

Approved

April 10, 1992  
Date

MINUTES OF THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT

The meeting was called to order by Representative Diane Gjerstad at  
Chairperson

3:35 ~~am~~/p.m. on Monday, March 23, 1992 in room 423-S of the Capitol.

All members were present except:

Representatives Bishop, Edlund, Love, Sluiter, Wagnon and Wisdom.  
Excused.

Committee staff present:

Lynne Holt, Legislative Research  
Jim Wilson, Legislative Revisor  
Betty Manning, Secretary

Conferees appearing before the committee:

Steve Jack, Manager Workforce Training, KDOC  
Steve Kelly, Venture Capital Specialist, KDOC  
Bill Caton, President, K DFA

Chairperson Gjerstad opened the meeting at 3:35 p.m.

The Chair opened hearings on **SB 609**, relating to repeal of superconducting super collider. The only proponent, Steve Jack, Manager Workforce Training, KDOC, testified this legislation would enhance the state's ability to compete for the award of the superconducting super collider project of the U.S. Department of Energy. There is no fiscal impact associated with the repeal of these statutes. Attachment 1. There was no discussion on this legislation.

Representative Chronister made a motion this bill be passed and placed on the consent calender. Seconded by Representative Baker. Motion carried.

Hearings were opened on **SB 682**, amending Kansas private activity bond allocation act. Steve Kelly, Venture Capital Specialist, KDOC, testified in support of this measure which allows the issuers of private activity bonds access to the full amount of the state's allocation authority. Attachment 2. Mr. Kelly responded to questions from committee members.

Representative Chronister made a motion this bill be passed and placed on the consent calender. Seconded by Representative Weimer. Motion carried.

The Chair opened hearings on **SB 643**, an act requiring K DFA to submit annual report to Governor and Legislature on bond issues. Bill Caton, President of K DFA, testified the consolidation of the two semi-annual reports on projects and the annual report into one would be cost effective and adequate for the legislature to determine and evaluate the activities and effectiveness of K DFA. Attachment 3.

Mr. Caton responded to questions from committee members. He stated the board has approved this proposal.

Representative Mead made a motion this proposal be passed and placed on the consent calendar. Seconded by Representative Chronister. Motion carried.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT,  
room 423-S Statehouse, at 3:35 ~~am~~/p.m. on Monday, March 23, 1992

Representative Chronister made a motion the minutes of March 4, 17 and 18, 1992 be approved. Seconded by Representative Weimer. Motion carried.

The meeting adjourned at 4:45 p.m.



Testimony before the  
House Economic Development Committee  
on Senate Bill 609

March 23, 1992

by

Kansas Department of Commerce

Laura Nicholl, Secretary

*Eco-Devo  
Attach 1  
03-23-92*

The Department Of Commerce requested the introduction of Senate bill 609 which would repeal K.S.A. 74-5051 through 74-5054 relating to the superconducting super collider project.

These statutes were intended to enhance the state's ability to compete for the award of the superconducting super collider project of the U.S. Department of Energy. The statues define the powers of the Secretary of Commerce related to the project, establish a Super Collider Project Fund, and provide definitions relating to the project.

In 1988 the Legislature appropriated \$250,000 for the project which was used in preparation of the project proposal.

The superconducting super collider project was awarded to another state by the federal agency. Therefore, these statutes are no longer relevant or necessary to the operation of the Department.

There is no fiscal impact associated with repeal of these statutes and no known impact on any other state agency.

Thank you for this opportunity to appear before your committee.

SENATE BILL No. 609

By Committee on Economic Development

2-10

8 AN ACT repealing K.S.A. 1991 Supp. 74-5051, 74-5052, 74-5053  
9 and 74-5054; relating to the superconducting super collider  
10 project.

11  
12 *Be it enacted by the Legislature of the State of Kansas:*

13 Section 1. K.S.A. 1991 Supp. 74-5051, 74-5052, 74-5053 and 74-  
14 5054 are hereby repealed.

15 Sec. 2. This act shall take effect and be in force from and after  
16 its publication in the statute book.

House Economic Development Committee

March 23, 1992

Testimony on Senate Bill No. 682

Presented by

Kansas Department of Commerce

Steve Kelly

Division of Existing Industry Development

*Eco-Devo  
Attach 2  
03-23-92*

TESTIMONY ON  
SENATE BILL 682

The Federal Government, in an effort to spur economic development, has allowed the states a limited amount of authority for the issuance of federally tax-exempt Private Activity Bonds (PABs). Kansas, on an annual basis, receives \$150 million of authority which the state then allocates for use on a variety of qualifying activities. The Kansas Department of Commerce, as mandated by K.S.A. 74-5060, is responsible for the allocation of the Kansas private activity bond authority to qualified issuers which are local units of government and certain state agencies. Qualifying uses of this authority under federal tax code include, but are not limited to the following: industrial development bonds, beginning farmer loan programs, single-family housing bonds, exempt facility bonds, student loan bonds, etc..

Late in calendar year 1991, Congress extended through June 30, 1992, the authority for states to issue certain qualifying types of tax-exempt Private Activity Bonds. Those activities subject to the June 30 sunset are "small issue" (industrial development bonds and beginning farmer loan programs) and single-family housing bonds. This bill is introduced to amend the Kansas Private Activity Bond Allocation Act to conform to the current federal sunset on these types of Private Activity Bonds.



By Kansas statute, allocation reserves for specific types of projects are maintained until October 15. The amounts and categories for which reserves are in effect are:

- \$25 million for qualified small issue bonds;
- \$ 5 million for qualified student loan bonds; and
- \$ 5 million for private activity portion of bonds issued by governmental issuers.

Given existing Kansas statutes, the Federal sunset date of June 30 will prevent Kansas from accessing the unused portion of those reserves. Past experience would indicate that at least \$10 million of the allocation held in reserve would not be utilized. Senate Bill No. 682 would amend current statutes K.S.A. 74-5060 and K.S.A. 74-5063 to allow release of the unused portion of those reserves, effective May 1. The modifications suggested are based on 1990 precedent that required similar action to accommodate a September 30 Federal sunset.

In addition to the changes necessary to modify the reserve release dates, we also suggest the following minor language changes:

1. The first line of section (b) in both K.S.A. 74-5060 and K.S.S. 74-5063, that "reserve" be amended to "dedicate"; and
2. K.S.A. 74-5063 (j)(2), "that calendar year 1990" be replaced by the following, "the calendar year in which the allocation was approved".

The change of language from "reserve" to "dedicate" corrects contradictory language in the referenced section (b). The change in K.S.A. 74-5063 (j)(2) allows this section to apply in any allocation year.

The amendments offered in Senate Bill No. 682 would allow the issuers of private activity bonds access to the full amount of the state's allocation authority. If demand is not sufficient to make full use of the reserved portion of the state allocation, the proposed change in release date from October 15 to May 1 will allow allocation to other eligible projects before the sunset provision takes effect. The Kansas Department of Commerce supports full utilization of this resource and therefore seeks the passage of Senate Bill No. 682, as amended.



# KANSAS

KANSAS DEVELOPMENT FINANCE AUTHORITY

Joan Finney  
Governor

Wm. F. Caton  
President

## M E M O R A N D U M

DATE: March 23, 1992

TO: House Committee on Economic Development

FROM: Wm. F. Caton, Kansas Development Finance Authority

SUBJECT: Testimony on Senate Bill 643 - Concerning Reports of the Kansas Development Finance Authority - 3:30 p.m., March 20, Room 423 South, Statehouse

Senate Bill 643 consolidates KDFA's two semi-annual reports on projects and the annual report, into one annual report. Currently KDFA is required to submit the semi-annual reports to the Governor and Legislature by January 31st and July 31st. The annual report is due by November 30th. Most of the information in the semi-annual reports is repeated in the annual report.

The semi-annual reports cost approximately \$1 per copy to print. Two hundred and fifty (250) copies are printed each time a report is produced at an estimated annual cost of \$500. KDFA could save at least \$500 per year in printing costs and \$400 of staff expense if the two semi-annual reports were eliminated.

The staff time involved in preparation of each semi-annual report is estimated at 13 hours. This estimate includes one hour of the president's time, one hour of the senior accountant's time, two hours of the program manager's time, one hour of the office assistant's time and eight hours of the executive secretary's time. KDFA has an eight person staff, so the fact that this change frees up 26 personnel hours per year is significant.

We feel that an annual report would be adequate for the legislature to determine and evaluate the activities and effectiveness of the KDFA. Thank you for your consideration of this bill.

MAB:dc

*Bill Caton*

*Eco-Devo  
Attach 3  
03-23-92*