

Approved: As distributed  
Date March 26, 1999

MINUTES OF THE SENATE COMMERCE COMMITTEE.

The meeting was called to order by Chairperson Alicia Salisbury at 8:00 a.m. on March 25, 1999 in Room 123-S of the Capitol.

All members were present except:

Committee staff present:

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

Conferees appearing before the committee:

John Montgomery, Chairman Military Affairs Coordinating Council,  
Junction City  
Major General Gregory Gardner, Adjutant General  
Anderson Chandler  
Lt. General Robert Arter, Leavenworth

Others attending: See attached list

John Montgomery, Chairman, Military Affairs Coordinating Council (MACC), stated the Council was created by Executive Order of the Governor in 1998, comprised of nine members appointed by the Governor. The members are selected from the areas of the state with military installations: Wichita, Topeka, Junction City, Manhattan, and Leavenworth. Mr. Montgomery introduced other members of the Council who were present: Major General Gregory Gardner, Adjutant General, Anderson Chandler, Topeka, and Lt. General Robert Arter, Leavenworth.

MACC is an adjunct of the Department of Commerce and Housing, and its purpose is to advise the Governor regarding initiatives and actions required to optimize the military presence in Kansas; to assist and promote private sector investment and employment opportunities based on defense technology; assure that the state's strategic plan for economic development considers options and the potential of its defense facilities; support a strong National Guard/Reserve presence; foster a closer relationship between the military establishment and the state by interacting with the Governor, the Legislature, the Congressional Delegation, the educational structure, and the private sector. (Attachment 1)

Kansas military bases generate nearly \$1.3 billion for the economy with payroll; the personnel contribute to all aspects of our communities with their social and educational contributions and their positive economic impact on entertainment, goods and services. Military personnel are highly educated and knowledgeable with advanced computer and communications technology; the alumni have a strong sense of mission, have exceptional leadership skills and managerial experience who are persons the state desires to keep in the state. There are presently a total of 75,000 people employed and served by the military in Kansas. (Attachment 2)

**HB 2166      Projects of statewide as well as local importance; maximum bond maturity**

**Senator Steineger proposed a conceptual amendment that would extend economic parity to Wyandotte County for the 400 acres that were set aside for the Speedway project that had the same STAR bond authority as the Sunflower project. The amendment extends the same extra sales tax set out in HB 2166 to the 400 acres set aside in Wyandotte County. Senator Feleciano seconded the conceptual amendment. The conceptual amendment was adopted**

Senator Feleciano raised a question regarding water rights.

**Senator Feleciano moved, seconded by Senator Barone, a new section be inserted to read as follows: "(a) The Kansas water office, on behalf of the state, shall enter into negotiations, agreements and contracts with the federal government regarding water rights, file number 37 and**

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file number 38, appurtenant to federal property located in Johnson county when the Kansas water office deems such negotiations, agreements and contracts to be necessary for the achievement of the policies of the state relative to the water resources of the state. Any such agreement or contract shall be binding on the state only upon adoption by the legislature of a concurrent resolution approving such agreement or contract. (b) The Kansas water office, on behalf of the state, shall accept and hold in trust any water rights acquired pursuant to subsection (a) until the legislature determines the appropriate state agency and procedures for disposition of such water rights. Until the legislative determination thereof: (1) The Kansas water office shall have no authority to assign, transfer or otherwise dispose of such water rights; (2) all contractual agreements associated with such water rights shall remain in effect and the provisions of K.S.A. 82a-718 and amendments thereto shall not apply to such water rights; and (3) the Kansas water office shall make all annual payments associated with such water rights to any water assurance district under the provisions of K.S.A. 82a-1301 et seq. and amendments thereto.” A voice vote was in favor of adopting the amendment.

Senator Feleciano raised a questions about whether the cost of remediation could be borne by the state at any time of the development. The Chair referred Senator Feleciano to Page 11 of HB 2166 stating the language was as stringent as it

Senator Feleciano raised a concern relating to the cost of remediation not be borne by the state at any time of the development. Senator Jordan referred Senator Feleciano to Page 11 of SB 2166, stating the language was as stringent as it could be made and did not know what additional language could be added to make it any stronger.

Questions were raised regarding the proposed \$23 million cost for the modification of K-10 and Lexington Avenue being borne by the citizens of the state and whether the state could receive title to some of the land in order to off set KDOT's cost Mr. Palmer advised that the time for land to be donated for public benefit has passed. Senator Jordan addressed the issue that any changes in the use of the land must be approved by the Johnson County Redevelopment Plan, Johnson County Board of Commissioners and the Kansas Development Finance Authority.

Bob Nugent, Revisor of Statutes, briefed the Committee on the amendments proposed by Johnson County, and those that are technical in nature

Senator Feleciano moved, seconded by Senator Barone, that HB 2166 be amended on page 9, to strike line 35 in its entirety, and strike “district” on line 36, and insert before the period the following: “on or before the scheduled maturity of the first series of bonds issued to finance the redevelopment project”; On page 10, line 27 before the period, insert “and the implementation agreement shall be approved by the board of county commissioners of the county in which the redevelopment district is located”; On page 11, in line 22, after the period, by inserting “any redevelopment plan which proposes to undertake a project of statewide as well as local importance in a county which according to the 1990 decennial census contained a population greater than 25,000 shall be adopted prior to July 1, 2001.”; by striking all after line 36; On page 12, by striking all before line 41 and inserting new material as follows:

“Sec. 9. K.S.A. 1998 Supp. 74-8923 is hereby amended to read as follows: 74-8923. The authority may use the proceeds of bonds issued pursuant to subsection (e) of K.S.A. 74-8905, and amendments thereto, or upon approval by the board of county commissioners or other taxing subdivision in which the redevelopment district is located any uncommitted funds derived from those sources set forth in K.S.A. 1998 Supp. 74-8924, and amendments thereto, or other funds pledged for the payment of such bonds to implement the redevelopment plan, including the payment or reimbursement of all costs of the project of statewide as well as local importance to the extent authorized in the redevelopment plan implementation agreement adopted pursuant to K.S.A. 74-8921, and amendments thereto. Any excess revenue not otherwise needed or committed for the repayment of bonds or other project costs authorized in the agreement shall upon approval by the authority be paid out by the state treasurer proportionately to the appropriate taxing authorities.”

On page 13, line 12, strike “a pledge of a portion or all of”; line 16, strike “pledge of a”; line 19 strike “pledge of a” and further strike “by any” and on line 20 strike the word “city”; On page 15, line 4, strike the words “this act” and insert “the redevelopment implementation agreement”;

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line 38 add the following sentence: "Any revenues not needed or committed for the payment of bonds or other project costs as authorized by the redevelopment plan implementation agreement shall upon approval by the authority be remitted by the state treasurer proportionately to the appropriate taxing authorities."; after line 38, by inserting an additional section as follows:

"Sec. 13. K.S.A. 1998 Supp. 74-8930 is hereby amended to read as follows: 74-8930. Within one year of the commencement of constructions of any project of statewide as well as local importance as defined in K.S.A. 74-8902 and amendments thereto, located within a county which according to the 1990 decennial census contained a population greater than 25,000, a developer shall reimburse the unified government of Wyandotte county for cash investment in the project and for the use of employees of the unified government during the course of negotiations with the developer as documented to and determined by the secretary of commerce and housing." On page 16, line 2, by striking "and only within the redevelopment district"; page 20, lines 33 and 34 by striking "and only within the redevelopment district"; Page 20, in like 33, by striking all after the second comma; in line 34, by striking "district"; after line 43, by inserting an additional section as follows:

"Sec. 16. K.S.A. 1998 Supp. 79-5302 is hereby amended to read as follows: 79-5302. (A) Upon notification to the director of taxation that the Kansas development finance authority has established a redevelopment district pursuant to K.S.A. 1998 Supp. 74-8921, and amendments thereto, there is hereby imposed a tax at the rate of 5% upon the gross receipts derived from or paid by transient guests for sleeping accommodations, exclusive of charges for incidental services or facilities, in any hotel, motel or tourist court located in a redevelopment district established pursuant to K.S.A. 1998 Supp. 74-8921, and amendments thereto, until the earlier of the date the bonds issued to finance or refinance the redevelopment project have been paid in full or the schedule maturity of the first series of bonds issued to finance any part of the redevelopment project. (B) Any transient guest tax levied pursuant to this section shall be based on the gross rental receipts collected by any business. (C) the taxes levied pursuant to this section shall be paid by the consumer or user to the business and it shall be the duty of each and every business to collect from the consumer or user the full amount of any such tax, or an amount equal as nearly as possible or practicable to the average equivalent thereto. Each business collecting any of the taxes levied hereunder shall be responsible for paying over the same to the state department of revenue in the manner prescribed by K.S.A. 1998 Supp. 79-5303, and amendments thereto, and the state department of revenue shall administer and enforce the collection of such taxes." The voice vote was in favor of the adopting the amendments.

Senator Feleciano moved, seconded by Senator Barone, that HB 2166 be recommended favorable for passage as amended. The recorded vote was in favor of the motion.

The meeting adjourned at 9:00 a.m.

The next meeting is scheduled for March 26, 1999.



# Kansas

## Military Affairs Coordinating Council

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### I. GENERAL

Governor Bill Graves has directed the establishment of the Military Affairs Coordinating Council to function as an adjunct of the Department of Commerce and Housing.

### II. PURPOSE

The Military Affairs Coordinating Council (MACC) will advise the Governor, through the Department of Commerce and Housing, regarding initiatives and actions required to optimize the military presence in Kansas to further the best interests of the State, its communities, and its residents, to include active and reserve component personnel and their families residing in the State; and the Department of Defense (DOD). The MACC will take action to sponsor State/DOD initiatives that are mutually beneficial and will work to improve the military value of Kansas' active and reserve military force structure and installations as well as the quality of life policies impacting their associated military personnel and families, as well as retirees. It will assist and promote private sector investment and employment opportunities based on defense technology; assure that the Kansas strategic plan for economic development considers the long range options and potential of the State's defense facilities; provide support and assistance to maintain the strength and facilities that underwrite a strong National Guard/Reserve presence; attract military retirees to Kansas; and advance the long standing relationship between the military establishment and the State of Kansas by interacting with the Governor, the Legislature, the Kansas Congressional Delegation, the state educational structure, and the private sector. The MAAC recognizes that a strong national defense is vital to a free America – and essential for a stable world – that it is a shield behind which the forces of economic development, social progress, and democracy can take root. Thus its every action will be pegged to programs which in some way impact to encourage and to help Congress fulfill its United States Constitution responsibility “to provide for the Common Defence.”

### III. OBJECTIVES

To enhance the State's significant existing military presence to the mutual benefit of the military and the state the MACC will:

- A. To impact Congress positively regarding the significance of the MACC PURPOSE, conduct a coordinated, multi-dimensional educational program in concert with other military-impacted states structured to garner participation and support from governmental agencies, business and education leaders and military service organizations.

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- B. Work with the State Adjutant General and Reserve Commanders in determining possible dual-use facility opportunities between city and county governmental entities and the Kansas National Guard and Reserves.
- C. Advise and assist the Department of Commerce and Housing in the formulation of strategies to attract private businesses that support the high technology systems used by the military forces, and specifically to the region where a particular system is employed.
- D. Play an active role in the pursuit of quality-of-life improvements for all military personnel and their families living in Kansas. Such improvements would include, but not be limited to, reduced costs for dependents and service personnel who enroll in the educational systems of the state; reduced or waived initial utility deposits for newly assigned personnel; advantageous tax structures; access to lower cost housing; access to lower cost major sporting, entertainment, cultural and recreational events/facilities; reduced price access to day-care facilities, and promotion of joint civil-military cultural events.
- E. Proactively, and in concert with the established military command structures, community leaders, and local government entities advise and assist in the development of strategies to add operational value to defense installations, both for the continued active use by the military forces and for possible alternative uses by the private sector should the military presence be removed or substantially altered.
- F. Provide incentives for participation in the National Guard and Reserves as well as for increased employer support of the Guard and Reserves.
- G. In concert with the established military structures, seek new military missions, activities and units for the active forces, Kansas National Guard and Reserve forces, in part by helping to:
1. Develop high-technology initiatives and training functions that can be accommodated by the state educational structure, thus providing a well-trained work force for industry and a highly qualified pool of personnel as potential members of the National Guard and Reserve.
  2. Ensure that positive Kansas demographic trends are communicated to appropriate Department of Defense agencies so that mutually beneficial unit stationing decisions may be made by the Active, Guard and Reserve leadership.
  3. Enhance a strong private sector and defense relationship by initiating and promulgating improved federal and state contracting opportunities for local businesses and by taking steps to better inform the State's business community of the significant extent to which the military presence in the State enhances the total economic status of Kansas.
  4. Develop initiatives to enhance State/military relations by:

- a. Communicating topics of mutual interest and concern to the Department of Commerce and Housing, the Governor, the Legislature, the Kansas Congressional Delegation, and the DOD.
- b. Increase and improve communications between State government and the defense establishment in the State.
5. Promote Kansas as a desired location for military retirement by:
  - a. Developing programs to improve and market the State's retirement advantages.
  - b. Enhancing the availability and reducing the cost of Kansas' educational system for military retirees.
  - c. Continuing and improving measures to effectively integrate military retirees who are qualified teachers into the State's educational system.
  - d. Developing an ongoing educational program which projects to the business community the advantages of hiring those who have enjoyed a successful military experience.
  - e. Ensuring adequate veteran medical support, facilities and cemeteries.
6. Promote military museums, special sites and military events open to the public to foster understanding of, and support for, the State's resident military force structure.

H. Be alert to and, in concert with the military command structure and the private sector, plan for dealing with possible additional iterations of the Base Realignment and Closure process.

#### **IV. ORGANIZATION**

- A. The council shall be composed of nine members appointed by the Governor. The Governor will designate one member as the chair.
- B. Members shall serve at the pleasure of the Governor and will meet upon the call of the chair.
- C. Members shall receive no compensation, subsistence allowance, mileage or expenses from the State.

## MAJOR KANSAS MILITARY INSTALLATIONS

Ft. Riley	
payrolls	\$ 452,000,000
expenditures	<u>104,000,000</u>
total	\$ 556,000,000
Ft. Leavenworth	
payrolls	\$ 204,000,000
expenditures	<u>100,000,000</u>
total	\$ 304,000,000
McConnell Airforce Base	
payrolls	\$ 230,000,000
expenditures	<u>20,000,000</u>
total	\$ 250,000,000
TOTALS	\$1,110,000,000
Kansas Guard Reserves, Etc.	
total	<u>\$ 200,000,000</u>
	\$1,310,000,000

## PEOPLE EMPLOYED AND SERVED

Ft. Riley	
employees	26,000
retirees	16,000
Ft. Leavenworth	
employees & inmates	14,000
retirees	9,000
McConnell	
employees & retirees	<u>10,000</u>
total people	75,000