

Approved April 25, 1991
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 April 5, 1991 in room 123-S of the Capitol.

All members were present except:

Senator Ken Francisco
Senator Janice McClure
Senator Alicia Salisbury

Committee staff present:

Jim Wilson, Revisor of Statutes' Office
Bill Edds, Revisor of Statutes' Office
Lynne Holt, Legislative Research Department
LaVonne Mumert, Committee Secretary

Conferees appearing before the committee:

Senator Dave Kerr, Chairman, called the meeting to order and said the Committee would be considering Sub for HB 2536.

Sub for HB 2536 - Investments in lifelong learning (SKILL) program

Chairman Kerr said a subcommittee on the bill, made up of: Senators Kerr, Brady, Moran, Oleen and Petty, had met and agreed upon several changes to the bill. He asked Senator Brady and Senator Petty to share some information they have received on the Iowa program which is the basis for the bill. Senator Petty noted that the Iowa program is set up so there is more local control since the community colleges are responsible for the bonds. If additional funds are necessary, the community colleges have the ability to levy a local property tax or increase tuition. She said they use both tax exempt and non-exempt bonds. Senator Petty said an Iowa official had told her that their program went into effect in 1983 before the 1986 federal tax reform act and was grandfathered and thereby exempt from the provisions of the federal law. Senator Brady said certificates are tied to actual new jobs so a single corporation is tied to a single certificate issue. He said there is a provision for assessment of an annual stand-by tax to provide protection in case of default.

Senator Vidricksen moved that the minutes of the April 2 and 3, 1991 meetings be approved. Senator Moran seconded the motion, and the motion carried.

Revisor Jim Wilson went through a balloon of Sub for HB 2536 which incorporates amendments proposed by the subcommittee. Senator Feleciano asked if training funds could be used in a situation where a company dismisses all the employees and hires new employees at a lower wage. It was agreed that it is not the intent of this legislation to provide training for the employees subsequently hired because those would not be new jobs, only new employees. It was noted that this bill applies to area vocational-technical schools and Regents' institutions as well as community colleges while the Iowa program is tied to only community colleges. There was discussion about the provision in Section 4(c) that liens on business property applies only to corporate costs required by the project agreement, not the state costs. Marty Bloomquist (Kansas Development Finance Authority) said that if an attempt were made to duplicate the Iowa program, it would result in a taxable bond issue and mean a 3% difference in the cost of the program.

Senator Vidricksen moved that the amendments proposed by the subcommittee be adopted. Senator Oleen seconded the motion. There was discussion about providing a mechanism for recovery of the cost of the bonds in cases of default and providing some sort of threshold to favor companies who already provide basic training. Senator Brady made a substitute motion that the amendment proposed by the subcommittee be adopted along with an additional provision that company applications for the program

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 April 5, 1991

include documentation of their existing training programs. Senator Winter seconded the substitute motion. Chairman Kerr said it is his intention to attempt to find some way to obligate an employer for the costs of bonds in case of default and to either amend the bill further on the floor of the Senate or in conference committee. The substitute motion carried. Senator Vidricksen moved that Sub for HB 2536, as amended, be recommended favorably for passage. Senator Brady seconded the motion, and the motion carried.

The meeting adjourned at 9:00 a.m.

