCCI feels the good in this bill outweighs the bad, I hope the committee will delete Section 2 of this bill and report it favorably. Attachment 3.

Bill Martin of the Kansas Industrial Developers Association testified in opposition to SB 440. He stated that the bill requires a public hearing with seven day published notice. KIDA believes this unnecessarily slows the development process. Currently, in order to grant an abatement, a city must pass an ordinance which requires two readings. This insures ample opportunity for public discussion. Abatement requests generally receive a great deal of publicity and KIDA believes the public is more informed through this process than through the publication of notices. Attachment 4.

Attachment 5 is the testimony of Patricia Baker, Associate Executive Director of the Kansas Association of School Boards. Ms. Baker although scheduled to testify found out that due to a conflict she was going to be unable to do so. She requested that her testimony be given to all committee members and become a part of the record.

Representative Baker closed the hearing on SB 440.

Representative Baker opened SB 440 for discussion.

Representative Chronister made a motion to pass SB 440 favorably. Representative Aylward seconded the motion. Motion carried.

Representative Baker opened the hearing on SB 439 and recognized Clyde Engert, Director of Intellectual Property Program at the Kansas Technology Enterprise Corporation.

Mr. Engert was the first conferee to testify in support of SB 439. Mr. Engert stated that he believes a practical method of distributing patent information is as important as acquiring the patent collection. He supports the need for patent depository information in Kansas and emphasizes the need for Kansas inventors to have ready access to the information once the library has been established. He recommends that future discussions on managing the collection include an effective communication system. He will be happy to make available to the committee the results of the study that his committee is doing on reviewing how the patent information can be made available at the least cost for the most people. Attachment 6.

Duane Johnson of the Kansas State Library was the next conferee to testify support for SB 439. He said that the State Library wishes to give the strongest possible encouragement to the Legislature's action to establish and support a patent depository library in Kansas. Patent information is very important to the processes of effective product invention and product development. It was the State Library's original hope and intention to provide this service from the State Library in order to provide an effective work location for researchers and also to provide effective networking of this information to researchers in distant locations in the state. The ultimate location of the proposed library is of secondary importance if the objectives of effective public access and effective reference service and information networking from the patent collection are a commitment of the designated library. Attachment 7.

Clayton Williamson, President, Kansas Association of Inventors, Inc. was the next conferee to testify in support of SB 439. Mr. Williamson stated that the leadership of Kansas has shown great wisdom in the past few years. First through the establishment of the Kansas Technology Enterprise Corporation (KTEC), and through KTEC the Centers of Excellence. Many of our membership are now becoming aware of the assistance available to them provided through your prudent leadership. You have provided them most of the proper tools to work with, please lets not stop here, lets give the citizens of Kansas the Patent Depository Library that they so desperately need. Attachment 8.

John Johnson of the Kansas State University, Farrell Library testified in support of SB 439. He stated that more specifically, he was speaking to the benefits of locating such a depository at Kansas State University. Attachment 9.

Attachment 10 is a letter and the testimony given to the Senate Committee on Economic Development in support of SB 439 by Don Skokan, technical librarian with the Research and Development Division of Koch Industries in Wichita. Mr. Skokan was unable to attend the meeting and requested that this be distributed to the committee and become a part of the record.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT

room 423-S, Statehouse, at 3:37 ~~xxx~~/p.m. on Tuesday, March 27, 1990

Attachment 11 is a letter from John W. Walters, President, KSU Research Foundation giving his support to SB 439 and requesting that the depository be located in the Documents Unit of the Kansas State University Libraries.

Attachment 12 is a letter from Jim Ranz, Dean University Libraries at The University of Kansas expressing their support for the establishment of a Patent Depository Library and their belief that the University of Kansas is the logical choice for the library site.

Representative Baker closed the hearing on SB 439.

Representative Baker opened SB 439 for discussion.

Representative Foster, made a motion to pass SB 439 favorably. Representative Dean seconded the motion. Motion carried.

Representative Baker opened SB 644 for discussion.

Jim Wilson distributed an amendment to the bill to the committee. Attachment 13.

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

Representative Dean made a motion to pass SB 644, as amended, favorably. Representative Chronister seconded the motion. Representative Sader made a sub-motion to conceptually amend the bill deleting the funding required for annual review in the operational budget of KTEC. Representative Gjerstad seconded the motion. Motion failed. Motion to pass SB 644 favorably, as amended carried.

Representative Baker opened SB 532 for discussion.

Jim Wilson distributed amendments to the bill to the committee. Attachment 14.

Representative Gjerstad made a motion to adopt the amendments. Representative Weimer seconded the motion. Representative Kline made a sub-motion that SB 532 be recommended favorably for passage. Representative Heineman seconded the motion. Representative Gjerstad's motion to amend failed. Vote was 9 for and 10 against. Representative Chronister made a substitute motion to conceptually amend the bill by striking all reference to interstate banking from the bill and the 9% amended to 12% be left in the bill and that the bill be passed favorably, as amended. Representative Mead seconded the motion. Motion carried. Vote was 11 for and 7 against.

The meeting adjourned at 4:56 p.m.

Elizabeth Baker

date: 3/27/90

GUEST REGISTER

H O U S E

Committee on Economic Development

<u>NAME</u>	<u>ORGANIZATION</u>	<u>ADDRESS</u>
Janie Cooper	KU	Lawrence
Doug Bates	K-State	
John Johnson	K-State	Wamego
Alan Steppat	McGill & Associates	Topeka
Clyde Emzert	KTEC	Topeka
Clayton Wilkinson	KAI	Great Bend
Sandra McGill	KIBA	Topeka
Paul Lambert	KCCI	"
Mark Kallman	Atkins	
Ray Barkley	KU	Lawrence
Chuck Klein	Kansitra	Topeka
Jack Johnson	Attorney	Topeka
Chuck Jones	KBA	"
Carly Jones	KBA	"
John D. Foster	citizen	Wichita
Fuller	KBA	Topeka
Ken Bates	4th Financial Corp.	Topeka



**League
of Kansas
Municipalities**

**Municipal
Legislative
Testimony**

An Instrumentality of its Member Cities. 112 West Seventh Street, Topeka, Kansas 66603 913-354-9565 Fax 354-4186

To: House Committee on Economic Development
Re: SB 440--Economic Development Tax Exemptions
From: E.A. Mosher, Executive Director
Date: March 22, 1990

On behalf of the League and its member cities, I appear in general support of SB 440. I would confess that our support of bills like SB 440 is somewhat of a departure from our traditional home rule advocacy. However, we are concerned about retaining the basic authority to grant tax exemptions for economic development purposes, and believe that the enactment of some procedural, due process requirements may be appropriate to maintain that basic power in the future.

As to Section 1 of the bill:

- We do not object to subsection (a), requiring cities and counties to adopt official policies and procedures prior to granting an exemption, which must include a cost benefit analysis and a procedure for monitoring exemption compliance.
- We do not object to the requirement of subsection (b) that a public hearing be held on any proposed exemption, following notice, or the requirement that the city, county and unified school district be directly advised as to the proposed granting of an exemption.

We do not object to Section 2, intended to prevent the movement of machinery and equipment from one tax jurisdiction to another, for the purpose of obtaining an exemption on machinery or equipment previously taxable or exempt in another city or county.

We have no objection to Section 4 of the bill, beginning on page 3, which would specify by statute that property made exempt under the constitutional amendment shall follow the same board of tax appeals approval procedure that exists for other property. The new language in lines 37:39 on page 4 incorporates an opinion of the Attorney General, dated December 3, 1986.

Section 3 of the bill, beginning on page 2, is significantly different than the original Section 3 on that same page. This change may have resulted from one of several amendments proposed by the League and recommended by the senate committee. Frankly, we saw no real purpose to the original Section 3, requiring information to be submitted to the department of revenue, other than for informational purposes. Instead, we proposed what is now Section 3, which does two things: (1) it requires an annual exemption claim be filed as is required for some other exempt property, consistent with an opinion of the Attorney General (A.G.O. 86-168), and (2) it requires the city or county clerk to file with the annual exemption statement a certification that the property previously exempted continues to meet all the terms

President: *Irene B. French*, Mayor, Merriam * Vice President: *Frances J. Garcia*, Mayor, Hutchinson * Directors: *Ed Ellert*, Mayor, Overland Park * *Harry Felker*, Mayor, Topeka * *Greg Ferris*, Councilmember, Wichita * *Idella Frickey*, Mayor, Oberlin * *William J. Goering*, City Clerk/Administrator, McPherson * *Judith C. Hollnsworth*, Mayor, Humboldt * *Jesse Jackson*, Mayor, Chanute * *Stan Martin*, City Attorney, Abilene * *Richard U. Nienstedt*, City Manager, Concordia * *Judy M. Sargent*, City Manager, Russell * *Joseph E. Steineger*, Mayor, Kansas City * *Bonnie Talley*, Mayor, Garden City * Executive Director: *E.A. Mosher*

*House Eco. Devel. Committee
Attachment 1
3/27/90*

and conditions established as a condition of granting the original exemption. We think Section 3 now does something, while original Section 3 did nothing but provide information. If it is state policy to require the annual monitoring of exemptions, and the discontinuation of exemptions where the original conditions no longer exist, then existing Section 3 is important.

Finally, we submit a proposed amendment. This amendment was submitted to the senate committee. No action was taken on the proposed amendment, however, since it became involved in the broader issue of who must approve the issuance of industrial revenue bonds.

The amendment would provide as follows:

"No board of county commissioners of any county, pursuant to the provision of section 13 of Article 11 of the Kansas constitution, shall grant any exemption from ad valorem taxation for any property located or to be located within the corporate limits of any city without approval thereof by the governing body of such city, nor shall the governing body of any city grant an exemption for property located outside the city".

The purpose of this amendment is to clarify by statute some jurisdictional matters left vague by the constitutional amendment. The constitutional amendment provides that "the board of county commissioners of any county or the governing body of any city may" grant an exemption of property for certain economic development purposes. With a broad interpretation of this language, a county could grant an exemption within a city without the city's approval, and a city could grant an exemption outside the city, possibly even in another city. To my knowledge, we have not yet had any problem or controversy on this jurisdictional matter. However, we think the proposed amendment is advisable to clarify the rules of the game for the future.

Finally, I would note that the League has no position on new Section 5. I would observe that it deals with a different matter--it grants an exemption by act of the legislature.



Robert E. Duncan, II
Attorney at Law

803 Jayhawk Tower
700 Jackson Street
Topeka, Kansas 66603
(913) 233-2265 Fax (913) 233-5659

March 22, 1990

To: House Committee on Economic Development
From: R.E. "Tuck" Duncan, Attorney-at-Law
RE: SB 440

I appear in support of SB 440 and in particular the provisions at new section 5. For the facts as presented to the Committee I respectfully request that this section be retroactive for the years since enactment of Article 11, Section 13 of the Kansas Constitution. Retroactivity was approved in HB 2529 enacting similar provisions, passed by the House and now in the Senate.

Thank you for your attention to and consideration of this matter.

House Eco. Devo. Committee

Attachment 2

3/27/90

LEGISLATIVE TESTIMONY

Kansas Chamber of Commerce and Industry

500 Bank IV 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

SB 440

March 27, 1990

KANSAS CHAMBER OF COMMERCE AND INDUSTRY

Testimony Before the
House Committee on Economic Development

by
Bud Grant
Vice President

Madam Chairperson and members of the Committee:

My name is Bud Grant, and I am appearing on behalf of the Kansas Chamber of Commerce and Industry, and appreciate the opportunity to share comments about SB 440.

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.

With the passage of the industrial revenue bond law in Kansas in 1961, the Kansas Legislature granted authority to local communities to grant 10-year property tax

*House Eco. Devo. Committee
Attachment 3 3/27/90*

exemptions for land, facilities, and property. With few exceptions, this system worked well for Kansas and resulted in the creation of thousands of jobs.

When it became obvious in the mid-80's that the federal government was going to discontinue the federal tax exemption associated with the issuance of the bonds, the Kansas Legislature again stepped forward, recognizing the importance of the property tax exemption to job creation, and authorized a constitutional amendment which was overwhelmingly approved by Kansans in 1986.

With this brief history, we can see that the property tax exemptions now available to a restricted few classes of business, have actually been available since 1961. I am not now, nor have I ever been, aware of any problem of "pirating" of businesses from one community to another.

As passed by the Senate, SB 440 has many improvements over current law. However, we feel the issue of tax exemptions is an issue that must be decided at the local level. There may be a dozen reasons a firm would want to move from one Kansas community to another: labor availability; utilities; market; transportation; etc. However, the availability of tax exemptions on tangible personal property as a reason in and of itself for relocating is unlikely. It does seem unfair that this bill would prohibit a Kansas firm from utilizing the incentives available to another firm moving in from out-of-state should the Kansas firm find it necessary to relocate within the state. This is not the way to encourage existing Kansas firms to expand and create jobs.

While KCCI feels the good in SB 440 outweighs the bad, I hope the committee will delete Section 2 of the bill and report the bill favorably.

Remarks before the
HOUSE ECONOMIC DEVELOPMENT COMMITTEE

Regarding SB 440

March 27, 1990

by Bill Martin
Kansas Industrial Developers Association

The Kansas Industrial Developers Association (KIDA) is made up of over 100 economic development professionals serving Kansas. KIDA believes the existing property tax abatement process works well and no substantial changes are needed.

SB 440 requires a public hearing with seven day published notice. KIDA believes this unnecessarily slows the development process. Currently, in order to grant an abatement, a city must pass an ordinance which requires two readings. This insures ample opportunity for public discussion. Abatement requests generally receive a great deal of publicity and KIDA believes the public is more informed through this process than through the publication of notices.

KIDA is pleased with the provisions of SB 440 allowing not-for-profit economic development corporations and lessors and lessees with substantially the same ownership to qualify for abatements for otherwise exempt purposes. This will correct problems that have hampered community economic development efforts in Kansas.

House Eco. Devo. Committee

Attachment 4

3/27/90

KANSAS
ASSOCIATION



OF
SCHOOL
BOARDS

5401 S. W. 7th Avenue Topeka, Kansas 66606
913-273-3600

TESTIMONY ON S.B. 440
before the
HOUSE ECONOMIC DEVELOPMENT COMMITTEE

given by
PATRICIA BAKER, ASSOCIATE EXECUTIVE DIRECTOR
KANSAS ASSOCIATION OF SCHOOL BOARDS

March 22, 1990

Thank you Madam Chairman for the opportunity to appear before you in support of the portions of Senate Bill 440 relating to tax exemptions under Section 13 of Article 11 of the Kansas Constitution.

Since public school districts account for the levying and use of roughly 55% of ad valorem taxes in Kansas, decisions on reducing the tax base have a major effect on school districts.

Although we believe that local boards of education should have a greater say in property tax abatement, we appreciate the amendatory language ensuring notification of intended abatement.

Thank you for your attention.

House Eco. Devo. Committee

Attachment 5 3/27/90



KANSAS
TECHNOLOGY
ENTERPRISE
CORPORATION

TESTIMONY GIVEN TO THE HOUSE OF REPRESENTATIVES
SB No. 439

March 27, 1990

Clyde Engert, Director Intellectual Property Program
Kansas Technology Enterprise Corporation

House Eco. Dev. Committee

Attachment 6 3/27/90

Mr. Edward Kazenske, Executive Assistant to the Commissioner of the patent and trademark office in Washington D.C. has stated that the trend of declining patents issued to U.S. inventors, reversed in the late 1980's and the rate for U.S. patents has been going up faster than foreign patents for the past two years. As an example, in 1988 the U.S. patent office received 137,00 U.S. patent applications, in 1989 150,000 applications and based upon the activity to date, they anticipate receiving 162,000 U.S. applications for 1990. Mr. Kazenske further stated that 47% of all patents are foreign patents with 20% of foreign patents coming from Japan. The number of foreign patents are still increasing but not at the rate of U.S. patents.

Mr. Lewis Martin, Director, Lindy Hall Library, one of the two patent libraries in Missouri and one of the best research libraries in the nation, stated that approximately 80% of the technical information on technology is only available from patent files.

This virtual explosion of technical information provides an unprecedented advantage to those innovative individuals that can and will use the resources available at a depository library. At the same time, this expansion of technology may bury those small companies that do not or can not keep abreast with their technology.

KTEC is charged with the responsibility of fostering economic growth for the State of Kansas and we are concerned on how to get the most benefit from the least amount of money spent. It is our position that Kansas innovators need ready access to the information contained in a

patent depository library. We are also of the opinion that the problem of providing information to all people that need information will not be solved by simply locating a library at one of several entities requesting consideration. Some individuals will be helped and many more will still be inconvenienced.

From the latest data I have, (1987) Kansas issued one patent for approximately every 12,000 citizens. This compares with one patent per 5,200 citizens for Oklahoma, one per 5,149 for Colorado and one per 9,360 citizens for Missouri. I believe these figures reflect the current difficulty for Kansas innovators to have easy access to patent information. I do not believe that we will see any real change in the number of inventions per citizens of Kansas without a practical way to make the information available to large numbers of people needing the information at remote locations. Most major companies in Kansas have procedures in place to search patent files and a Kansas depository library will not materially alter their procedures. Most small businesses however do not.

There is no need to reinvent the wheel or create a new and costly network, but rather we may be able to use an existing network that will provide help and assistance at many remote locations. For example:

1. Information network of Kansas or the INK program as outlined in Senate Bill #678
2. The Kansas Technology Resource Database offering accessibility to Kansas R&D resources (KTR).

3. CASSIS C-D ROM program whereby bi-monthly updates are provided by the patent office via the depositor library to remote locations.

I have set up a technology transfer committee to review how the patent information can be made available at the least cost for the most people. Serving on this committee with me includes:

Lois Schlickau - Past chairman, State Board of Agriculture

Nelson Krueger - Director, Ks. Telecommunications Consortium

Clayton Williamson - President, Ks. Inventors Association

Leroy Lyon - Executive Director, Mid Kansas Economic Development

Jerry Stogsdill - President, Silicon Prairie Technology Association

I believe a practical method of distributing patent information is as important as acquiring the patent collection. I support the need for patent depository information in Kansas and emphasize the need for Kansas inventors to have ready access to the information once the library has been established.

Section 1 paragraph (2) of Senate Bill 439 states "establish certain understandings with the patent and trademark office of the United States Department of Commerce regarding the library's obligation concerning maintenance of the collection, public accessibility to the collection and services offered by the library which afford is effective use."

I request that this "public accessibility to the collection" include a system that will benefit all innovators in Kansas not just those that can gain physical access to the collection. Senate Bill No. 439 authorizes establishing a patent depository library which I believe should be passed. I recommend that future discussions on managing the collection

include an effective communication system. I will be most happy to make the results of our study available to this committee if requested.

a-6-5
3/27/90

March 27, 1990

Representative Elizabeth Baker, Chairperson
House Committee on Economic Development
Capitol Building
Topeka, KS 66612

About: **Senate Bill 439**, authorizing a patent depository library.

Dear Representative Baker and members of the committee:

The State Library wishes to give the strongest possible encouragement to the Legislature's action to establish and support a patent depository library in Kansas.

Patent information is very important to the processes of effective product invention and product development. A patent library must be established and supported by state government or a major library, because the maintenance of this kind of collection is beyond the capability of an individual or an individual business. The U. S. Patent and Trademark Office must ultimately designate a Kansas library and will evaluate any proposed location for effective public access and for the viability of ongoing state or local support of the library.

The state's support of a patent depository library is justified because this information resource provides an invaluable support to invention, product development and manufacturing. This kind of library is a strong and specific support for economic development.

Kansas has an active and creative group of inventors located throughout the state. We have established manufacturers and the strong potential for the expansion of manufacturing if appropriate product development is encouraged. We have access to national and international markets and the full capability for product marketing and distribution. What Kansas has critical need for is the effective supports from information services which encourage innovation, invention, research and development. A patent depository library is a very important component of this kind of information service.

The State Library has worked for several years to raise the awareness of the value of a patent depository library. It was our original hope and intention to provide this service from the State Library in order to provide an effective work location for researchers and also to provide effective networking of this

House Economic Development Committee, 3/27/90, page 2

information to researchers in distant locations in the state. However, the ultimate location of the proposed library is of secondary importance if the objectives of effective public access and effective reference service and information networking from the patent collection are a commitment of the designated library location.

The primary objective should be to give economic development in Kansas the important support of an effectively administered patent depository library. The library should be at the most accessible location which meets the criteria for designation by the U. S. Patent and Trademark Office.

Thank you for the opportunity to provide this information.

Duane Johnson
State Librarian

a-7-2
3/27/90



Kansas Association of Inventors
2015 Lakin • Great Bend, KS 67530 • (316) 792-1375

TESTIMONY

TO: Members of the House Committee on Economic Development

FROM: Clayton Williamson, President, Kansas Association of Inventors, Inc.

DATE: March 27, 1990

Honorable Chairperson Baker, Members of Committee and Staff.

Good Afternoon, I'm Clayton Williamson, President of the Kansas Association of Inventors (KAI). First let me express my thanks to you for allowing me to appear before you in behalf of our members and the citizens of Kansas. KAI is a Statewide Not-for-Profit inventor assistance organization with membership throughout the United States and Canada. Members consist of Manufacturers, Inventors, Innovative persons, Attorneys, Manufacturer Sales Representatives, Business people, and government and civil service people. KAI has grown from 167 members to over 600 in the past 15 months, the majority of those living in Kansas with about 15 percent living in other states and 3 in Canada. ~~I have included a history of KAI in my testimony.~~

I have often referred to the Kansas inventor as a cabinet maker without a saw. Just as a cabinet maker cannot make cabinets without cutting wood, a mechanic cannot repair without tools, the inventor cannot invent without technology. Kansas has only 19 registered patent attorneys or agents with 13 of those being corporate attorneys, thus unavailable to the general public. Kansas has no Patent Depository Library where an inventor can go and research technology in his/her fields. In fact prior to KAI being formed, the inventor had no place to turn to find guidance with the proper steps to take to protect and or research their idea. Many of these persons have turned to out of state, fly by night Invention Marketing Companies. I'll not go into detail about these companies, you have heard testimony on that matter in the past.

I can assure you, there are many innovative persons living in Kansas. Jack St. Clair Kilby, the inventor of the silicon chip, an invention that has altered the course of history, graduated from high school in Great Bend in 1941. Don Williams of Garden City will be honored this April at the dedication of the new Inventors Hall of Fame in Akron, Ohio. In my capacity as president of KAI, I see many inventions that with the proper guidance and promotion could improve the quality of life not only in Kansas but worldwide.

*House Eco. Devo. Committee
Attachment 8 3/27/90*

In an article "The Driving Force" published in the February 1990 issue of Entrepreneur Magazine, written by U.S. Representative John J. LaFalce (D-NY), Chairman of the House Committee on Small Business, in which he states: "On the average, small firms introduced more than twice as many innovations per employee as did large firms". ~~(This ties in directly with the 1975 manufacturer locations mentioned in one above).~~ Also, the introduction of a new innovation reaps some benefits in the form of higher profits, much of the benefits rebound to others - to consumers in the form of lower prices or a new product; to other producers, who imitate the innovation and reap profits; and to firms that use the innovation to produce their goods more cheaply. These are often referred to as "spillover benefits." One study found that the benefits to users from a sample of product innovations was about eight times as great as the gross profit to the manufacturers of these new products.

In Representative LaFalce's closing remarks he states that: "Clearly it is time for government and industry to forge new policies designed to promote innovation. If we invest in innovation wisely, and can generate the 30 percent rate of return that the evidence indicates is possible, the result could be a small but noticeable improvement in our annual rate of economic growth. Compounded over time that would make a major difference in the quality of our children's and grandchildren's lives - and could make possible another century of progress".

The leadership of Kansas has shown great wisdom in the past few years. First through the establishment of the Kansas Technology Enterprise Corporation (KTEC), and through KTEC the Centers of Excellence. Many of our membership are now becoming aware of the assistance available to them provided through your prudent leadership. You have provided them most of the proper tools to work with, please lets not stop here, lets give the citizens of Kansas the Patent Depository Library that they so desperately need. The past is very small, the future is limitless.

This concludes my testimony, I will gladly answer any questions either now or after the last testimony.

March 27, 1990

House Committee on Economic Development

Senate Bill no. 439 Patent Depository Library

Good Afternoon, my name is John Johnson, I am the Chair of Reference and Information Services, Farrell Library, Kansas State University. I am here to voice the support of KSU for Senate Bill 439, an act authorizing the establishment of a patent depository library, but more specifically, to speak to the benefits of locating such a depository at KSU.

In looking at reasons for the establishment of a Patent Depository Library in Kansas, a legislator need look no further than the nearest library. Libraries, public, corporate or university research libraries exists solely to fill a service need in the information exchange process. With the State Library only one floor away, it should be obvious to each of you the service need that a library fulfills. Never has the need been greater than it is today in what many are calling the beginning of the information age. A time when access to information is paramount to successful research and economic development.

For those individuals, companies, and researchers who contribute so uniquely to the state's future development, the pace and impact of technology make the need for a Patent Depository Library even greater. "The Role of Information in the Economy of the West," a conference held last December at Keystone Resort, raised two issues which clearly stood out to this participant. First, the importance of developing, retaining, and expanding small businesses, and secondly, the need to identify and develop critical information databases. In other words, what information is most crucial to developing, maintaining, and enhancing economic development in this state. With Senate Bill 439, the Legislature has the opportunity to play an important role in the addition of one of these essential databases. However, for such a depository to reach its full potential, it must be developed where it can readily support programs capable of generating and enhancing economic development **throughout** the state.

I believe K-State's mission has been, is, and will continue to emphasize the applied aspects of research for the benefit of the entire state. The network of programs developed at K-State, more than any other regents school, are geared to supporting economic development throughout the entire state. The KSU Research Foundation, the Center for Excellence for Computer Controlled Automation, the Kansas Entrepreneurial Center, the Kansas Center for Rural Initiatives, the Kansas Rural Enterprise Center, and the Small Business Development Center, form the backbone of a service network that reaches every county in the state. Locating the Patent Depository Library at Kansas State University would place this special resource, including professional expertise, at the disposal of these programs. Further, through the Engineering and Agricultural Extension services, a mechanism exists to provide the Depository staff the opportunity to develop the close working relations which are essential to such a specialized service.

House Eco. Devo. Committee
Attachment 9 3/27/90

5825 Memphis
Wichita, KS 67220

March 16, 1990

Honorable Representative E. Baker
Committee on Economic Development
Kansas House
State Capitol
Topeka, KS 66612

Dear Representative Baker:

In February, I gave testimony to the Senate Committee on Economic Development regarding Senate Bill 439, Establishment of a Patent Depository Library in the State of Kansas. In the event that I am unable to attend your committee's public hearing on this bill, I am enclosing a copy of that testimony.

Senate Bill 439 is an extremely important bill for the State of Kansas and I hope you and the members of your committee will give it your serious consideration. Please do not hesitate to contact me if I can provide any additional information.

Sincerely,



Don Skokan
(316) 744-0033 - home
(316) 832-5091 - work

attachment

cc: Members of the House Committee on Economic Development

House Eco. Dev. Committee
Attachment 10 3/27/90

FEBRUARY 21, 1990

HONORABLE SENATORS
COMMITTEE ON ECONOMIC DEVELOPMENT
KANSAS SENATE
STATE CAPITOL
TOPEKA, KS 66612

SENATE BILL 439

My name is Don Skokan and I am a technical librarian with the Research & Development Division of Koch Industries in Wichita, Kansas. I am not here today representing Koch Industries but, rather, because I am constantly searching the patent literature and ordering patents, I have been made aware of the importance of this unique body of literature.

Much has been said about the advantages a patent depository represents for individual inventors and small and medium-sized manufacturers, and this is entirely true, but I would also like to point out its importance to large industry. While we are always looking at the general literature for journal articles, conference proceedings, and technical reports, the patent literature is the source of first disclosure. As frequently mentioned, studies show that about 80% of the information contained in patents is not found elsewhere (i.e., in the non-patent literature).

Research & development departments of large industries are interested in both the new and old technologies. Whether one is looking at the new technology to develop new products or processes, or looking at the old art to improve an existing product or process, or viceversa, one needs to look at lots of patents.

Currently, we are getting our U.S. patents from the patent depository at Oklahoma State University in Stillwater. We request and receive several hundred each year, and I suspect this number would easily double if we had ready access to a local patent depository in Wichita. Access is an important consideration for chemists, scientists, and other inventors and, frequently, access means today - or tomorrow at the very latest. We are currently paying \$5 for each patent we receive through the U.S. mail, and we pay \$1 per page for faxed patents, plus the \$5 charge, or approximately \$10 per patent. Often these faxed patents are difficult to read due to a combination of circumstances.

9-10-2
3/27/90

If a patent depository were established at Wichita State University, given the large industrial base that presently surrounds the school, I should imagine that we would see heavy use from Kansas inventors, small and medium-sized manufactures from the area, and local industry. A patent depository in Wichita, or elsewhere, would, by its nature, serve a diverse range of cliental.

While larger companies already have limited computer access to the patent backfile (generally from 1950 forward with the commercial vendors), the computer access available at the patent depository reaches back to 1790 with searching by patent and classification numbers. Such access could be important to a large corporation, as well as the smaller organization or individual, when asesing novelty and patentability with a view to applying for a U.S.patent.

Generally speaking, smaller organizations and individuals cannot afford the expense of searching the online commercial databases. A patent depository, with its trained staff and reference tools, would put the world of patent literature within the reach of everyone. Each depository would be able to provide unlimited access to the complete file through the use of the newly developed CASSIS/CD-ROM.

In closing, I would only say that the establishment of a patent depository at WSU, with its attendant seminars, workshops, reference manuals, computer access, and trained staff would create an additional center of excellence in Wichita that would directly support economic development in the area and throughout the state.

February 21, 1990
Joint Committee on Economic Development
Senate Bill No. 439 Patent Library Depository

My name is John W. Walters. I am the President of the Kansas State University Research Foundation, located in Manhattan Kansas with offices at 146 Durland Hall. I am also the President of the Kansas Entrepreneurial Center, a small business incubator with facilities at 1640 Fairchild in Manhattan, Kansas.

I would like to speak on behalf of Senate Bill 439, to establish a patent depository in Kansas. Specifically, I would like to recommend that the depository be located in the Documents Unit of the Kansas State University Libraries.

The benefit to having a depository in Manhattan are several. For inventors in the state, it would mean being able to connect with an already existing service network represented by the Center of Excellence for Research in Computer Controlled Automation and the Engineering Extension Service. For the University, it would greatly enhance our researcher's ability to acquire timely and important information in their special fields of study. For the KSU Research Foundation, it would reduce our dependence on outside patent firms for patent searches and prior analysis of inventions submitted by KSU faculty and staff.

The KSU Research Foundation has 45 active patents in our portfolio, 9 disclosures that are in the process of being patented, and 17 disclosures that we are currently evaluating. We received 20 disclosures in this fiscal year that will end on February 28, 1990. The Research Foundation is self sustaining and will generate over \$300,000 in total income this year from a dozen licensees. We will provide over \$68,000 in income to inventors and over \$42,000 in R&D to the various departments at KSU during this year. We have made some progress and we hope to significantly increase the amount of R&D that we can reinvest in the University.

In summary, I feel that having a Patent Depository Library in Kansas is an important step forward in helping the research and innovative endeavors in the state. Kansas State University is the leading applied research institution in the state. We are already connected to an existing network of service through the extension and experiment station services. We feel we are mandated to serve not only the faculty and staff of the university but also the many small manufactures in the state. The KSU Research Foundation was established to handle the intellectual properties of the University. The Library at KSU has existing expertise in patent searching techniques, has an excellent track record of statewide service, and has the facilities within its documents unit to accommodate this depository. Therefore, Kansas State University is the logical choice for the location of the Patent Depository Library in Kansas.

Respectfully submitted,

John W. Walters

John W. Walters
President KSU Research Foundation

House Eco. Devo. Committee

Attachment 11

3/27/90

The University of Kansas

University Libraries

March 19, 1990

Representative Elizabeth Baker
House Committee on
Economic Development
Capitol Building, Room 175-W
Topeka, KS 66612

Dear Representative Baker:

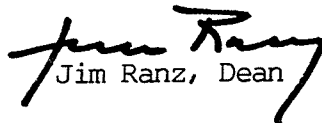
The University of Kansas Library wishes to express its support for the establishment of a Patent Depository Library in the state of Kansas. We also urge that the University of Kansas, as the U.S. Government Documents Regional Depository for the state of Kansas, receive serious consideration as the site for the Patent Depository Library. As the Regional Depository we currently have many contacts with federal agencies in Washington, D.C., including the Patent and Trademark Office. Through attendance at various continuing education activities, the staff is well versed to handle the complex questions that arise in a patent search. Our holdings currently include a complete collection of the Patent Gazette from 1790, the only such collection in the State.

As the leading research university in the state, a variety of research is conducted at the University which leads to new patent awards. During the 1989 fiscal year, 506 awards for a total of \$30.6 million were awarded to researchers at the University from Federal, State and private sources. It is our belief that a Patent Depository Library would not only aid research in progress but also act as an inducement for other researchers to join the University ranks.

Beyond the immediate University research community, the University of Kansas is well situated to serve the concentration of population in northeastern Kansas. As a Regional Depository we currently serve the entire state with government information. Providing Patent information to the State as a Patent Depository Library would be a natural extension of an already well established network.

It is our belief that the University of Kansas is the logical choice for a Patent Depository Library site. The central location to a large population, the leading research university in the state, and the expertise to disseminate patent information all lead to this conclusion.

Respectfully,


Jim Ranz, Dean

JR:rm

*House Eco. Dev. Committee
Attachment 13 3/27/90*

1 (1) The proposed center of excellence has the potential to stim-
2 ulate economic growth by bringing together educational institutions
3 and businesses in partnerships to focus on basic research, applied
4 research and development, and technology transfer;

5 (2) the center has the long-run potential for benefit to existing
6 and new businesses through innovation and development of new
7 technology; and

8 (3) approval of the proposal will not create or foster unnecessary
9 duplication of programs, particularly at the graduate level of
10 instruction.

11 (i) ~~The existing Kansas centers of excellence are~~ eligible for *an-*
12 *nu*al support from the corporation according to the same terms and
13 conditions as provided in this act for new centers ~~following~~ *except*
14 *that* an external peer review to determine under what provision of
15 this statute and by what terms ~~continuing funding is appropriate~~
16 ~~should be conducted biennially.~~ *In the years between external peer*
17 *reviews the corporation shall conduct internal reviews to determine*
18 *under what provision of this statute and under what terms continuing*
19 *funding is appropriate.*

20 (j) Any commercialized research that results from the funding of
21 a center of excellence shall be subject to negotiations under pro-
22 visions of (21) and (22) of subsection (a) of K.S.A. ~~1986~~ 1989 Supp.
23 74-8104 and amendments thereto.

24 Sec. 2. K.S.A. 1989 Supp. 74-8106 is hereby repealed.

25 Sec. 3. This act shall take effect and be in force from and after
26 its publication in the statute book.

Each existing Kansas center of excellence
is

shall be conducted annually during the first
three years after the center of excellence
is established and shall be conducted
biennially thereafter

conducted on a biennial basis

SENATE BILL No. 532

By Committee on Financial Institutions and Insurance

1-22

10 AN ACT relating to banks and banking; concerning acquisitions by
11 bank holding companies; *providing for powers and duties of the*
12 *bank commissioner and state banking board; authorizing penalties*
13 *for certain violations*; amending K.S.A. 1989 Supp. 9-519, 9-520,
14 9-521, 9-523 and 9-524 and 9-1701 and repealing the existing
15 sections.

and section 6 of this act

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

18 Section 1. K.S.A. 1989 Supp. 9-519 is hereby amended to read
19 as follows: 9-519. For the purposes of K.S.A. 1985 1989 Supp. 9-
20 520 through 9-524 and sections 5 and 6, and amendments thereto,
21 unless otherwise required by the context:

22 (a) (1) "Bank holding company" means any company:

23 (A) Which directly or indirectly owns, controls, or has power to
24 vote 25% or more of any class of the voting shares of a bank and
25 more than 5% of any class of the voting shares of one or more
26 additional banks, or 25% or more of any class of the voting shares
27 of a company which is or becomes a bank holding company by virtue
28 of this act;

29 (B) which controls in any manner the election of a majority of
30 the directors of each of two or more banks a bank or of a company
31 which is or becomes a bank holding company by virtue of this act;

32 (C) for the benefit of whose shareholders or members 25% or
33 more of any class of the voting shares of a bank and more than
34 5% of any class of the voting shares of one or more additional
35 banks, or 25% or more of any class of the voting shares of a company
36 which is or becomes a bank holding company by virtue of this act,
37 is held by trustees; or

38 (D) which, by virtue of acquisition of ownership or control of,
39 or the power to vote the voting shares of, a bank or another company,
40 becomes a bank holding company under this act.

41 (2) Notwithstanding paragraph (1), no company:

(A) Shall be deemed to be a bank holding company by virtue of
its ownership or control of shares acquired by it in connection with

House Eco. Dev. Committee
Attachment 14 3/27/90

a-14-2
3/27/90

1 currency, in the case of a national banking association, determines
2 that an emergency exists and that the acquisition is appropriate in
3 order to protect the public interest against the failure or probable
4 failure of the bank.

5 Sec. 4. K.S.A. 1989 Supp. 9-523 is hereby amended to read as
6 follows: 9-523. Except for banks whose voting shares are acquired
7 by a bank holding company pursuant to subsection (b) of K.S.A.
8 1985 1989 Supp. 9-520, and amendments thereto, or subsection (c)
9 of K.S.A. 1985 1989 Supp. 9-521, and amendments thereto, a ma-
10 jority of the board of directors of each bank domiciled in this state
11 which is a subsidiary of a bank holding company shall be residents
12 of the local community of the bank as specified in its community
13 reinvestment act statement required under the federal community
14 reinvestment act of 1977, 12 U.S.C. 2901, et seq.

15 Sec. 5. On and after July 1, 1992, K.S.A. 1989 Supp. 9-524 is
16 hereby amended to read as follows: 9-524. (a) Nothing in this act
17 shall be interpreted as authorizing the acquisition of the shares
18 or assets of a bank domiciled in this state by an out-of-state
19 bank holding company within the meaning of the federal bank
20 holding company act, as amended, 12 U.S.C. 1842(d).

21 (b) No bank which is a subsidiary of a bank holding company
22 and which is domiciled in another state shall be relocated from such
23 other state into this state.

24 New Sec. 6. (a) On and after July 1, 1992, a bank holding com-
25 pany located in a state contiguous to this state or in the state of
26 Arkansas or Iowa, with approval of the state banking board, may
27 acquire, directly or indirectly, ownership or control of, or power to
28 vote, any of the voting shares of, an interest in, or all or substantially
29 all of the assets of a bank organized under the laws of this state or
30 a national banking association having its principal place of business
31 located in this state.

32 (b) For purposes of K.S.A. 9-519 through 9-524 and ~~sections 5~~
33 ~~and 6~~, and amendments thereto, a bank holding company is located
34 in that state or jurisdiction in which the total deposits of its banking
35 subsidiaries are largest as of the time the application referred to in
36 subsection (c) is filed with the state banking board.

section

37 (c) A bank holding company located in a state or jurisdiction
38 other than this state proposing to acquire, directly or indirectly,
39 ownership or control of, or power to vote, the voting shares of a
40 bank organized under the laws of this state or of a national banking
41 association having its principal place of business located in this state
42 shall file an application with the state banking board in a form and
43 containing the information prescribed by rule and regulation of the

a-1473
3/27/90

1 state bank commissioner, approved by the state banking board and
 2 filed as provided by article 4 of chapter 77 of the Kansas Statutes
 3 Annotated. The state banking board shall approve the application if
 4 it determines that (1) the acquisition is authorized by this act; (2)
 5 *such bank holding company has complied with the requirements of*
 6 *section ~~6~~ and ~~2~~ (3) the laws of such other state or jurisdiction in*
 7 *effect as of the time the application is filed permit a bank holding*
 8 *company located in this state to acquire, directly or indirectly, the*
 9 *voting shares of, an interest in, or all or substantially all of the assets*
 10 *of a bank organized under the laws of such other state or jurisdiction*
 11 *or a national banking association having its principal place of business*
 12 *located in such other state or other jurisdiction, on terms that are*
 13 *substantially no more restrictive than those established under this*
 14 *act.*

9

15 *Sec. ~~5~~ K.S.A. 1989 Supp. 9-1701 is hereby amended to read as*
 16 *follows: 9-1701. The commissioner or the commissioner's assistant or*
 17 *examiners shall visit each bank and trust company at least once*
 18 *every 18 months, and may visit any bank or trust company if the*
 19 *commissioner deems it necessary, for the purpose of making a full*
 20 *and careful examination and inquiry into the condition of the affairs*
 21 *of such bank or trust company. For such purpose the commissioner,*
 22 *the commissioner's assistant and examiners are authorized to ad-*
 23 *minister oaths and to examine under oath the directors, officers,*
 24 *employees and agents of any bank or trust company. Such exami-*
 25 *nation shall be reduced to writing by the person making it and such*
 26 *person's reports shall contain a full, true and careful statement of*
 27 *the condition of such bank or trust company. The commissioner in*
 28 *lieu of making a direct examination and inquiry may accept the*
 29 *examination and report of an authorized federal agency. Neither the*
 30 *commissioner, the commissioner's assistant nor any examiner shall*
 31 *examine any bank or trust company in which the person making*
 32 *such examination is a stockholder or is otherwise financially inter-*
 33 *ested or to which bank or trust company or any officer thereof the*
 34 *person making the examination is indebted.*

Insert A

8

35 *The commissioner may enter into cooperative and reciprocal agree-*
 36 *ments with bank regulatory authorities of other states for the ex-*
 37 *amination of bank holding companies and banks controlled thereby*
 38 *doing business in this state and may accept reports of examination*
 39 *and other records from such authorities in lieu of conducting the*
 40 *commissioner's own examinations. The commissioner may take joint*
 41 *action with other regulatory bodies having concurrent jurisdiction*
 42 *over bank holding companies and banks controlled thereby doing*
 43 *business in this state or may take such action independently in order*

A-14-4
3/27/90

1 the Kansas administrative procedure act on the issue of whether the
 2 bank holding company has met such commitments and obligations.
 3 If after the public hearing a determination is made that such com-
 4 mitments and obligations are not being met, the commissioner may
 5 assess civil penalties against or require divestiture by the bank hold-
 6 ing company. The civil penalties shall be assessed through a cease
 7 and desist order issued according to the commissioner's authority,
 8 and may be assessed at a rate of up to \$10,000 per day of violation.
 9 The order of divestiture shall be entered by the commissioner only
 10 after a finding of flagrant and continued failure by an entity to
 11 fulfill commitments or obligations and shall require such divestiture
 12 in not less than two years. The commissioner shall have the right
 13 to waive or suspend such assessment or order of divestiture after
 14 issuance on terms that are based upon corrective action by the entity
 15 penalized.

16 (4) The commissioner may, from time to time issue such rules
 17 and regulations as are reasonable and necessary to define the con-
 18 tinuing obligation of bank holding companies to meet their obligations
 19 to the public to provide financial services on a competitive basis to
 20 meet the convenience and needs of the communities served by them,
 21 and may enforce such rules and regulations by the use of cease and
 22 desist orders assessing fines and requiring divestiture on the same
 23 terms as set out in subparagraph (c)(3) above.

24 Sec. 7~~(9)~~ On and after July 1, 1992, K.S.A. 1989 Supp. 9-524
 25 is hereby repealed.

10

26 Sec. 8~~(14)~~ K.S.A. 1989 Supp. 9-519, 9-520, 9-521 and, 9-523
 27 and 9-1701 are hereby repealed.

Sec.11. On and after July 1, 1994, section 6 of this act is hereby repealed.

12

28 Sec. 9~~(17)~~ This act shall take effect and be in force from and
 29 after its publication in the statute book.

13

Sec. 7. On and after July 1, 1994, section 6 of this act is hereby amended to read as follows: Sec. 6. (a) ~~On and after July 17, 1992, A bank holding company located in a state contiguous to this state or in the state of Arkansas or Iowa,~~ another state meeting the requirements of this act and with the approval of the state banking board, may acquire, directly or indirectly, ownership or control of, or power to vote, any of the voting shares of, an interest in, or all or substantially all of the assets of a bank organized under the laws of this state or a national banking association having its principal place of business located in this state.

(b) For purposes of K.S.A. 9-519 through 9-524 and section 6, and amendments thereto, a bank holding company is located in that state or jurisdiction in which the total deposits of its banking subsidiaries are largest as of the time the application referred to in subsection (c) is filed with the state banking board.

(c) A bank holding company located in a state or jurisdiction other than this state proposing to acquire, directly or indirectly, ownership or control of, or power to vote, the voting shares of a bank organized under the laws of this state or of a national banking association having its principal place of business located in this state shall file an application with the state banking board in a form and containing the information prescribed by rule and regulation of the state bank commissioner, approved by the state banking board and filed as provided by article 4 of chapter 77 of the Kansas Statutes Annotated. The state banking board shall approve the application if it determines that (1) the acquisition is authorized by this act; (2) such bank holding company has complied with the requirements of section 9; and (3) the laws of such other state or jurisdiction in effect as of the time the application is filed permit a bank holding company located in this state to acquire, directly or indirectly, the voting shares of, an interest in, or all or substantially all of the assets of a bank organized under the laws of such other state or jurisdiction or a national banking association having its principal place of business located in such other state or other jurisdiction, on terms that are substantially no more restrictive than those established under this act.