

Approved \_\_\_\_\_

4-6-90

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./~~pm~~ on March 28, 1990 in room 123-S of the Capitol.

All members were present except:  
Senator Salisbury

Committee staff present:

Bill Edds, Revisor of Statutes' Office  
Lynne Holt, Kansas Legislative Research Dept.  
Sue Pettet, Secretary to the Committee

Conferees appearing before the committee:

Ernie Mosher, Ks. League of Municipalities  
Charles Warren, Pres. of Ks. Inc.

Chairman Kerr called the meeting to order and said the agenda was to continue discussion from the previous day on Senate Bill 733. The Chairman explained that at the previous meeting, balloon amendments had been passed on S.B. 733, (Att. 1) but additional amendments were requested.

Attachment 2 is the additional amendment requested. Senator Francisco moved to adopt amendment. Senator Karr seconded.

Motion carried.

Ernie Mosher, Ks. League of municipalities requested that amendment be included 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." (Att. 3)

Senator Winter made a motion to adopt amendment. Senator Moran seconded. Motion carried.

Senator Winter made a motion to favorably pass S.B. 733 as amended. Senator Moran seconded. Motion carried.

HOUSE BILL 2603

Chairman Kerr explained that the summer interim committee had reached the conclusion that economic development had not greatly benefited rural communities, but had been much more targeted to urban areas. There is concern regarding deterioration of the rural communities.

The joint committee endorsed the idea of strategic planning by local counties thinking that it would help develop local leadership.

Charles Warren, Pres. of Ks., Inc. explained requested amendment changes. (Att. 4) He stated that the

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.

CONTINUATION SHEET

MINUTES OF THE Senate COMMITTEE ON Economic Development,

room 123-S, Statehouse, at 8:00 a.m./p.m. on March 28, 1990.

fiscal note was twenty planning grants per year for three years equaling \$20,000 each. Total amount would be \$400,000 plus undetermined amount of administrative costs for the Dept. of Commerce.

Senator Vidricksen made a motion to amend by striking the word "shall", and inserting the word "may" on page two, line 19 of the bill. Senator Winter seconded. Motion carried.

Senator Vidricksen made a motion to favorably pass the bill as amended. Senator Karr seconded. Motion carried.

Sen. Vidricksen made a motion to accept the minutes of the March 27th meeting. Sen. Moran seconded. Motion carried.

Meeting adjourned.





SENATE BILL No. 733

By Committee on Economic Development

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AN ACT concerning the issuance of revenue bonds for economic development purposes; amending K.S.A. 12-1741a and repealing the existing section.

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

Section 1. K.S.A. 12-1741a is hereby amended to read as follows: 12-1741a. (a) No city shall issue revenue bonds authorized herein to finance facilities located in unincorporated territory situated more than three miles beyond the nearest point of outside the issuing city's limits without such city having first received approval of the board of county commissioners of the county in which such facility is to be located. No city shall issue revenue bonds authorized herein to finance facilities located in unincorporated territory lying within three miles of its corporate limits but within the county or counties in which any portion of such city is located, without such city having first notified the board of county commissioners of the county or counties of the proposed issuance. No city shall issue revenue bonds authorized herein to finance facilities located within the corporate limits of another city without the issuing city first having received approval of the governing body of the city in which the facility is to be located.

(b) No city shall issue revenue bonds authorized herein to finance a facility located outside the county or counties in which any portion of such city is located without such city having first received approval for the issuance of such bonds from the board of county commissioners of the county in which the facility is to be located.

(c) No city or county shall issue revenue bonds for facilities to be located on property which is owned by another city or county, without the issuing city or county first having received approval of the governing body of the city or county which owns the property.

Sec. 2 K.S.A. 12-1741a is hereby repealed.

Sec. 3 This act shall take effect and be in force from and after its publication in the Kansas register.

and K.S.A. 1989 Supp. 12-1741b

sections

the issuance of a letter of intent to issue such bonds from

the issuance of a letter of intent to issue such bonds from

a letter of intent to issue such bonds

a letter of intent to issue such bonds from

(d) The issuance of a letter of intent shall be deemed to have received the approval of a city or county for purposes of this section unless such city or county provides the city or county proposing such issuance with a written notification specifically disapproving the issuance within seven business days after the next regular meeting of the governing body of the city or county having such approval authority that follows receipt of a request for approval.

(e) The provisions of this section requiring approval of a letter of intent as a condition to issuance of revenue bonds shall not be applicable with respect to the issuance of any revenue bonds for which a city or county has issued a letter of intent prior to the effective date of this act.

Insert Sec. 2.

and K.S.A. 1989 Supp. 12-1741b are

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## Additional Proposed Amendment to SB 733

After line 38, by inserting a new subsection to read as follows:

"(d) Approval of a board of county commissioners shall not be required with respect to a letter of intent to issue revenue bonds to finance construction of facilities located on real estate in which the city issuing the revenue bonds has any title interest or in which any title interest is in another entity which acquired such interest in the real estate in whole or in part with funds of the city issuing the revenue bonds.";


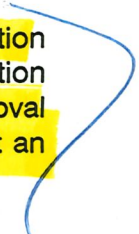
and by renumbering subsections (d) and (e) on the first page of the balloon as subsections (e) and (f);



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.

**SUBSTITUTE FOR HOUSE BILL 2603**

by Committee on Economic Development

Retain Sec. 1 as is

Sec. 2. As used in this act:

(b) "metropolitan county" means the county of Douglas, Johnson, Leavenworth, Sedgwick, Shawnee or Wyandotte; and

Retain Sec. 3 as is

Sec. 4. (a) There is hereby established the community strategic planning grant committee which is composed of the following:

- (1) The president of Kansas Inc., who shall act as Chairman.
- (2) one member from the Kansas Association of Counties.
- (3) one member from the Kansas League of Municipalities.
- (4) one member from the Kansas Industrial Developers Association, and,
- (5) At least one member from each of the Legislative standing committees on economic development.

(b) The members designated in paragraphs (a), (2), (3) and (4) above shall be appointed by the Secretary of Commerce in consultation with the respective associations named above.

(c) The legislative members shall be appointed by the President of the Senate and the Speaker of the House from their respective chambers.

[retain language in (4) (b) and (c) but renumber to  
(4) (d) and (4) (e).

Sec. 5. Same except substitute Department of Commerce for Committee in line 22.

Sec. 6. (a) Same except substitute Department of Commerce for Committee in line 27.

Sec. 6 (b)

The committee shall establish grant eligibility criteria, and shall administer the competitive selection process for the awarding of planning grants. The committee shall submit its recommendations for grant awards to the Secretary of Commerce for final determination and award. Planning grants shall be for the development of county-wide economic development strategy plans. No planning grant shall exceed \$20,000. Any city-county economic development organization receiving a planning grant shall be required to provide additional funds equaling 25% of the amount of the planning grant.

Sec. 7 City-county economic development organizations can use planning grant proceeds for the acquisition of technical assistance for strategy development activities, identification of specific projects, and other related services from the Regents Universities or other economic development service providers. City-county economic development organizations can use planning grants for hiring of technical assistance, implementation, evaluation and reassessment of strategies, purchasing of equipment and other services, and economic development activities undertaken by public-private partnerships as authorized for cities under K.S.A. 12-1617h, and amendments thereto, and for counties under K.S.A. 19-4101 et seq., and amendments thereto.

Retain Sections 8, 9, 10 and 11 as is.