

Approved: 2-5-98
Date

MINUTES OF THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT.

The meeting was called to order by Chairman Bill Mason at 3:30 p.m. on February 4, 1998 in Room 423-S of the Capitol.

All members were present except: Barbara Allen (A)
Lisa Benlon (E)
Mary Compton (E)
Bonnie Sharp (E)

Committee staff present: Lynne Holt, Legislative Research Department
Renae Jefferies, Revisor of Statutes
Rose Marie Glatt, Committee Secretary

Conferees appearing before the committee: Representative Flower
Larry Cope, Jefferson County Economic Development Comm.
Bud Grant, KS CHAMBER OF COMMERCE, INC
Mikel Miller, Kansas Inc.

Others attending: See attached list

Chairman Mason opened the hearing on **HB 2646** - an act amending the Kansas enterprise zone act; concerning eligibility for exemptions for sales taxation.

Representative Flower introduced Larry Cope, Executive Director of the Jefferson County Economic Development Committee. Mr. Cope explained the primary purpose of **HB 2646** is to assist rural counties in the attraction of non-manufacturing businesses to help boost their local economies and to aid in the diversification of their economics (Attachment 1). General discussion followed: including clarification of the figures from his report, amount of business lost due to absence of this tax exemption and number of counties involved.

Chairman Mason advised the committee that a fiscal impact statement has been requested from the Department of Revenue but the response has not been received at this point.

Bud Grant spoke in support of **HB 2646** (Attachment 2). He spoke about the important difference 3-5 jobs can make in a small community. This bill would simply insert flexibility into the program by expanding the eligibility to counties of 25,000 or less. General discussion followed.

Lynne Holt gave the committee a census report dated March 20, 1997 (Attachment 3).

Mikel Miller, Senior Policy Analyst for Kansas, Inc. gave a brief background of the Kansas Enterprise Zone with respect to retail businesses and posed several important questions that Kansas, Inc. believes the Economic Development committee should consider (Attachment 4). She urged caution on expanding sales tax exemption on additional cities beyond the population of 2,500.

General Discussion followed.

Chairman Mason closed the hearing on **HB 2646**. He advised the committee to consider these issues, to complete any research needed on the Enterprise Zone as the committee will consider this at a later meeting.

HCR 5028: Chairman Mason reviewed progress on the resolution including the request for delay on action by Representative Thimesch until after the legislative post audit report. Discussion followed.

Chairman Mason submitted a balloon to clarify language in **HCR 5028** (Attachment 5).

Renaë Jefferies reviewed the changes with committee. She stated that the changes were made to strengthen the language. General discussion followed.

Representative Kuether moved for the adoption of the amendments for HCR 5028. Representative Osborne seconded the motion the motion carried to pass out of committee favorably.

Meeting adjourned at 4:15 p.m.

Next meeting is scheduled for February 12, 1998.

Sales Tax Exemptions on non-manufacturing businesses

The primary purpose of House Bill # 2646 is to assist rural counties in the attraction of non-manufacturing businesses to help boost their local economies and to aid in the diversification of their economies.

There are many economic development mechanisms available to manufactures at both the state and local levels. But are basically non-existent to non-manufacturing outside of communities of 2,500.

At this time Jefferson County and all six counties of NEKRED are working diligently to attract new industries to Northeast Kansas. But without a good non-manufacturing base, as support services, attracting new industries is very difficult. Mainly do to the fact of many companies are looking for local or nearby support services for themselves and for local or nearby activities (i.e. retail shopping,) for their employees.

Jefferson County

Due to the location of Jefferson County in respect to Shawnee, Douglas, and Johnson counties we have a lopsided economy. We loose approximately 6,000 employees to the surrounding area everyday and it has been shown in research from David Darling (Kansas State University) that where a person works is generally where they will spend their money. Due to that massive daily out- migration. Jefferson County has one of the lowest pull factors in the State of Kansas (.26)

The major growth of Jefferson County happening in the lower 1/3 of the county near the U.S. 24 Hwy corridor, unfortunately we have only one incorporated city in that region and it is land locked by the Kansas River, Union Pacific Railroad, U.S Corp Property, and U.S. 24.

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The passage of this bill will aid in the development of the U.S 24 corridor, assist in attraction of new industries, slow or reverse out migration of workers, Increase sales tax collection for both for the State of Kansas and for Jefferson County, and diversify our economy.

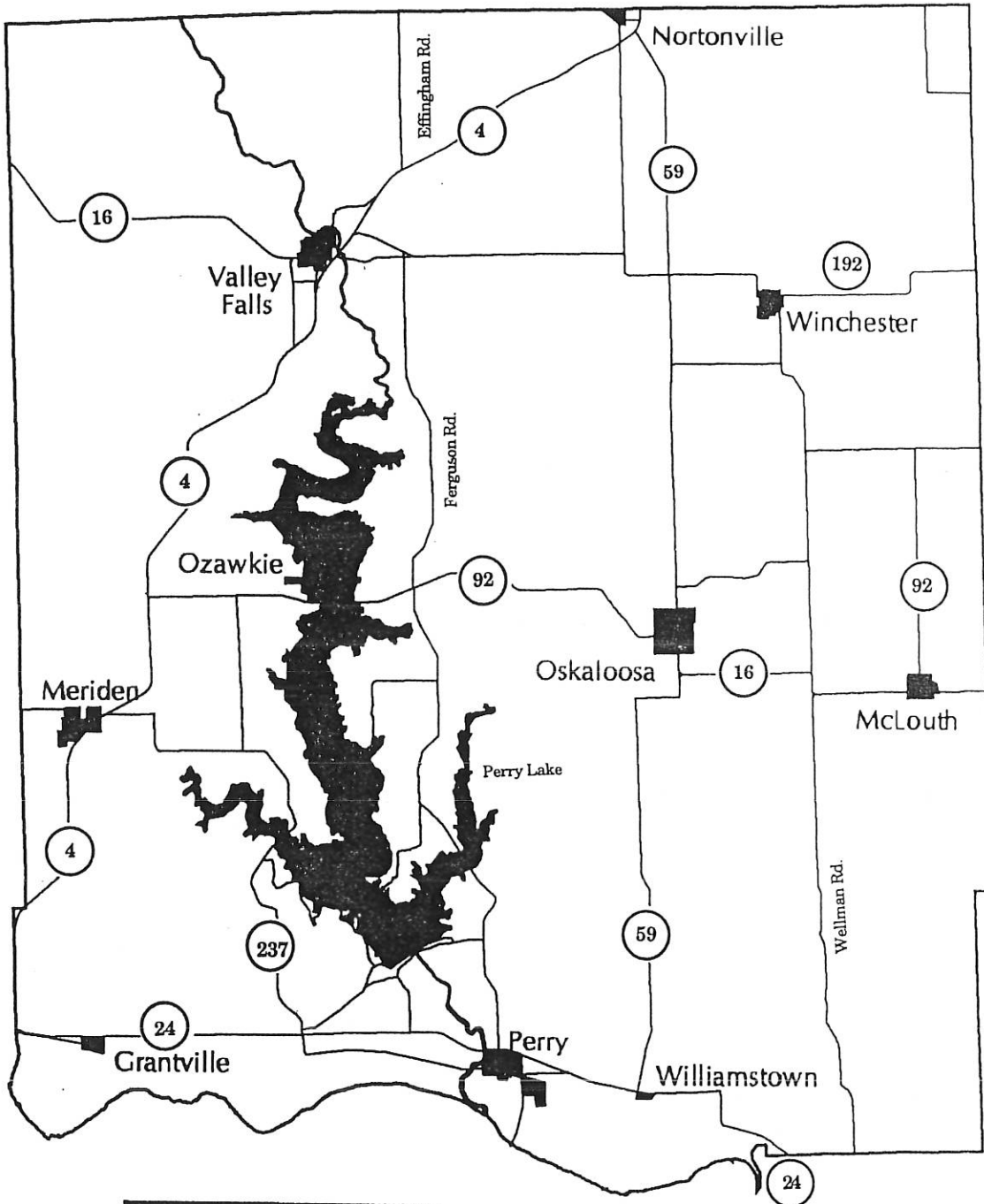
New Buildings Outside Cities - \$2,311,200.00 (1997)

Cost of Sales Tax Exemption - \$ 113,248.80 (State of Kansas)
\$ 46,224.00 (Jefferson County)

Benefits - New Jobs - 129

- Jefferson Co. Average Wage \$ 18,066.0
- \$ 2,330,514.00 in new wages
- \$ 93,220.00 in new State Income Taxes
- \$ 51,387.00 in new sales tax

Jefferson County, Kansas



Jefferson County GIS


Kansas State University

Cooperative Extension Service
 K-State Research and Extension
 Department of Agricultural
 Economics
 344 Waters Hall
 Manhattan, KS 66506-4026
 785-532-5823
 Fax: 785-532-6925

10/10/97

Larry Cope
 Jefferson County Economic Development Commission

Dear Larry:

After many years of analyzing and working in Jefferson County, I have the following comments about the county's economy and then some suggested goals to pursue.

- 1) The people of the county are very much a part of the larger communities that surround it but are outside of Jefferson County.
- 2) This above fact is shown in your county trade pull factor, 0.27.
- 3) More money is earned by commuters than by residents who work in their home community. Your County Income Interdependence Value (CIIV) is 142.55. This means that for every dollar earned locally by Jefferson County residents, another \$ 1.43 is earned by commuters who are leaving home to work outside Jefferson County every day.

I think that there are several reasonable goals worth pursuing. The county can market itself as a labor surplus area that has people who would be willing to change a household income out of the county than those who don't commute. If the pull factor goes up then the income multiplier will increase, and sales tax revenues will increase leading to a better financed set of local governments. Jefferson County has a growth corridor right through the bottom half of the county. Highway 24 should be treated as a prime area for development. Ideally, much of the new investment should be in commercial and industrial properties. Finally, the county seat town needs to grow and grow a lot. Jefferson County needs a central city with a population of between 4,000-5,000 residents. This would allow the retail community to grow big enough to become a minor trade center attracting in consumers from all over the county.

Best wishes,

David L. Darling, Ph.D.
 Extension Specialist
 Community Economic Development
 K-State Research and Extension

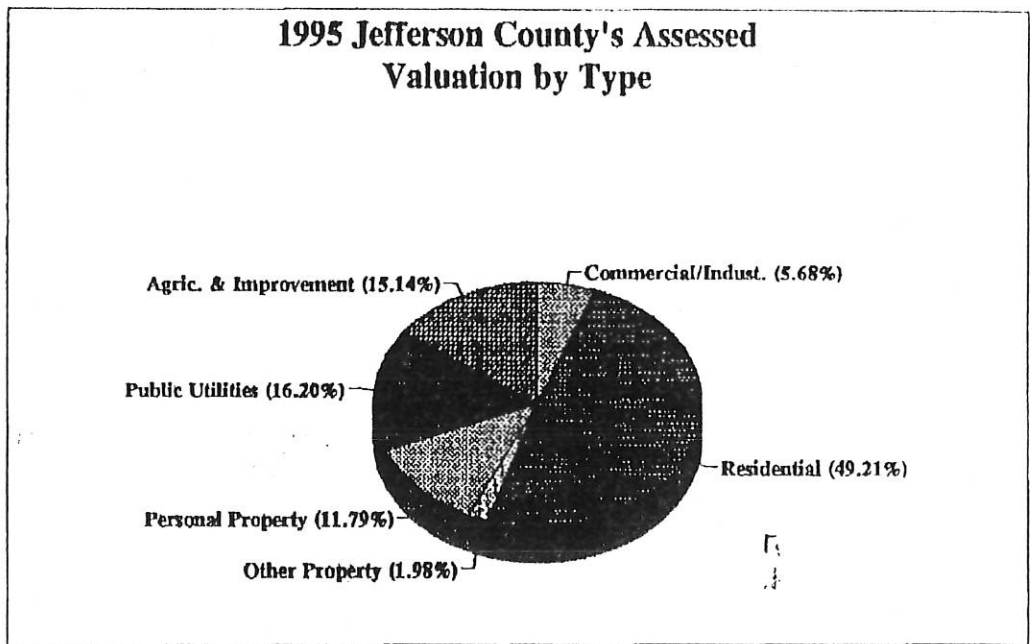
Kansas State
 University Agricultural
 Experiment Station and
 Cooperative Extension
 Service

K State, County Extension
 Councils, Extension
 Districts, and U.S.
 Department of Agriculture
 Cooperating.

All educational programs
 and materials available
 without discrimination on
 the basis of race, color,
 religion, national origin,
 sex, age, or disability.

"Knowledge
 for Life"

Figure 04



Source : Kansas Department of Revenue, Kansas.

	\$ '000
Commercial/Indust.	4,414,604
Residential	38,247,604
Other Property	1,538,482
Personal Property	9,161,805
Public Utilities	12,593,792
Agric. & Improvemen	11,765,552
Total Value	61,541,683

LEGISLATIVE TESTIMONY



Kansas Chamber of Commerce and Industry

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HB 2646

February 4, 1998

KANSAS CHAMBER OF COMMERCE AND INDUSTRY

Testimony Before the

House Committee on Economic Development

by

Bud Grant

Vice President and General Manager

Mr. Chairman and members of the Committee:

My name is Bud Grant and I appreciate the opportunity to appear today on behalf of the Kansas Retail Council, a division of the Kansas Chamber of Commerce and Industry and to make a brief statement in support of HB 2646.

The Kansas Chamber of Commerce and Industry (KCCI) is a statewide organization dedicated to the promotion of economic growth and job creation within Kansas, and to the protection and support of the private competitive enterprise system.

KCCI is comprised of more than 3,000 businesses which includes 200 local and regional chambers of commerce and trade organizations which represent over 161,000 business men and women. The organization represents both large and small employers in Kansas, with 47% of KCCI's members having less than 25 employees, and 77% having less than 100 employees. KCCI receives no government funding.

The KCCI Board of Directors establishes policies through the work of hundreds of the organization's members who make up its various committees. These policies are the guiding principles of the organization and translate into views such as those expressed here.

As the State of Kansas has developed programs to offer various kinds of incentives to encourage job creation, the decision has been made to virtually exclude retailers from these

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programs. The obvious reasoning has been that assisting one retail business over another puts the one not receiving assistance at a competitive disadvantage.

However, as I visit with representatives of local Chambers of Commerce from small communities around the state, they know that General Motors, or Boeing, or Goodyear, will probably not settle in their community. Yet there is a need to encourage job creation. Five new jobs of any kind, whether manufacturing, service, or retail, are important when opportunity to expand the labor base is limited. This was recognized by the Legislature when it extended the provisions of the enterprise zone to retail jobs created in communities of 2,500 or less.

This bill, should it become law, would simply insert flexibility into the program by expanding the eligibility to counties of 25,000 or less. On the one hand this provision may never be used. On the other, it may make the difference in providing retail job opportunities in many small Kansas communities that are not eligible under the current law.

I urge the Committee's favorable consideration of HB 2646.

J-96-7 Estimates of the Population of Counties: July 1, 1996, and Percent Population Change: April 1, 1990 to July 1, 1996 (includes revised April 1, 1990 census population counts)

These data were released to the public with Product Announcement CB97-39, March 20, 1997. These data supersede data released with Product Announcement CB96-32.

Source: Population Estimates Program, Population Division, U.S. Bureau of the Census, Washington, DC 20233
Contact: Statistical Information Staff, Population Division, U.S. Bureau of the Census 301-457-2422

Release date: March 20, 1997

FIPS code	Area name	Revised 4/1/90 census	7/1/96 estimate	Percent change 1990-96
20000	Kansas	2477588	2572150	3.8
20001	Allen County	14638	14645	0.0
20003	Anderson County	7803	8054	3.2
20005	Atchison County	16932	16234	-4.1
20007	Barber County	5874	5484	-6.6
20009	Barton County	29382	-28097	-4.4
20011	Bourbon County	14966	15159	1.3
20013	Brown County	11128	10965	-1.5
20015	Butler County	50580	-59226	17.1
20017	Chase County	3021	2886	-4.5
20019	Chautauqua County	4407	4379	-0.6
20021	Cherokee County	21374	22505	5.3
20023	Cheyenne County	3243	3220	-0.7
20025	Clark County	2418	2382	-1.5
20027	Clay County	9158	9319	1.8
20029	Cloud County	11023	10247	-7.0
20031	Coffey County	8404	8743	4.0
20033	Comanche County	2313	2072	-10.4
20035	Cowley County	36915	-37055	0.4
20037	Crawford County	35582	-36337	2.1
20039	Decatur County	4021	3521	-12.4
20041	Dickinson County	18958	19856	4.7
20043	Doniphan County	8134	7766	-4.5
20045	Douglas County	81798	-89899	9.9
20047	Edwards County	3787	3471	-8.3
20049	Elk County	3327	3393	2.0
20051	Ellis County	26004	-26186	0.7
20053	Ellsworth County	6586	6372	-3.2
20055	Finney County	33070	-35545	7.5
20057	Ford County	27463	-29309	6.7
20059	Franklin County	21994	23565	7.1
20061	Geary County	30453	-26341	-13.5
20063	Gove County	3231	3089	-4.4
20065	Graham County	3543	3260	-8.0
20067	Grant County	7159	7697	7.5
20069	Gray County	5396	5527	2.4
20071	Greeley County	1774	1754	-1.1
20073	Greenwood County	7847	8090	3.1
20075	Hamilton County	2388	2296	-3.9
20077	Harper County	7124	6524	-8.4
20079	Harvey County	31028	-31302	0.9
20081	Haskell County	3886	3922	0.9
20083	Hodgeman County	2177	2231	2.5
20085	Jackson County	11525	11978	3.9
20087	Jefferson County	15905	17514	10.1
20089	Jewell County	4251	4011	-5.6
20091	Johnson County	355021	-408341	15.0
20093	Kearny County	4027	4216	4.7
20095	Kingman County	8292	8545	3.1
20097	Kiowa County	3660	3571	-2.4
20099	Labette County	23693	22869	-3.5
20101	Lane County	2375	2211	-6.9

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20103	Leavenworth County	64371	- 69904	8.6
20105	Lincoln County	3653	3388	-7.3
20107	Linn County	8254	8974	8.7
20109	Logan County	3081	3113	1.0
20111	Lyon County	34732	34384	-1.0
20113	McPherson County	27268	27548	1.0
20115	Marion County	12888	12898	0.1
20117	Marshall County	11705	11286	-3.6
20119	Meade County	4247	4436	4.5
20121	Miami County	23466	-25933	10.5
20123	Mitchell County	7203	7096	-1.5
20125	Montgomery County	38816	-37414	-3.6
20127	Morris County	6198	6340	2.3
20129	Morton County	3480	3315	-4.7
20131	Nemaha County	10446	10389	-0.5
20133	Neosho County	17035	16893	-0.8
20135	Ness County	4033	3663	-9.2
20137	Norton County	5947	5762	-3.1
20139	Osage County	15248	16726	9.7
20141	Osborne County	4867	4606	-5.4
20143	Ottawa County	5634	5815	3.2
20145	Pawnee County	7555	7470	-1.1
20147	Phillips County	6590	6194	-6.0
20149	Pottawatomie County	16128	17908	11.0
20151	Pratt County	9702	9746	0.5
20153	Rawlins County	3404	3249	-4.6
20155	Reno County	62389	- 62901	0.8
20157	Republic County	6482	6253	-3.5
20159	Rice County	10610	10044	-5.3
20161	Riley County	67139	- 64716	-3.6
20163	Rooks County	6039	5849	-3.1
20165	Rush County	3842	3537	-7.9
20167	Russell County	7835	7658	-2.3
20169	Saline County	49301	- 51782	5.0
20171	Scott County	5289	5029	-4.9
20173	Sedgewick County	403662	- 422437	4.7
20175	Seward County	18743	20002	6.7
20177	Shawnee County	160976	-164938	2.5
20179	Sheridan County	3043	2760	-9.3
20181	Sherman County	6926	6733	-2.8
20183	Smith County	5078	4741	-6.6
20185	Stafford County	5365	5129	-4.4
20187	Stanton County	2333	2297	-1.5
20189	Stevens County	5048	5347	5.9
20191	Sumner County	25841	- 26901	4.1
20193	Thomas County	8258	8326	0.8
20195	Trego County	3694	3440	-6.9
20197	Wabaunsee County	6603	6664	0.9
20199	Wallace County	1821	1812	-0.5
20201	Washington County	7073	6738	-4.7
20203	Wichita County	2758	2725	-1.2
20205	Wilson County	10289	10353	0.6
20207	Woodson County	4116	3980	-3.3
20209	Wyandotte County	162026	- 153427	-5.3

3-2

**Testimony of
Mikel Miller, Sr. Policy Analyst for Kansas, Inc.
before the
House Economic Development Committee
February 4, 1998**

Thank you Mr. Chairman. Part of Kansas, Inc.'s mission is to provide the legislature with unbiased advise on sound economic theory so that you as lawmakers have a good basis from which to make important policy decisions. In that capacity, I would like to give the Committee some background on existing law and pose several important questions Kansas, Inc. believes this Committee should consider with regard to HB 2646.

Let me first give you some background on the Kansas Enterprise Zone with respect to retail businesses. In 1992 the Legislature reconfigured the original Enterprise Zone. Enterprise zones established under the old program were eliminated and enterprises zone incentives were extended statewide with enhanced levels of benefits in certain rural areas. In contrast to the earlier program, the revamped enterprise zone laws linked eligibility for sales tax exemption and tax credits to the type of business and their ability to meet certain job creation qualifications. At that time, the Legislature determined that only retail businesses in cities of 2,500 should be eligible for enterprise zone benefits.

Currently, a retail business may qualify for sales tax exemption under the Kansas Enterprise Zone Act if the retail business complies with the following two requirements.

- locates or expands to a city having a population of 2,500 or less, as determined by the latest U.S. Census, and
- provides documented evidence of job expansion involving at least two new full-time employees.

The proposed amendment would raise this population limit to include counties of 25,000 or less. This would include all retail business in 83 of the 105 Kansas counties. Only the largest of Kansas Counties would be excluded. A list of counties and their populations is attached.

The 1992 Legislature's decision to restrict retail incentives to cities with populations of 2,500 or less was based on accepted economic theory. These theories set forth several criterion which can be used to determine which types of firms should receive economic development incentives.

The first was "the basic industry theory" which justifies targeting development incentives to the manufacturing sector and other industries that bring "new dollars" into the state through the sale of Kansas products. This concept of targeting incentives to industries bringing new dollars into the state has long been the major determinate the Legislature has used when making public policy decisions and has been the basis of policy recommendations made by Kansas, Inc. since

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its inception.

The second criterion for awarding incentives relates to the **location decision** of a firm. This theory proposes that the degree to which a firm's location is influenced by proximity to its market determines whether that firm should be offered incentives. For businesses whose market is local in nature, such as the retail and personal services industries, a firm's decision to locate will depend on a market of customers. These firms only locate where the customers are.

Government incentives do not influence the location decision of firms whose viability depends on a local market and nearby customers. Granting incentives to these firms would be a misuse of scarce economic development resources.

With this in mind, Legislators limited the use of enterprise zone incentives for retail businesses to only the very smallest of communities. It was felt that in communities of 2,500 or less, where the customer base is very small, the survival of a community could depend on retaining its only grocery store or gas station, and that incentives would help retain these vital businesses.

There are several policy questions that should be taken into consideration by this committee before that limit of 2,500 people is raised.

First, is it sound economic development theory to provide incentives to firms whose location or expansion decisions depend on a local market and nearby customers?

Second, would providing incentives to retail businesses in larger cities within a county have a negative impact on the retail businesses of the smaller, less competitive cities? Would we be providing incentives to larger stores in the same county, perhaps even to a Walmart, that could have a devastating impact on the retailers in the county's smallest cities?

Third, there is no way of knowing what the fiscal impact to the state and local community would be with regard to forgone sales tax if the limit was raised to include counties of 25,000.

Currently 83 of our Kansas counties have populations under 25,000 and would therefore be eligible for incentives if this bill was passed.

Below are the Impacts of sales tax exemption alone from FY 1997.

Forgone Sales Tax for Retail Business in Cities of 2,500 or less.
FY 1997

	State	Jefferson Co.
Total Investment	\$13,295,268	\$1,083,000
ST on Remodeling labor	\$ 52,386	\$16,081
ST on Materials	\$144,751	\$13,367
ST on M&E	\$254,553	\$14,994
Total	\$451,690	\$44,442

In addition to sales tax exemption, retail firms in counties of 25,000 or less would also be eligible for Job Creation Tax Credits and Investment Tax Credits. A summary of E-Zone incentives is included in A-2.

In summation, I would remind the committee that part of Kansas, Inc.'s mission is to provide the legislature with unbiased advise on economic theory so that you have a good basis from which to make important policy decisions. Kansas, Inc. remains available at any time to help each of you in that way.

I'd be happy to answer any questions you may have.

Appendix

Recent History of Sales Tax Exemption as it Applies to the Kansas Enterprise Zone Act:

1982: The Kansas Legislature established the Kansas Enterprise Zone Act, providing a city the ability to designate a portion of its area as an enterprise zone. Businesses which located within the zone would receive a sales tax refund on property and services associated with the construction, expansion, or rehabilitation of a business facility. In addition, job creation and investment tax credits were provided if a project created at least two net new jobs.

1986: Counties were given the authority to establish county enterprise zones.

1988: Sales tax on machinery and equipment used in manufacturing was made exempt. Prior to this, manufacturers had to be located in a designated enterprise zone to receive this exemption. Kansas had been the only state in the region with this tax.

1992: The Legislature enacted a new Kansas Enterprise Zone Act, which reconfigured the original program established pursuant to K.S.A. 12-17,107 et seq. Enterprise zones established in the earlier program were eliminated and enterprises zone incentives were extended statewide with enhanced levels of benefits in certain rural areas. In contrast to the earlier program, the revamped enterprise zone laws linked eligibility for sales tax exemption, investment tax credits, and job creation tax credits to the type of business and their ability to meet certain job creation qualifications.

1994: The Enterprise Zone Act was amended again to add a definition of "corporate headquarters" and to clarify the existing definitions of "non-manufacturing business" and retail business." This amendment was proposed by Kansas, Inc. to correct misinterpretations of the law which had resulted in the denial of enterprise zone benefits to many companies. The amendment also permitted owners of leased property to receive sales tax exemptions when constructing, reconstructing, remodeling, or enlarging a facility which will be leased for a period of five years or more to a business which would be eligible for the exemption if it had constructed, reconstructed, remodeled, or enlarged the facility itself.

1995: The Legislature repealed the 2.5% sales tax imposed in 1992 on labor used in original construction. This law became effective April 15, 1995.

1996: The Legislature amended the law to allow businesses to offset 100 percent of their Kansas income tax liability with Enterprise Zone tax credits. It also included a definition for ancillary support facilities (back office operations), and headquarters which looks at the function the facility plays rather than the type of business the facility belongs to. The bill also amended the Act to allow insurance companies and financial institutions, which pay privilege tax, to be eligible for job expansion and investment tax credits.

Summary of Kansas Enterprise Zone Incentives

Eligibility for the various incentives and the value of the incentive depend on 1) the type of business, 2) the location of the business within the state, and 3) the number of net new jobs created. The *Kansas Enterprise Zone Act* defines the six counties of Douglas, Johnson, Leavenworth, Sedgwick, Shawnee, and Wyandotte as metropolitan counties. As such, they are ineligible to apply for the enhanced job credits available to designated non-metropolitan counties.

<i>Jobs Criteria/Definitions</i>	<i>Basic Incentives</i>	<i>Desig. Non-metropolitan Regions</i>
<p><u>Manufacturing</u> A manufacturing business is defined as any commercial enterprise identified under Standard Industrial Classification (SIC) codes, major groups 20-39 and must create a minimum of two (2) net new jobs.</p>	<p><u>Manufacturing</u> Sales Tax Exemption Job Creation Tax Credit - \$1,500 per net new job. Investment Tax Credit - \$1,000 per \$100,000 of qualified business facility investment.</p>	<p><u>Manufacturing</u> Sales Tax Exemption Job Creation Tax Credit - \$2,500 per net new job. Investment Tax Credit - \$1,000 per \$100,000 of qualified business facility investment.</p>
<p><u>Non-Manufacturing</u> A non-manufacturing business means any commercial enterprise other than a manufacturing or retail business that creates a minimum of five (5) net new jobs or the business headquarters of an enterprise or the ancillary support facility of an enterprise if the facility creates at least 20 new full-time positions.</p>	<p><u>Non-Manufacturing</u> Sales Tax Exemption Job Creation Tax Credit - \$1,500 per net new job. Investment Tax Credit - \$1,000 per \$100,000 of qualified business facility investment.</p>	<p><u>Non-Manufacturing</u> Sales Tax Exemption Job Creation Tax Credit - \$2,500 per net new job. Investment Tax Credit - \$1,000 per \$100,000 of qualified business facility investment.</p>
<p><u>Retail</u> A retail business is defined as any business providing goods or services taxable under the Kansas Retailers' Sales Tax Act; any professional service provider set forth in K.S.A. 17-2707, and amendments thereto; any bank, S&L, or other lending institution; any commercial enterprise whose primary business activity includes the sale of insurance; any commercial enterprise deriving its revenues directly from noncommercial customers in exchange for personal services such as, but not limited to barber shops, photographic studios, and funeral services. Retail businesses must create a minimum of two (2) net new jobs.</p>	<p><u>Retail</u> Sales Tax Exemption - Available for businesses in communities of less than 2,500 population Job Creation Tax Credit - \$100/year for 10 years for each net new job created (K.S.A. 1995 Supp. 79-32,153). Investment Tax Credit - \$100/year for 10 years for each \$100,000 in qualified business investment (K.S.A. 1995 Supp. 79-32,153).</p>	<p><u>Retail</u> Sales Tax Exemption - Available for businesses in communities of less than 2,500 population Job Creation Tax Credit - \$100/year for 10 years for each net new job created (K.S.A. 1995 Supp. 79-32,153). Investment Tax Credit - \$100/year for 10 years for each \$100,000 in qualified business investment (K.S.A. 1995 Supp. 79-32,153).</p>

**Kansas Counties
by Population (descending)
per 1996 Census**

COUNTY CODE	COUNTY NAME	COUNTY POPULATION
MC	MITCHELL	7080
SH	SHERMAN	6886
WS	WASHINGTON	6810
HP	HARPER	6694
WB	WABAUNSEE	6638
EW	ELLSWORTH	6459
PL	PHILLIPS	6362
MR	MORRIS	6321
RP	REPUBLIC	6240
RO	ROOKS	5938
NT	NORTON	5744
OT	OTTAWA	5635
BA	BARBER	5609
GY	GRAY	5380
SF	STAFFORD	5232
SV	STEVENS	5177
SC	SCOTT	5157
SM	SMITH	4806
OB	OSBORNE	4695
CQ	CHAUTAUQUA	4372
ME	MEADE	4289
KE	KEARNY	4139
WO	WOODSON	4020
HS	HASKELL	3994
JW	JEWELL	3943
NS	NESS	3840
KW	KIOWA	3605
DC	DECATUR	3586
RH	RUSH	3566
ED	EDWARDS	3557
TR	TREGO	3470
LC	LINCOLN	3454
MT	MORTON	3399
GH	GRAHAM	3390
EK	ELK	3332
RA	RAWLINS	3299
CN	CHEYENNE	3266
GO	GOVE	3162
LG	LOGAN	3145
CS	CHASE	2917
WH	WICHITA	2886
SD	SHERIDAN	2826
CA	CLARK	2409
LE	LANE	2322
HM	HAMILTON	2311
ST	STANTON	2299
HG	HODGEMAN	2242
CM	COMANCHE	2151
WA	WALLACE	1816
GL	GREELEY	1803

House Concurrent Resolution No. 5028

By Joint Committee on Economic Development

12-1

House Economic Development
2/4/98
Attachment 5

9 A CONCURRENT RESOLUTION memorializing Congress to urge the
10 Secretary of the United States Department of Agriculture to continue
11 communication efforts with and assist Kansas' small meat processing
12 plants in compliance efforts relating to meat and poultry inspection.

13
14 WHEREAS, The United States Department of Agriculture's Food
15 Safety and Inspection Service has developed regulations relating to meat
16 and poultry production and inspection; and

17 WHEREAS, These regulations relate to written sanitation standard
18 operating procedures, sampling and testing, development and implemen-
19 tation of food safety systems and development of a microbiological sam-
20 pling program; and

21 WHEREAS, The exportation of quality Kansas products [is important]
22 to the growth and vitality of this state's economy and [has long been a
23 focal point of the State of Kansas] economic plan; and

has long been the most critical issue
agricultural

24 WHEREAS, The State of Kansas encourages the continued safe and
25 sanitary development, production and exportation of Kansas products,
26 one product being Kansas meat products; and

' agricultural

27 WHEREAS, The State of Kansas previously maintained an "equal to"
28 status with the Federal requirements regarding meat and poultry pro-
29 duction; and

30 WHEREAS, The Legislature of the State of Kansas and the Secretary
31 of Agriculture of the State of Kansas have and will always require that
32 meat and poultry products are processed in a safe, healthy and sanitized
33 manner; and

substantial

34 WHEREAS, Small meat processing plants will incur costs in imple-
35 menting these regulations; and

without the U.S. department of agriculture's
imminent communication and intervention

36 WHEREAS, The continued existence of small meat processing plants
37 is extremely [important] to the [economy] of many small towns throughout
38 the State of Kansas; and

critical
socioeconomic survival

39 WHEREAS, The United States Department of Agriculture's Food
40 Safety and Inspection Service indicated that no small meat processing
41 plants should go out of business as a result of implementation of the
42 federal regulations. [The service indicated that] communication between
43 the Federal government, the Secretary of Agriculture, the Legislature and

Whereas

1 the small meat processing plants [related to] the actual effects of imple- regarding
 2 mentation of these regulations needs to be greatly improved; and

3 WHEREAS, The Secretary of Agriculture should suggest an array of small meat processing plants
 4 alternatives that would enable the state to comply with the Federal
 5 requirements and still [maintain the state's small meat processing plants survive
 6 ongoing existence] by allowing Kansas' small meat processing plants to be
 7 able to meet similar or equal to standards to the federal regulations; and
 8 WHEREAS, A better balance [must be made] regarding the proper survival
 9 implementation of federal regulations and the [continued existence] of
 10 small meat processing plants in Kansas, to that end it is imperative that must be achieved by
 11 the Legislature of the State of Kansas, the Secretary of Agriculture of the
 12 State of Kansas, the United States Department of Agriculture and the these
 13 small meat processing plants [communicate and cooperate] to remove barriers communication and cooperation
 14 to interstate commerce [by small meat processing plants]. Now, there- is critical
 15 fore,

16 *Be it resolved by the House of Representatives of the State of Kansas,*
 17 *the Senate concurring therein:* That we [urge] this body, the Secretary of request
 18 Agriculture of the State of Kansas and the United States Department of
 19 Agriculture to [continue communications with] small meat processing communicate and respond to the critical
 20 plants and urge the Secretary of Agriculture of the State of Kansas to socioeconomic plight of Kansas'
 21 consider the impact and ramifications of implementation of the federal and the Secretary of the United States
 22 regulations on small meat processing plants [throughout the state] with department of agriculture
 23 emphasis on complying with federal requirements without losing any critical
 24 small meat processing plants; and these
 25 *Be it further resolved:* That the Chief Clerk of the House of Repre-
 26 sentatives be directed to send enrolled copies of this resolution to the
 27 Secretary of Agriculture of the State of Kansas, the Secretary of Agricul-
 28 ture of the United States, each member of the Legislative Coordinating
 29 Council and each member of the Kansas Congressional Delegation.

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