

Approved: January 23, 1996
Date

MINUTES OF THE SENATE COMMITTEE ON COMMERCE.

The meeting was called to order by Chairperson Alicia Salisbury at 8:00 a.m. on January 19, 1996, in Room 123-S of the Capitol.

Members present: Senators Salisbury, Burke, Downey, Gooch, Harris, Hensley, Jordan, Ranson, Reynolds, Steffes and Vidricksen.

Committee staff present: Lynne Holt, Legislative Research Department
Bob Nugent, Revisor of Statutes
Betty Bomar, Committee Secretary

Conferees appearing before the committee:
Gary Sherrer, Secretary, Department of Commerce and Housing

Others attending: See attached list

SB 458: Reorganizing Kansas Economic Opportunity Initiatives Fund

Lynne Holt, Legislative Research Department, briefed the Committee on the history of the Kansas Economic Opportunity Initiatives fund (KEOIF). She stated the intent of SB 458 is to change the function of the five-member panel comprised of the Secretary of Commerce and Housing, the President of Kansas, Inc., the President of KTEC, the private sector chairperson of the Kansas, Inc. Board and the private sector chairperson of KTEC. Under existing law, the panel, by a majority vote, has to determine that an economic emergency or unique opportunity exists to warrant funding for a KEOIF project. The panel, in the proposed legislation would have to waive, by a majority vote, the prohibition against a facility relocating within the state, as a precondition for that facility to receive KEOIF funding. The panel would be replaced by the Secretary of Commerce and Housing and would assume an advisory function of reviewing annually the propriety of KEOIF projects and report its finding to the Governor.

Gary Sherrer, Secretary, Department of Commerce and Housing, advised the Committee the proposed legislation provides the Secretary the authority to authorize the use of the KEOIF funds under certain conditions without the statutory requirement of the approval of a panel. KEOIF is a marketing tool to recruit new business. It fortifies any incentive package the state may be preparing for such entities, as it contributes significantly to off-set the high cost of relocation.

Secretary Sherrer explained the process to obtain approval to use these funds is cumbersome. It is necessary, at the present time, for a five member panel to meet and vote for approval or disapproval on all projects. It is burdensome to convene the panel, discuss the project, and finally vote on it when time is of the essence and confidentiality is a concern. SB 458 expedites the negotiating process in the use of KEOIF funds and provides for a five member review panel. The Legislature would still maintain accountability of KEOIF expenditures through the budget process and its performance measures. (Attachment 1)

In response to questioning, Secretary Sherrer stated it is extraordinary for an agency head to have decisions ratified for administering a \$4 million program.

Senator Burke moved, seconded by Senator Reynolds, that SB 458 be amended oconceptually to eliminate the restriction that "private financing cannot adequately fund the intervention strategy". The vote by a show of hands was unanimously in favor of the motion.

Senator Burke moved, seconded by Senator Reynolds, that SB 458 be amended on Page 3, by striking the following: "shall review annually the propriety of projects funded under this section. The panel shall report its findings to the governor." The vote by a show of hands was not in favor of the amendment.

Senator Burke moved, seconded by Senator Hensley, that SB 458 be reported favorably as amended. The recorded vote was unanimous in favor of the motion.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON COMMERCE, Room 123-S Statehouse, at 8:00 a.m. on January 19, 1996.

Senator Burke moved, seconded by Senator Steffes, a bill be introduced relating to tax increment financing for municipalities. The voice vote was in favor of the motion.

Upon motion by Senator Reynolds, seconded by Senator Jordon, the Minutes of the January 18, 1996, meeting were unanimously approved.

The Chair informed the Committee the written testimony of Blake Schreck, President, Kansas Industrial Developers Association, distributed, is incorporated in these minutes. (Attachment 2)

SB 459: **Creating the Kansas Investments in major projects and comprehensive training act (IMPACT)**

Bob Nugent, Revisor of Statutes Office, explained to the Committee proposed amendments.

Senator Burke moved, seconded by Senator Gooch, that **SB 459** be amended as reflected in the "balloon" submitted to the Committee. The voice vote was unanimous in favor of the motion. (Attachment 3)

Senator Burke moved, seconded by Senator Reynolds, that **SB 459** be reported favorably as amended. The recorded vote was unanimous in favor of the motion.

The next meeting is scheduled for January 22, 1996.

SENATE COMMERCE COMMITTEE GUEST LIST

DATE: _____

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**HEARING BEFORE THE SENATE COMMERCE COMMITTEE
THE KANSAS DEPARTMENT OF COMMERCE AND HOUSING
GARY SHERRER, SECRETARY
JANUARY 18, 1996**

Madam Chairperson and members of the Committee, I appreciate the opportunity to seek your support for Senate Bill 458. After a brief explanation of this legislation, I would welcome any questions and comments.

Senate Bill 458 - Functional Changes to the KEOIF Review Panel.

The Kansas Economic Opportunity Initiatives Fund (KEOIF) is a tremendous marketing tool in the State's efforts to recruit new business. It fortifies any incentive package we may be preparing for such entities, as it contributes significantly to the high cost of relocation. As an incentive, KEOIF has been a key factor in strengthening the Kansas economy.

Unfortunately, the process by which these funds are approved is cumbersome. Under current law, a five member panel must meet and vote for approval or disapproval on all projects. This requirement severely limits the program's effectiveness, as many business relocation decisions are made in an atmosphere of extremely short, but critical, deadlines. As Secretary of Commerce and Housing, I must be prepared to negotiate with business executives on rather short notice. It is extremely burdensome to convene the panel, discuss the project, and finally vote on it.

As the statute currently reads, responsibility for these funds is placed with the Secretary of Commerce and Housing. However, the panel takes away the Secretary's authority to access these funds. Within my agency are other programs of similar size that do not require an approval committee. Further, other agencies operate grant programs that are larger than KEOIF, yet they do not require committee approvals prior to distribution. For example, the Kansas Technology Enterprise Corporation (KTEC) administers large sums of money from similar programs, and I have no direct role in their allocation.

As a negotiating tool, KEOIF funds should be immediately available as a component in this process. Senate Bill 458 allows just that. These funds would be used for this purpose, at the Secretary's discretion. The five member review panel would still be in place. However, they would periodically review past projects for appropriateness and propriety, prepared in a report to the Governor. The Legislature would still maintain accountability of KEOIF expenditures through the budget process and its performance measures. This budget accountability did not exist when the KEOIF panel was formed.

The bottom line to this bill is that it expedites the negotiating process, as new businesses consider Kansas as a future home. We have to move fast when these opportunities arise, and having KEOIF available as an immediate bargaining chip would make the process significantly more responsive and effective.

*Senate Commerce Committee
January 19, 1996*

Attachment 1



TO: Members of the Senate Economic Development Committee
FROM: Blake Schreck, President, Kansas Industrial Developers Association

Creating economic development programs for the state of Kansas is as difficult, as you well know, as creating legislation for the state of Kansas, because of the diversity of our state. We have for years had in place programs which have given economic developers the basic compliment of tools in our toolbox to keep Kansas generally competitive.

Competition however has increased dramatically nation-wide in the economic development arena, as over 15,000 economic development agencies vie for maybe 100 or so major locations each year. Retaining existing companies and helping them grow has become a major focus as a result, and states and cities have begun to allocate resources toward that end. Also, the evolution of the very process of doing business and manufacturing products, which emphasizes new technology and a skilled work force, has necessitated some fine tuning of available programs. We then must change, we must adapt, we must celebrate our diversity and in fact use it as a selling point as we market Kansas. We must move away from the one-size-fits all programs, and recreate initiatives that allow room for creativity and flexibility for quick response time, and that address retention and expansion, as well as today's need for maintaining a skilled work force. That is why we as members of the Kansas Industrial Developers Association are excited about the initiatives that have been proposed by the Kansas Department of Commerce and Housing (KDOC&H).

SB 459, which would create the Kansas Impact program, is a fine example of a measure which uses creativity as its main foundation. Opening the pool of available SKILL funds beyond just training to include potential infrastructure improvements and equipment purchases more fully utilizes these funds and gives us the ability to craft packages unique to the prospect, which dramatically increases our competitiveness. All of the sudden, the pool of funding that addressed only one element of economic development now becomes market driven.

Likewise, SB 458 also addresses the changing climate and needs in economic development. The KEOIF fund has worked well in the past and present. However, as competition becomes more ferocious the ability to put an offer on the table with a prospect without having to qualify it by saying "if approved" or incurring long delays before a committee can be convened can "make the deal" with that prospect. The KEOIF fund is the epitome of the kind of program we need today, because it is flexible, allows for creativity in structuring packages and, with the changes included in SB 458, will become an even more effective and a better tool.

Thank you for allowing me to present these thoughts to you. I look forward to visiting with you in the future on other economic development issues.

Senate Commerce Committee
January 19, 1996
Attachment 2

SENATE BILL No. 459

By Committee on Commerce

1-16

9 AN ACT creating the Kansas Investments in major projects and compre-
10 hensive training act; amending K.S.A. 74-50,102, 74-50,103, 74-
11 50,104, 74-50,105, 74-50,106, 74-50,107, 74-50,108, 74-50,109, 74-
12 50,110, 74-50,111, 79-32,105 and 74-8920 and repealing the existing
13 sections.

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

15 Section 1. K.S.A. 74-50,102 is hereby amended to read as follows:
16 74-50,102. The provisions of K.S.A. 74-50,102 through 74-50,112 and
17 amendments thereto shall be known and may be cited as the state of
18 Kansas investments in lifelong learning act or SKILL Kansas investments
19 in major projects and comprehensive training or IMPACT act.

20 Sec. 2. K.S.A. 74-50,103 is hereby amended to read as follows: 74-
21 50,103. As used in the SKILL IMPACT act:

22 (a) "Act" means the state of Kansas investments in lifelong learning
23 act or the SKILL Kansas investments in major projects and comprehen-
24 sive training act.

25 (b) "Agreement" means the agreement between an employer and an
26 educational institution concerning a project

27 (c) "Bond" means a public purpose bond issued for new jobs training
28 projects by the Kansas development finance authority.

29 (d) "Date of commencement of the project" means the date of the
30 agreement.

31 (e) "Educational institution" means a community college, as defined
32 by K.S.A. 71-701 and amendments thereto, an area vocational school or
33 area vocational-technical school, as defined by K.S.A. 72-4412 and
34 amendments thereto, a university, as defined by K.S.A. 72-6501 and
35 amendments thereto, or a state educational institution, as defined by
36 K.S.A. 76-711 and amendments thereto.

37 (f) "Employee" means a person employed in a new job.

38 (g) "Employer" means a Kansas basic enterprise providing new jobs
39 in conjunction with a project.

40 (h) "Kansas basic enterprise" means any enterprise:

- 41 (1) Which is located or principally based in Kansas; and
- 42 (2) which can provide demonstrable evidence that:
- 43

and the secretary of commerce an housing

among

SKILL

or a combined SKILL project and major project investment
and the agreement between an employer and the secretary
of commerce and housing concerning a major project investment

IMPACT

(h) "IMPACT project" or "project" means a SKILL project,
major project investment or a combination of the two.

*Senate Commerce Committee
January 19, 1996*

Attachment B Ehw 3-7

- 1 (A) It is primarily engaged in any one or more of the Kansas basic
2 industries; or
- 3 (B) it is primarily engaged in the development or production of goods
4 or the provision of services for out-of-state sale; or
- 5 (C) it is primarily engaged in the production of goods or the provision
6 of services which will attract out-of-state buyers or consumers into the
7 state; or
- 8 (D) it is primarily engaged in the production of raw materials, ingre-
9 dients, or components for other enterprises which export the majority of
10 their products from the state; or
- 11 (E) it is a national or regional enterprise which is primarily engaged
12 in interstate commerce or an affiliated management company of such an
13 enterprise; or
- 14 (F) it is primarily engaged in the production of goods or the provision
15 of services which will supplant goods or services which would be imported
16 into the state; or
- 17 (G) it is the corporate or regional headquarters of a multistate enter-
18 prise which is primarily engaged in out-of-state industrial activities.
- 19 (i) "Kansas basic industry" means:
- 20 (1) Agriculture;
- 21 (2) mining;
- 22 (3) manufacturing;
- 23 (4) interstate transportation;
- 24 (5) wholesale trade which is primarily multistate in activity or which
25 has a major import supplanting effect within the state;
- 26 (6) financial services which are provided primarily for interstate or
27 international transactions;
- 28 (7) business services which are provided primarily in out-of-state
29 markets;
- 30 (8) research and development of new products, processes, or tech-
31 nologies; or
- 32 (9) tourism activities which are primarily engaged in for the purpose
33 of attracting out-of-state tourists.
- 34 (j) "Major project investment" or "investment" means financial assis-
35 tance to an employer to defray business costs including, but not limited
36 to, relocation expenses, building and equipment purchases, labor recruit-
37 ment and other expenses.
- 38 (j) (k) "Primarily engaged" means engagement in an activity by an
39 enterprise to the extent that not less than 51% of the gross income of the
40 enterprise is derived from such engagement.
- 41 (k) (l) "New job" means a job in a new or expanding Kansas basic
42 enterprise not including jobs of recalled workers, or existing jobs that are
43 vacant or other jobs that formerly existed in the Kansas basic enterprise

20-30

1 in Kansas.

2 (4) (m) "SKILL program" or "program" means the project or projects
3 established by educational institutions to provide education and training
4 of workers for new jobs for a new or expanding Kansas basic enterprise.

5 (m) (n) "Program costs" means all necessary and incidental costs of
6 providing program services, except that program costs shall not include:

7 (1) Any wages paid to persons receiving education or training under a
8 project, (2) any costs for purchase or lease of training equipment that
9 exceed 50% of total program costs for the project, and (3) any costs for
10 administrative expenses of educational institutions that exceed 10% of
11 total program costs for the project.

12 (n) (o) "Program services" means:

13 (1) New jobs training, including training development costs, except
14 that the actual training period for any new job shall not exceed 36 months
15 from the date the job is first filled by an employee;

16 (2) adult basic education and job-related instruction;

17 (3) vocational and skill-assessment services and testing;

18 (4) training equipment for education institutions;

19 (5) material and supplies;

20 (6) administrative expenses of educational institutions for new jobs
21 training programs;

22 (7) subcontracted services with other educational institutions, private
23 colleges or universities or other federal, state or local agencies; and

24 (8) contracted or professional service.

25 (p) "SKILL project" or "project" means a training arrangement
26 which is the subject of an agreement entered into between the educa-
27 tional institution and an employer to provide program services.

28 Sec. 3. K.S.A. 74-50,104 is hereby amended to read as follows: 74-
29 50,104. (a) The secretary of commerce and housing shall administer the
30 provisions of this act and the SKILL IMPACT program established there-
31 under. The secretary of commerce and housing shall encourage Kansas
32 basic enterprises with similar training needs to cooperate in establishing
33 SKILL projects. The secretary of commerce and housing shall coordinate
34 the SKILL program with other job training programs administered by
35 the department of commerce and housing. The secretary of commerce
36 shall provide opportunities for coordination and cooperation of SKILL
37 projects with other job training activities in Kansas.

38 (b) The secretary of commerce and housing shall adopt rules and
39 regulations (1) prescribing review standards and priorities for approval of
40 proposed agreements under this act, including appropriate incentives for
41 cooperation among projects, in order to maximize the number of new
42 jobs created with respect to individual Kansas basic enterprises, which
43 will remain in Kansas, and (2) prescribing limits on program costs and on

IMPACT

major project investments and SKILL projects undertaken by the department of commerce and housing in accordance with the provisions of this act.

(9) major project investments

1 project and program size in relation to the number of new jobs created
2 or the wages of new jobs created. No agreement shall be approved which
3 provides for program costs of a project under the agreement of more than
4 90% of the amount equal to the estimated rate of withholding tax applied
5 to the estimated amount of gross wages of all the new jobs under the
6 project over a ten-year period.

7 (c) The secretary of commerce *and housing* may adopt such other
8 rules and regulations as may be required for the implementation and
9 administration of this act.

10 Sec. 4. K.S.A. 74-50,105 is hereby amended to read as follows: 74-
11 50,105. (a) Subject to the approval of the secretary of commerce *and*
12 *housing*, an educational institution may enter into an agreement to estab-
13 lish a project and provide program services to an employer. As soon as
14 possible after initial contact between an educational institution and an
15 employer regarding the possibility of entering into an agreement, the
16 educational institution shall inform the secretary of commerce *and hous-*
17 *ing* about the potential project. If an agreement is entered into, the ed-
18 ucational institution and the employer shall notify the secretary of revenue
19 with 15 calendar days.

20 (b) Among other provisions, an agreement shall include:

21 (1) Provisions regarding payment of program costs, including de-
22 ferred costs, which may be paid from one or a combination of the follow-
23 ing sources:

24 (A) The ~~SKILL~~ *IMPACT* program services fund;

25 (B) tuition, student fees, or special charges fixed by the educational
26 institution to defray program costs in whole or in part; and

27 (C) grants or donations available from federal agencies or other pub-
28 lic or private sources;

29 (2) a provision requiring each Kansas basic enterprise under the
30 agreement to submit information to the secretary of commerce *and hous-*
31 *ing* regarding the numbers of new jobs and the wages and withholding
32 taxes paid therefor;

33 (3) a provision which fixes any tuition and fee payments which shall
34 be paid for program costs; and

35 (4) a provision which fixes an amount that shall be paid by an em-
36 ployer if an agreement is terminated or any provision of the agreement
37 is breached by the employer prior to satisfaction of all of the employer's
38 obligations under the agreement and which prescribes that any such pay-
39 ment shall be deposited in the state treasury to the credit of the ~~SKILL~~
40 *IMPACT* program services fund.

41 (c) Any payment required to be made by an employer shall be a lien
42 upon the employer's business property until paid and has equal prece-
43 dence with ordinary taxes and shall not be divested by a judicial sale.

34

S.S.

1 Property subject to the lien may be sold for sums due and delinquent at
2 a tax sale, with the same forfeitures, penalties and consequences as for
3 the nonpayment of ordinary taxes. The purchasers at tax sale obtain the
4 property subject to the remaining payments.

5 (d) The payment of program costs incurred under any agreement
6 shall not be deferred for a period longer than 10 years from the date of
7 the commencement of the project.

8 Sec. 5. K.S.A. 74-50,106 is hereby amended to read as follows: 74-
9 50,106. (a) The secretary of commerce and housing shall review appli-
10 cations for proposed agreements submitted by employers in accordance
11 with the standards and guidelines prescribed by this act and by rules and
12 regulations adopted under K.S.A. 74-50,104 and amendments thereto.
13 Each application for approval of a proposed agreement shall be accom-
14 panied by information about the number and wages of the new jobs cre-
15 ated by the employer, documentation of existing training activities of the
16 employer and such other information as may be required by the secretary
17 of commerce and housing.

18 (b) The secretary of commerce and housing may pool the funding
19 requirements of projects which are the subject of proposed agreements
20 to determine the funding requirements of the SKILL projects under con-
21 sideration to facilitate the issuance of bonds by the Kansas development
22 finance authority.

23 (c) The secretary of commerce and housing is hereby authorized to
24 expend funds raised pursuant to this act on major project investments.
25 The secretary shall adopt guidelines consistent with this act concerning
26 firm eligibility for major project investments and shall otherwise admin-
27 ister the major project investment portion of the IMPACT act.

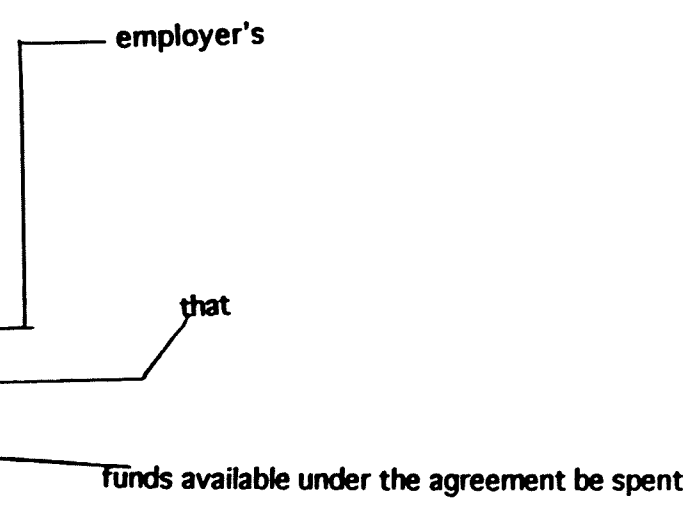
28 (d) In order for an employer to be eligible for a major project invest-
29 ment, the employer must:

30 (1) Annually make an investment in training and education of the
31 firm's employees that exceeds 2% of the firm's total annual payroll costs;

32 or
33 (2) ~~agree to expend~~ a portion of any major project investment directly
34 on employee education and training.

35 (e) Prior to obtaining financing from the Kansas development fi-
36 nance authority for any project or a group of projects or major project
37 investment for one or more employers, the secretary of commerce and
38 housing shall present each such project to the governor's council on work
39 force training and investment for review and approval. No agreement shall
40 be approved by the secretary of commerce and housing unless each pro-
41 ject under the agreement has been reviewed and finally approved by the
42 governor's council on work force training and investment.

43 Sec. 6. K.S.A. 74-50,107 is hereby amended to read as follows: 74-



36

1 50,107. (a) The secretary of commerce shall certify at least once each six
2 months to the secretary of revenue the estimates of the number and
3 wages of all new jobs that have been created in Kansas since the effective
4 date of this act.

5 (b) (a) The secretary of commerce and housing shall determine and
6 from time to time shall redetermine the rate at which moneys shall be
7 credited to the SKILL IMPACT program repayment fund in order to
8 satisfy all bond repayment obligations which have been incurred to fi-
9 nance program costs for SKILL IMPACT programs (which shall be re-
10 ferred to as the debt service rate) and the rate at which moneys shall be
11 credited to the SKILL IMPACT program services fund in order to finance
12 program costs that are not financed by bonds (which shall be referred to
13 as the direct funding rate). The total of the debt service rate and the
14 direct funding rate shall be the combined rate. Each rate so determined
15 shall be certified to the secretary of revenue. The combined rate deter-
16 mined under this subsection shall not exceed the rate which, when ap-
17 plied to the moneys withheld from the wages of individuals and received
18 under the Kansas withholding and declaration of estimated tax act, K.S.A.
19 79-3294 et seq. and amendments thereto, and attributable to individuals
20 in new jobs, yields an amount equal to the amount which results when
21 the rate of 1% is applied to all moneys withheld from the wages of indi-
22 viduals and received under the Kansas withholding and declaration of
23 estimated tax act.

24 (c) (b) Upon receipt of the rates determined and certified under sub-
25 section (b) (a), the secretary of revenue shall apply daily the combined
26 rate to that portion of the moneys withheld from the wages of individuals
27 and collected under the Kansas withholding and declaration of estimated
28 tax act that is attributable to individuals in new jobs created as determined
29 by the secretary of revenue in accordance with the current certification
30 of estimates of the number and wages of all new jobs created in Kansas
31 under subsection (a) by the secretary of commerce. The amount so de-
32 termined shall be credited as follows: (1) The portion attributable to the
33 debt service rate shall be credited to the SKILL IMPACT program re-
34 payment fund, and (2) the remaining portion shall be credited to the
35 SKILL IMPACT program services fund.

36 (d) The secretary of human resources shall provide such information
37 and estimates regarding employment, payrolls, numbers of new jobs and
38 other matters as may be requested by the secretary of commerce for the
39 purposes of the SKILL act.

40 Sec. 7. K.S.A. 74-50,108 is hereby amended to read as follows: 74-
41 50,108. There is hereby created in the state treasury the SKILL IMPACT
42 program services fund. The secretary of commerce shall administer the
43 SKILL IMPACT program services fund. All moneys credited to the

of

K.S.A. 79-3294, et seq., at

1 SKILL program services fund shall be for all or part of the program costs
2 of projects *or major project investments* approved by the secretary of
3 commerce *and housing* under this act, except that moneys in the ~~SKILL~~
4 ~~IMPACT~~ program services fund which are not required to pay program
5 costs *or major projects investments* may be transferred to the state general
6 fund in accordance with provisions of appropriation acts. All expenditures
7 from the ~~SKILL IMPACT~~ program services fund shall be for the purposes
8 of paying program costs *or major project investments* and shall be made
9 in accordance with appropriations acts upon warrants of the director of
10 accounts and reports issued pursuant to vouchers approved by the sec-
11 retary of commerce *and housing* or the secretary's designee. The secre-
12 tary of commerce *and housing* shall remit to the state treasurer all moneys
13 received under this act, including the proceeds of bonds issued by the
14 Kansas development finance authority for the purposes of this act. Upon
15 receipt of each remittance the state treasurer shall deposit the entire
16 amount in the state treasury to the credit of the ~~SKILL IMPACT~~ program
17 services fund.

18 Sec. 8. K.S.A. 74-50,109 is hereby amended to read as follows: 74-
19 50,109. (a) There is hereby created in the state treasury the ~~SKILL IM-~~
20 ~~PACT~~ program repayment fund. The secretary of commerce shall ad-
21 minister the ~~SKILL IMPACT~~ program repayment fund. Except as
22 provided in subsection (c), all moneys credited to the ~~SKILL IMPACT~~
23 program repayment fund shall be to make payments to the Kansas de-
24 velopment finance authority for payment of costs relating to the retire-
25 ment of bonds issued to finance projects *or major project investments*
26 approved by the secretary of commerce *and housing* under this act, in-
27 cluding but not limited to the principal of and interest on such bonds and
28 the expenses of issuance. All expenditures from the ~~SKILL IMPACT~~ pro-
29 gram repayment fund shall be made in accordance with appropriations
30 acts upon warrants of the director of accounts and reports issued pursuant
31 to vouchers approved by the secretary of commerce *and housing* or the
32 secretary's designee.

33 (b) Upon request of the secretary of commerce *and housing*, the di-
34 rector of accounts and reports shall establish one or more reserve ac-
35 counts in the ~~SKILL IMPACT~~ program repayment fund to secure one or
36 more issues of bonds issued by the Kansas development finance authority
37 for the purposes of this act.

38 (c) On June 30 of each year, any unencumbered balance in the
39 ~~SKILL IMPACT~~ program repayment fund which is not required for pay-
40 ment of such expenses during the ensuing fiscal year, including any such
41 expenses associated with proposed *investments* agreements and bond is-
42 sues under consideration for such fiscal year, and which is not credited
43 to any reserve account in the fund, as certified by the secretary of com-