

Approved: January 29, 1997
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 28, 1997 in Room 123-S of the Capitol.

Members present: Senators Salisbury, Barone, Brownlee, Feleciano, Gooch, Harris, Jordan, Ranson, Steffes, Steineger and Umbarger.

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:
Art Brown, Mid-America Lumbermens Association
Charles Warren, Ph.D., President, Kansas Inc.
Don Schnacke
Joan Wagnon
Paul Bicknell, Chief of Contributions, Department of Human Resources

Others attending: See attached list

Upon motion by Senator Feleciano, seconded by Senator Gooch, the Minutes of the January 24, 1997 Meeting were unanimously approved.

Art Brown, representing the retail building material dealers, requested the Committee introduce a bill expanding K.S.A. 22-4710 to allow an employer to investigate the criminal history record of prospective independent contractors.

Senator Steffes moved, seconded by Senator Barone, a Committee bill be introduced to amend KSA 22-4710, expanding its authority to investigate criminal history record of prospective independent contractors. The motion carried. Attachment 1

Charles Warren, Ph.D., President, Kansas Inc., requested a Commerce Committee bill be introduced amending KSA 1996 Supp. 75-443, to include chapter 79. The Revenue Department was inadvertently omitted when the permissive legislation was passed last year. Dr. Warren requested a Commerce Committee bill amending the High Performance Initiative Program (KSA 74-50,131, et.seq.) to insure confidentiality; change the requirement for higher paying companies to 1 1/2 of state average wage; and delay the audit until 1998.

Senator Feleciano moved, seconded by Senator Ranson, Committee introduction of two bills: one to amend KSA 22-4710, and a second bill to amend KSA 74-50,131. The motion carried.

SB 59 - Kansas river basin economic development; creation; powers and duties

Donald P. Schnacke testified on behalf of volunteers located in the 11 counties along the Kansas River from Junction City to Kansas. **SB 59** authorizes the creation of the Kansas River Basin Economic Development Corridor. The request for this authorization arose out of a study conducted some time ago indicating there is a common economic thread that ties nearly one-half of the population of Kansas that resides in the 11 counties along the Kansas River. Mr. Schnacke stated that with the good infrastructure, universities and a strong educational base, airports, and the federal, state and local government presences, the resultant stagnation and negative trade trends existing in some of the counties is a deep concern. **SB 59** creates the Economic Development Corridor, which, with statutory authority, provides the group with greater substance and enhance the possibilities for obtaining money through grants or governmental units. Attachment 2.

Joan Wagnon testified in support of **SB 59** and stated **SB 59** creates an economic opportunity for a part of the state, made up of numerous small communities along the Kansas River basin, to unite toward goals for the furtherance of obtaining businesses. Ms. Wagnon contended that passage of **SB 59** would reflect

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON COMMERCE, Room 123-S Statehouse, at 8:00 a.m. on January 28, 1997.

leadership from the Legislature and would encourage cities and counties to work together for a common goal.

The Committee discussed the following concerns with the conferees: the need for such legislation, the questionable benefit of a statutorily created economic development body corporate vs. a voluntary effort, precedence for such a statutory authority, and the mandated composition of the authority.

The hearing was concluded.

SB 83- Concerning the employment security law - recoupment of food stamp overissuance

Paul Bicknell, Chief of Unemployment Insurance Contributions, appeared on behalf of Linda Tierce, Chief of Unemployment Insurance Benefits. Mr. Bicknell stated **SB 83**, pages 1 and 8, broadens the manner by which claim notices can be delivered to an employer by including such devices as facsimile machines and electronic mail. The new language found on Page 16, "new subsection (e)" was provided by the US Department of Labor and assures that Unemployment Insurance (UI) conformity requirements are met with regard to the "welfare reform" bill, requiring that a food stamp agency must now collect any overissuance of food stamp coupons issued "to a household" by withholding amounts from UI benefits payable to "a member of the household". Attachment 3

The Committee requested Mr. Bicknell provide additional information relating to the estimated administrative cost and food stamp agency's intention to request KDHR administration of the program.

Senator Steineger moved, seconded by Senator Barone, **SB 83** be amended on pages 1 and 8, by reinserting the stricken language. The motion carried on a voice vote.

The Revisor pointed out a drafting problem with the motion as proposed. The Committee agreed to reconsider the language of the amendment at its next meeting.

The hearing was concluded

The meeting was adjourned at 9:00 a.m. The Chair announced the Committee would continue discussion and possible action on **SB 59** and **SB 83**.

The next meeting is scheduled for January 29, 1997.

SENATE COMMERCE COMMITTEE GUEST LIST

DATE: January 28, 1997

NAME	REPRESENTING
BUD CORPENT	KCC
Don Schunk	KRV org.
JOAN WAGNER	1606 Boswell, Topeka
Christy Caldwell	Jenika Chanen of Comm
Eileen Larson	Lawrence's
TERRY LEATHERMAN	KCCI
Steve Adams	KDWP
DOUG FARMER	DOB
JOSEF PITSBERGER	BRAO SMOOT
Peggy Swannick	League of KS Municipalities
BOB LIERZ	DEPT OF HUMAN RESOURCES
PAUL BICKWELL	" " " "
Charles Wayne	Kansas, Inc
JAMES T. JANDREK	KS Dept of Commerce + Housing
Steve Kelly	KSOCA
Joseph Skora	Johnson County, Kansas
Tommy Sore	SRS



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MID-AMERICA LUMBERMENS ASSOCIATION

January 28, 1997

MADAME CHAIR,

MEMBERS OF THE SENATE COMMERCE COMMITTEE:

My name is Art Brown. I represent the retail building material dealers in Kansas through the Mid-America Lumbermens Association. My purpose in visiting with you today is to introduce a bill which would expand the latitude in a bill passed out of this committee last year that allowed access to the criminal history of prospective employees.

Last year, HB 2988 was passed and under KSA 22-4710 the changes this bill provided was for an employer to investigate the criminal history record of prospective employees. What we ask is to expand that employer authority to include independent contractors.

In our business, we are seeing an increased demand for contract for hire in the areas of installed sales. Carpet installation, roofing, siding and a variety of other building applications are being contracted out by our membership. In order to protect any exposure to liability we may incur by recommending these independent contractors, we would like to have the same degree of disclosure of prospective employees that was provided by HB 2988 to include prospective independent contractors.

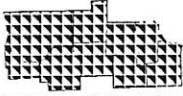
We are hopeful that this Committee is in concert with our concerns on this issue, and that a public hearing is held, and you find the issue worthy of your favorable passage from this Committee.

I thank you for your consideration of this matter.

*Senate Commerce Committee
January 28, 1997*



Attachment 1.



INDUSTRIAL DEVELOPMENT COMPLEX

STATEMENT OF DONALD P. SCHNACKE
BEFORE THE SENATE COMMERCE COMMITTEE
January 28, 1997

RE: SB 59 Creating the Kansas River Basin
Economic Development Corridor

COUNTIES

- Douglas County
- Geary County
- Jackson County
- Jefferson County
- Johnson County
- Leavenworth County
- Pottawatomie County
- Riley County
- Shawnee County
- Wabaunsee County
- Wyandotte County

COMMUNITIES

- Alma
- Bonner Springs
- Edwardsville
- De Soto
- Holton
- Junction City
- Kansas City
- Lansing
- Lawrence
- Leavenworth
- Lenexa
- Manhattan
- Merriam
- Olathe
- Onaga
- Oskaloosa
- Overland Park
- Mission
- St. Marys
- Shawnee
- Topeka
- Valley Falls
- Wamego

ORGANIZATIONS

- Western Resources
- Washburn University
- Kansas Department of
Commerce & Housing
- Kansas Department of Transportation
- Kansas State University
- University of Kansas

I am Don Schnacke and am appearing on behalf of volunteers located in the eleven counties stretching along the Kansas River from Junction City to Kansas City. We are asking the Kansas legislature to authorize the creation of what we call the Kansas River Basin Economic Development Corridor and as proposed in SB 59..

The idea of creating the Kansas River Basin Economic Development Corridor arose out of a study some time ago by five President of the Chambers of Commerce from Junction City, Manhattan, Topeka, Lawrence and Kansas City. This was done during the time I served as President of the Greater Topeka Chamber of Commerce.

Our studies indicate that there is a common economic thread tied to nearly one-half of the population of Kansas that resides in the 11 counties along the Kansas River. The infrastructure is enormous, including four major reservoirs; highways; railroads; universities and a strong educational base; airports, and federal, state and local governmental presences. (See USGS Map exhibit.)

With all these good infrastructure points contained in the corridor, we are baffled by the stagnation and negative trends in some of the counties. Statewide, Kansas is holding its own with only 3.9% of the labor force not working - about par nationally. But in this 11-county region, the unemployment is 4.52%, or about 30% higher than the mean. There is heavy unemployment in Geary, Jackson, Shawnee and Wyandotte counties. Topeka's unemployment has increased 0.7% since November, 1996, reflecting layoffs by key Topeka employers. Future Topeka State Hospital layoffs will continue to erode the potential in Topeka.

Our effort to date is an attempt to reverse this trend and market this region which has great potential for dynamic growth in Kansas. With the backing of the Governor and the Kansas Department of Commerce and Housing, we obtained a \$50,000 EDA grant. With this money we conducted a detailed inventory of the potential in all 11 counties and several cities. (See exhibit.)

We are in touch with the cities and counties involved. Some have sent money to help us in our work. Our goal is to improve communication between counties and cities and create a network of resources and appreciation of each entity throughout the region. Our goal is to help each other in the area of economic development. Education and training is a major emphasis. Exploring cooperative economic development opportunities will be another emphasis. When something good happens, when jobs are created, we want the entire region to applaud. What happens in the future as a result of this effort will be good for the region and for the entire state of Kansas. We believe SB 59 is the beginning of an aggressive economic development effort in Kansas. We urge you to pass SB 59.

Senate Commerce Committee
January 28, 1997

Attachment 2-1 thru 2-14

FINAL REPORT

KANSAS RIVER BASIN
INDUSTRIAL DEVELOPMENT
COMPLEX STUDY

PREPARED FOR
STATE OF KANSAS

BY

ECONOMICS RESEARCH ASSOCIATES
WITH
BUCHER, WILLIS & RATLIFF

NOVEMBER 1994

EXECUTIVE SUMMARY

The Kansas River Basin Industrial Development Complex project is a joint venture between the State, 11 Counties and local public and private economic development organizations. This first phase focused on identifying and evaluating the existing economic development infrastructure in the Kansas River Basin region. The basic assumption of this project is that a comprehensive inventory of economic development program and physical capacity is the basic component of a successful industrial development strategy. Economics Research Associates and Bucher, Willis & Ratliff were employed to conduct an objective inventory of the 11 County area. The process included:

1. An assessment of existing data, research and information concerning economic development in the 11 County area.
2. A survey of a representative sample of 125 current employers in the 11 county area to assess issues and perceptions concerning economic potential.
3. A survey and interviews with 15 existing economic development organizations in the region to determine economic development issues and capacity.
4. An infrastructure survey of cooperating existing industrial parks in the region.

The results of each of these four activities is summarized as follows:

THE REGION

The Kansas River Basin region contains 7% of the states land area and 39% of the population. The region is very important to the states economy in that it provides:

- 54% of all Finance, Insurance and Real Estate
- 48% of all Transportation employment
- 47% of all Construction employment
- 46% of all Service employment
- 44% of all Retail employment
- 43% of all Government employment
- 28% of all Manufacturing employment
- 28% of all Agriculture

The fact that 42% of all jobs in Kansas are located in this region including the above significant portion of the states growth sectors, the importance of a successful program. (See Table A) The 11 County region is also very diverse with major differences in population (ie. Johnson County has 50 times more people than Wabaunsee), size, income and economic focus. The region shares common links through transportation, coordination of its Universities, a mobile labor force and similar economic development objectives.

Kansas River Basin Industrial Development Complex

Phase II Project Proposal and History

4-2

What is the Kansas River Basin Industrial Development Complex

*An identifiable economic development
region in the state consisting of the
eleven counties and related
communities along the Kansas River*



2-5

Goal of Kansas River Basin Economic Development Complex

- *To promote the Kansas River Basin Region as a location for economic development.*

- *To assist communities and economic development entities in the eleven county region in their efforts.*

History of KRBIDC Project

- *November 1992 Steering Committee Organized*
- *February 1993 Steering Committee meets with Governor and gains support of state agencies.*
- *December 1993 KRBIDC Phase I Project Proposal Funded by the Economic Development Administration for \$50,000.*

KRBIDC History

- *Local entities contribute \$4,800*
- *March, 1994 KRBIDC Phase I contracted to Economic Research Associates (ERA)*
- *April, 1994 - September, 1995 ERA conducts Phase I*
- *December, 1995 Phase I of KRBIDC Project Completed*
- *July, 1996 Phase II proposal developed*

KRBIDC Phase I Results

Phase I Accomplishments

- *Inventory of Region's Economic Development Capacity*
- *Identification of Regional Issues and Needs*
- *Identified shared economic development objectives*

Phase I Assessment of Region

■ *Region is critical to state's overall economy*

■ *Survey of employers and development professionals in region identified needs related to:*

- *Access to Business Development Resources*
- *Workforce training and recruitment*
- *Coordination of development activity*

KRBIDC Phase II: Background

Team Involved

- *Local Economic Development Organizations*
- *Kansas, Inc.*
- *Kansas Department of Commerce & Housing*
- *Private Businesses*
- *Educational institutions*

KRBIDC Phase II: Background

Goals

- *Obtain funding for Phase II*
 - *\$20,000 to fund Phase ##*
 - *\$ 10,000 from private industry*
 - *\$ 10,000 from public sector*
- *Establish formal organization*
 - *Legislation During 1997 to recognize region*
 - *Representative steering committee*

Phase II Goals

- *Establish a network in the region to support economic development activities.*
- *Facilitate access to local , state and federal resources available to assist business and economic development.*
- *Coordinate marketing and development activities among the entities in the region.*

Next Steps

Coordinate Local Meetings to update local economic development groups.

Recruit Implementation Team coordinate KRBIDC activities

Obtain enabling legislation formally establishing KRBIDC

Obtain funding to proceed with Phase II of the project.

TESTIMONY

COMMERCE COMMITTEE

Senate Bill No. 83

January 28, 1997

Good morning Madam Chair and Members of the Committee. My name is Linda Tierce and I am the Chief of Unemployment Insurance Benefits representing the Kansas Department of Human Resources. I appear before you today to report on Senate Bill 83 which contains several amendments to the Employment Security Law.

The minor language changes found on pages 1 and 8 amend K.S.A. 44-709 and 44-710(c) to broaden the means by which claim notices can be delivered to an employer and by which employer information can be returned to the department. The language has been broadened to include such devices as facsimile machines and electronic mail.

The language found starting on page 16 adds a new subsection (e) to 44-718 to provide for a food stamp exception.

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), Public Law 104-193, was enacted on August 22, 1996. This legislation, popularly known as the "welfare reform" bill, requires that a state food stamp agency must now collect any overissuance of food stamp coupons issued "to a household" by withholding amounts from unemployment insurance benefits payable to "a member of the household" as provided under Section 13(c) of the Food Stamp Act (FSA), which establishes certain procedures for the food

*Senate Commerce Committee
January 28, 1997
Attachment 3-1 thru 3-2*

stamp agency. It mandates that state food stamp agencies take an action that previously was optional under the FSA and that was permitted under the Social Security Act.

Since all state laws contain provisions which prohibit the attachment of unemployment insurance benefits, it is necessary that the UI law be amended to accommodate the state food stamp agency. The language in the new subsection (e) was provided by the U.S. Department of Labor and will assure that UI conformity requirements are met.

It is important to note in the new language under section (6) that this section applies only if arrangements have been made for reimbursement by the state food stamp agency for the administrative costs incurred by the secretary under this section which are attributable to the repayment of uncollected overissuances to the state food stamp agency.

In conclusion, each year the Employment Security Advisory Council considers suggestions from Department staff as to desired or necessary changes to the Employment Security Law. In its recent meeting, the Council voted to forward the above mentioned changes with a favorable recommendation.

Ladies and gentlemen, this concludes my testimony. I will be pleased to answer any questions you may have at this time.