

Approved: March 21, 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 March 20, 1996 in Room 123-S of the Capitol.

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

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

Conferees appearing before the committee:
Representative Vaughn Flora
William F. Caton, President, Kansas Development Finance Authority
Peter Latessa, Director, Division of Employment and Training
Gary Sherrer, Secretary, Department of Commerce and Housing

Others attending: See attached list

Upon motion by Senator Feleciano, seconded by Senator Steffes, the Minutes of the March 19, 1996 meeting were unanimously approved.

HB 3032: K DFA housing bonds available statewide

Representative Vaughn Flora testified in support of HB 3032. Rep. Flora stated HB 3032 authorizes the Kansas Development Finance Authority (K DFA) to issue statewide Mortgage Revenue Bonds for the purpose of financing housing developments. HB 3032 requires the terms, conditions and limitations of the issuance of the bonds to comply with the policy issues for housing developments established by the Secretary of Commerce and Housing (DOCH). Rep. Flora submitted an amendment proposed by DOCH which insures K DFA does not issue bonds in competition with local cities and counties and could issue bonds only when a resolution is adopted authorizing participation of K DFA. (Attachment 1) Rep. Flora submitted written testimony of Karen France, Director, Governmental Affairs, Kansas Association of Realtors, given before the House Economic Development Committee on February 19, 1996. (Attachment 2)

The Committee raised questions regarding the benefit of obtaining K DFA bonds rather than utilizing the usual financial channels. Mr. Caton advised the down payment is lower. Mr. Caton further stated lending institutions are hesitant to enter into interlocal agreements as there is a requirement of 2% up front money without the assurance of a return on the 2% investment.

HB 2905: Training and retraining programs, laid off employees of closed institutions

Senator Petty, co-sponsor of SB 613, a similar bill, stated HB 2905 is to assist businesses which provide services previously provided by an institution as defined under K.S.A. 76-12a01, but which the institution no longer provides due to closure, receive priority consideration for any business assistance program administered by the department of commerce and housing.

Peter Latessa, Director of Employment and Training, Department of Human Resources (DHR), updated the Committee relative to the status of a Federal Grant application for Topeka and Winfield State Hospital employees. Mr. Latessa advised the grant application requests \$2 million to establish career centers on each hospital campus and to staff each center. DHR has been informed by the Department of Labor staff in Kansas City, Mo. that funds are available and the grant is to be submitted to the Department of Labor in Washington, D. C., to review and rule on within 30 to 45 days. Mr. Latessa testified that services to these employees would be provided by the state; however, the grant would allow the establishment of centers on the campus of each institution. (Attachment 3)

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON COMMERCE, Room 123-S Statehouse, at 8:00 a.m. on March 20, 1996.

Gary Sherrer, Secretary, Department of Commerce and Housing (DOCH), stated there are presently programs available to assist those businesses which are not non-profit; however, there are a number of programs which would be barred from assistance due to the very nature of the programs. There is no program assistance for not-for-profit businesses.

The Committee raised questions relating to updating the definition of "institutions"; the need for ensuring businesses meet the criteria established by the department of commerce and housing prior to receiving priority status; and the need for establishing a sunset for the legislation.

Senator Burke moved, seconded by Senator Petty, that **HB 2905** be amended on line 23, following the word "housing" by inserting: "for which the entity would be eligible". The voice vote was in favor of the motion.

Senator Petty moved, seconded by Senator Burke, that **HB 2905** be amended on Line 17 by amending K.S.A. 76-12a01, to strike "Norton State Hospital". The voice vote was in favor of the motion.

Senator Ranson moved, seconded by Senator Reynolds, that **HB 2905** be amended by striking subsection (c) in its entirety and inserting in lieu thereof " sunset on year after closure". The voice vote was in favor of the motion.

Senator Petty moved, seconded by Senator Feleciano, that **HB 2905** be recommended favorable for passage as amended. The recorded vote was in favor of the motion.

The meeting adjourned at 8:50 a.m.

The next meeting is scheduled for March 21, 1996.

VAUGHN L. FLORA
 REPRESENTATIVE, 57TH DISTRICT
 431 WOODLAND AVE.
 TOPEKA, KANSAS 66607



TOPEKA

HOUSE OF
 REPRESENTATIVES

COMMITTEE ASSIGNMENTS
 MEMBER: BUSINESS, COMMERCE AND LABOR
 ENERGY AND NATURAL RESOURCES
 TRANSPORTATION

STATE CAPITOL
 RM 278-W
 TOPEKA, KANSAS 66612-1504
 913-296-7658

HOUSE BILL NO. 3032

Testimony Before the Senate Commerce Committee

March 20, 1996

H.B. 3032 would authorize the Kansas Development Finance Authority (KDFA) to issue single-family Mortgage Revenue Bonds (MRBs). Under existing law, the KDFA is authorized to issue bonds to provide housing for elderly persons and low-income families, tax exempt industrial revenue bonds; beginning farmer bonds; waste treatment bonds; state agency facility bonds and venture capitol funds bonds. The bill would further require any bonds issued by the KDFA for the purpose of financing housing development to be issued in accordance with any terms, conditions and limitations relating to policy issues for housing developments, as established by the Secretary of Commerce and Housing.

Federal law allows state and local governmental units to issue tax-exempt bonds to provide mortgages at below-market interest rates. States are allowed to issue private activity bonds, which are tax-exempt bonds issued for a private purpose. The private activity bond cap for Kansas is \$150 million. Slightly over \$35 million of that \$150 million was allocated for MRBs in 1994 and, with the exception of approximately \$4 million for targeted projects, that entire allocation was used in 1995.

Federal regulations pertain to the eligibility criteria governing those persons who may qualify for loans funded by MRBs: for the most part, program participants must be first-time homebuyers, or must not have owned their principal residence during the previous three years. In 1995, the average loan amount was \$55,000, 850 homebuyers participated, and 42 counties were served. (Note map on 3rd page) This bill would extend the possibility that all counties might participate through a state wide issuance by KDFA. Some counties and cities are reluctant to participate

*Senate Commerce Committee
 March 20, 1996*

Attachment 1 - thru 1-5

fearing that all of the issuance they apply for might not be used. Small banks are reluctant to get involved. By making it a state wide issuance K DFA could shift the issuance from one county to another if changes were required.

MRB programs are currently offered by several localities throughout the state. As a precondition for offering such programs, these localities must receive allocations from the Kansas Department of Commerce and Housing for their bond issues. Other Kansas localities wanting to participate in the program enter into interlocal agreements with the localities authorized to issue the bonds.

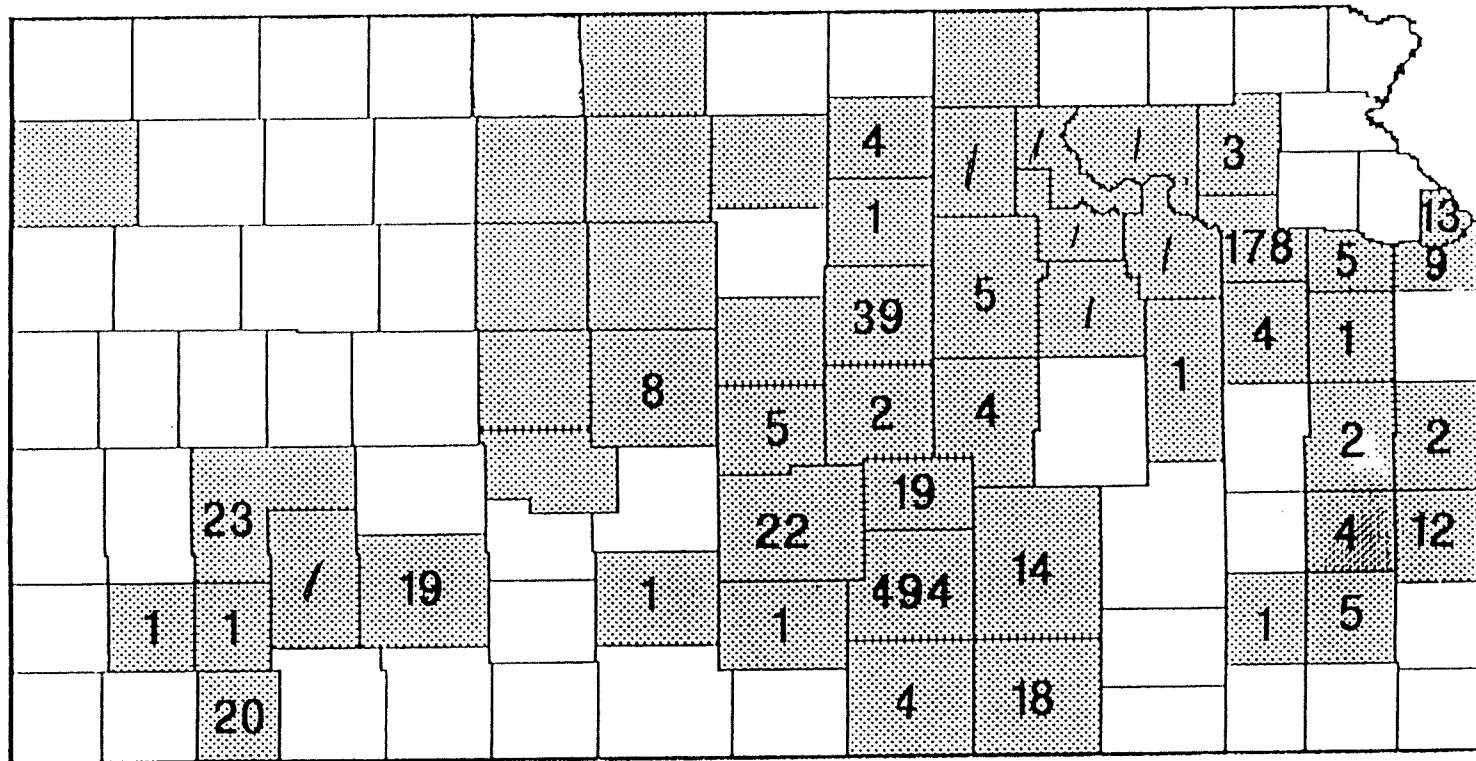
There was some concern in committee that K DFA would be in competition for bond issues in cities or counties which wanted to do their own issuances. The present law requires that notice be given, 30 days in advance of any K DFA issuance, by the president of K DFA to cities or counties, and that they name a 15 day period in which the city or county may disapprove of the issuance. If such disapproval is given K DFA is precluded from making any issuance for a 1 year period in that jurisdiction.

The Department of Commerce and the Division of Housing have proposed an amendment to the bill. See the attached balloon on the last page of my testimony. Housing Director Randy Speaker is in Washington, D.C. Today but provided to me this proposed balloon which would further insure that K DFA would not be issuing bonds in competition with local cities and counties. K DFA could only issue bonds in a city or county if they had first adopted a resolution authorizing participation of K DFA.

Rep Vaughn Flora

MRB INTERLOCAL COOPERATION AGREEMENTS

MRB PARTICIPATION - 1995



1 subdivision or group of political subdivisions of the state in such amounts
 2 as shall be determined by the authority for the purpose of financing capital
 3 improvement facilities, educational facilities, health care facilities and
 4 housing developments. *Any bonds issued by the authority under this sub-*
 5 *section for the purpose of financing housing development shall be issued*
 6 *in accordance with any terms, conditions and limitations relating to policy*
 7 *issues for housing developments, as established by the secretary of com-*
 8 *merce and housing.* Nothing in this act shall be construed to authorize
 9 the authority to issue bonds or use the proceeds thereof to (1) purchase,
 10 condemn, or otherwise acquire a utility plant or distribution system
 11 owned or operated by a regulated public utility or (2) finance any capital
 12 improvement facilities, educational facilities, or health care facilities
 13 which are authorized under the laws of the state to be financed by the
 14 issuance of general obligation or utility revenue bonds of a political sub-
 15 division, except that the acquisition by the authority of general obligation
 16 or utility revenue bonds issued by political subdivisions with the proceeds
 17 of pooled bonds shall not violate the provisions of the foregoing. Nothing
 18 in this subsection (a) shall prohibit the issuance of bonds by the authority
 19 when any statute specifically authorizes the issuance of bonds by the au-
 20 thority or approves any activity or project of a state agency for purposes
 21 of authorizing any such issuance of bonds in accordance with this section
 22 and provides an exemption from the provisions of this subsection (a).
 23 (b) The authority is hereby authorized and empowered to issue bonds
 24 for activities and projects of state agencies as requested by the secretary
 25 of administration. No bonds may be issued pursuant to this act for any
 26 activity or project of a state agency unless the activity or project either
 27 has been approved by an appropriation or other act of the legislature or
 28 has been approved by the state finance council acting on this matter which
 29 is hereby characterized as a matter of legislative delegation and subject
 30 to the guidelines prescribed in subsection (c) of K.S.A. 75-3711c and
 31 amendments thereto. When requested to do so by the secretary of ad-
 32 ministration, the authority is further authorized and empowered to issue
 33 bonds for the purpose of refunding, whether at maturity or in advance of
 34 maturity, any outstanding bonded indebtedness of any state agency. The
 35 revenues of any state agency which are pledged as security for any bonds
 36 of such state agency which are refunded by refunding bonds of the au-
 37 thority may be pledged to the authority as security for the refunding
 38 bonds.
 39 (c) The authority is hereby authorized and empowered to issue bonds
 40 for the purpose of financing industrial enterprises, agricultural business
 41 enterprises, educational facilities, health care facilities and housing de-
 42 velopments, or any combination of such facilities, or any interest in facil-
 43 ities, including without limitation leasehold interests in and mortgages on

Provided however, that the authority shall not be authorized to issue single family mortgage revenue bonds as provided by the mortgage revenue bond act of 1980, as amended, in any county or in any city of the first class, unless the governing body of such county or city of the first class shall first have adopted a resolution authorizing participation with the authority in the issuance of such single family mortgage revenue bonds.

7-4

1 such facilities. Any bonds issued by the authority under this subsection
 2 for the purpose of financing housing development shall be issued in ac-
 3 cordance with any terms, conditions and limitations relating to policy
 4 issues for housing developments, as established by the secretary of com-
 5 merce and housing. No less than 30 days prior to the issuance of any
 6 bonds authorized under this act with respect to any project or activity
 7 which is to be undertaken for the direct benefit of any person or entity
 8 which is not a state agency or a political subdivision, written notice of the
 9 intention of the authority to provide financing and issue bonds therefor
 10 shall be given by the president of the authority to the governing body of
 11 the city in which the project or activity is to be located, or, if the project
 12 or activity is not proposed to be located within a city, such notice shall be
 13 given to the governing body of the county. No bonds for the financing of
 14 the project or activity shall be issued by the authority for a one-year period
 15 if, within 15 days after the giving of such notice, the governing body of
 16 the political subdivision in which the project or activity is proposed to be
 17 located shall have duly enacted an ordinance or resolution stating express
 18 disapproval of the project or activity and shall have notified the president
 19 of the authority of such disapproval. The provisions of this subsection
 20 shall not apply to the Kansas basic enterprises loan program.

21 (d) The authority is hereby authorized and empowered to issue bonds
 22 for the purpose of establishing and funding one or more series of venture
 23 capital funds in such principal amounts, at such interest rates, in such
 24 maturities, with such security, and upon such other terms and in such
 25 manner as is approved by resolution of the authority. The proceeds of
 26 such bonds not placed in a venture capital fund or used to pay or rein-
 27 burse organizational, offering and administrative expenses and fees nec-
 28 essary to the issuance and sale of such bonds shall be invested and rein-
 29 vested in such securities and other instruments as shall be provided in
 30 the resolution under which such bonds are issued. Moneys in a venture
 31 capital fund shall be used to make venture capital investments in new,
 32 expanding or developing businesses, including, but not limited to, equity
 33 and debt securities, warrants, options and other rights to acquire such
 34 securities, subject to the provisions of the resolution of the authority. The
 35 authority shall establish an investment policy with respect to the invest-
 36 ment of the funds in a venture capital fund not inconsistent with the
 37 purposes of this act. The authority shall enter into an agreement with a
 38 management company experienced in venture capital investments to
 39 manage and administer each venture capital fund upon terms not inconsis-
 40 tent with the purposes of this act and such investment policy. The
 41 authority may establish an advisory board to provide advice and consulting
 42 assistance to the authority and the management company with respect to
 43 the management and administration of each venture capital fund and the

Provided however, that the authority shall not be authorized to issue single family mortgage revenue bonds as provided by the mortgage revenue bond act of 1980, as amended, in any county or in any city of the first class, unless the governing body of such county or city of the first class shall first have adopted a resolution authorizing participation with the authority in the issuance of such single family mortgage revenue bonds.

,except single family mortgage revenue bonds as provided by the mortgage revenue bond act of 1980, as amended,

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KANSAS ASSOCIATION OF REALTORS

Executive Offices:
3644 S. W. Burlingame Road
Topeka, Kansas 66611-2098
Telephone 913/267-3610
Fax 913/267-1867

TO: THE HOUSE ECONOMIC DEVELOPMENT COMMITTEE
FROM: KAREN FRANCE, DIRECTOR, GOVERNMENTAL AFFAIRS
DATE: FEBRUARY 19, 1996
SUBJECT: HB 3032, MRB AUTHORITY FOR KDFA

Thank you for this opportunity to testify. On behalf of the Kansas Association of REALTORS® I appear today to support the measure before you.

We believe this proposal will create housing opportunities in the state for a broader base of citizens. This legislation will make mortgage revenue bond money available for all Kansans, rather than those fortunate to live in counties or cities which have the ability to finance a mortgage revenue bond program.

We have visited with REALTORS® in some of the surrounding states which have had this program for many years. They feel it has helped fill many gaps in the mortgage money market, while preserving local lender participation.

During these rare times of low interest rates, it is easy to forget how valuable mortgage revenue bond programs can be to homebuyers. However, we need to plan ahead and lay the groundwork for solutions when interest rates start climbing again.

We feel this legislation is narrowly drawn to meet a very important need. We urge you to give positive consideration to this bill.

Senate Commerce Economic Development
March 20, 1996
February 19, 1996
Attachment 2 thru 2-2 Attachment 4

KANSAS DEPARTMENT OF COMMERCE AND HOUSING
 TESTIMONY PRESENTED TO
 HOUSE SUBCOMMITTEE FOR ECONOMIC DEVELOPMENT
 FEBRUARY 19, 1996

	<u>\$ INVESTED</u>	<u># HOMEBUYERS</u>	<u># PERSONS</u>	<u>COUNTIES SERVED</u>
<u>HOME</u>	\$ 1,668,369	144	403	24

Butler, Cowley, Crawford, Dickinson, Edwards, Finney, Ford, Geary, Grant, Jackson, Labette, Leavenworth, Montgomery, Morton, Reno, Republic, Riley, Rooks, Saline, Scott, Sedgwick, Seward, Sumner, and Wyandotte

<u>MCC</u>	\$ 68,705,909	1198	3,353	45
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Atchison, Barton, Brown, Butler, Clark, Cloud, Comanche, Cowley, Crawford, Dickinson, Douglas, Ford, Franklin, Geary, Graham, Harvey, Jackson, Jefferson, Johnson, Kingman, Leavenworth, Lincoln, Lyon, McPherson, Marion, Miami, Montgomery, Nemaha, Neosho, Norton, Osage, Ottawa, Pawnee, Phillips, Reno, Riley, Rush, Saline, Sedgwick, Shawnee, Smith, Stafford, Washington, Wichita, and Wyandotte

*Private
 Equity
 Bond Allocation
 150 M
 available*

<u>MRB</u>	\$ 46,765,000	850*	2,372	42
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Barton, Butler, Clay, Cloud, Cowley, Dickinson, Ellis, Ellsworth, Finney, Ford, Geary, Gray, Grant, Harvey, Haskell, Jackson, Kingman, Marion, McPherson, Mitchell, Morris, Osage, Osborne, Ottawa, Pawnee, Pottawatomie, Pratt, Reno, Rice, Riley, Rooks, Rush, Russell, Saline, Sedgwick, Seward, Shawnee, Sherman, Smith, Sumner, Wabaunsee, and Washington

*Based on average loan amount of \$55,000

Testimony to the Senate Commerce Committee on
Federal Grant for state employees at Topeka and Winfield Hospitals.

Wednesday, March 20, 1996
8:00AM, 123-S

Good morning Madame Chair and members of the Senate Commerce Committee.

My name is Peter R. Latessa, Director of Employment & Training. I represent Wayne L. Franklin, Secretary of the Kansas Department of Human Resources (KDHR). I am here today to update you on the status of the Federal Grant application for Topeka and Winfield State Hospital employees.

The Federal Grant application requests two million dollars to establish career centers on each hospital campus and staff each center with appropriate people for the life of the grant. Additionally, grant funds would be used in a variety of ways to help hospital employees transition from state to other employment. For more information concerning these services, please refer to your packet. The packet contains the following:

- A project timeline
- A draft of the grant application
- The Federal Register which sets the guidelines for submitting and executing the grant
- Summary & detail sheets of grant services
- A two page detail of services offered
- A letter from the Department of Labor in Kansas City concerning availability of funds

Department of Labor staff in Kansas City, Mo., has informed me funds are available for our grant request. The grant will be submitted to the Federal Department of Labor in Washington, DC., to review and rule on the request within 30 to 45 days. Based on the projected timeline, approval and issuance of funds would begin approximately June 1, 1996. The time period of the grant will be from June 1, 1996 until June 1, 1999.

I appreciate your time this morning, and will be happy to answer any questions you have concerning the grant.

Peter R. Latessa
Director of Employment & Training
Kansas Department of Human Resources

*Senate Commerce Committee
March 30, 1996*

Attachment 3 Three

U.S. Department of Labor

EMPLOYMENT AND TRAINING ADMINISTRATION
CITY CENTER SQUARE
1100 Main - Suite 1050
Kansas City, Missouri 64105



March 19, 1996

Reply to the Attention of: 7 TGT-0

Peter Latessa
Director
Division of Employment & Trng.
Department of Human Resources
401 S.W. Topeka Boulevard
Topeka, Kansas 66603-3182

Dear Mr. Latessa:

This will confirm your conversation today with Bob Hansen of my staff concerning funding for Title III national reserve grant proposals. National reserve funds are currently available to fund such grant applications assuming the following:

- * That the announced layoffs will occur in the near future.
- * That the proposal is reasonable and meets the projected need.
- * That the proposal is submitted within a reasonable period of time.
- * That the proposal is responsive to the criteria contained in the Solicitation for Grant Application as published in the Federal Register dated July 9, 1992, including criteria relating to provision of services to displaced homemakers and utilization of Title III formula funds.

It should be understood that funding of Title III Discretionary grant applications can never be guaranteed.

Questions should be directed to Bob Hansen, 816-426-3796 ext 253.

Sincerely,

WILLIAM M. HOOD
Regional Administrator

cc: Wayne Franklin
Secretary
Department of Human Resources

**FEDERAL GRANT
FOR
TOPEKA AND WINFIELD STATE HOSPITAL EMPLOYEES**

1. Request special grant dollars be set aside to serve this specific population.

This would allow us to:

- Set up career centers on site
- Staff these centers
- Provide hardware, software and other types of materials to enhance a job search
- Provide job development and access Automated Labor Exchange system which lists jobs nationally, regionally and locally
- Make appropriate referrals to local resources
- Develop specific training, retraining components
- Encourage networking and active involvement in the career transition process
- Counseling - vocational, emotional and financial
- Providing for a location to continue services off site, after closure of the facility has occurred

2. Rapid Response meetings should be conducted early in the process so that employees are aware of the services available.

- These are formal meetings, conducted on site, which take about one and one half hours. At these meetings information is provided about training, job search assistance, unemployment benefits and other support services available in the local community. Encouragement and career transition options are provided to laid off employees during these sessions.

3. Services available are:

- Training, tuition, books and support services
- On the job training
- Relocation assistance (Paying for moving to another city)
- Job Search assistance (Paying for job interviews out of the area)
- Career assistance centers
- Job search workshops

These workshops modules are designed to provide the most current information available to assist individuals with career exploration, job search planning, resume development and interviewing techniques. They are designed to be presented in three to four hours. Each module provides intensive training in job search methods, access to local resources and guidance in finding the right job for the individual participant. Participants may elect to attend some or all of the modules. Handbooks, resource information and resume' completion are included.

- Automated Labor Exchange

Computerized Job Bank Listing of employer openings at both the national, regional and local level. Information is in a user friendly format and can be accessed on a walk in basis.

- Access to America on Line through the Internet connection.
- Testing - computerized testing of clerical skills
- Vocational counseling
- Resume' preparation software
- Job referral and placement
- Labor market Information
- Executive accounts (employer applications)
- CAREER CENTERS set up on campus:

State of the art, computerized job seeking information.

Career exploration

Resume' preparation

Interviewing

Application completion

Job lead materials

Library of job seeking information

Fax machines

Lazer printers

Copy machines

Video players

- Unemployment Insurance Benefits:

While completing a active job search

While enrolled in an approved training program

- Referral to other community resources such as:

Legal aid

Small Business Development Center

Mental health services

Medical services

Financial counseling services

Adult Basic Education

Community colleges

Technical schools

SUMMARY SHEET OF GRANT FUNCTIONS

Counseling and/or Training

- employment preparation
 - resume writing
 - interviewing skills
 - skills identification
- continuing education opportunities
- strategies for seeking employment
- unemployment information
- benefits summary information

Career Assistance

- job search database
- testing
- counseling
- resume writing
- labor market information

Training

- on-the-job training
- special training
- training support services

Referral to LIFELINE Employee Assistance Program)

- financial counseling
- emotional counseling
- personal and family counseling
- referrals to local resources for additional help on above

Workshops

- job search
- career assistance
- networking

Referral to Community Resources

- legal aid
- financial services
- education services