

MINUTES OF THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT.

The meeting was called to order by Chairperson Representative Kenny Wilk at 3:30 p.m. on January 21, 2003 in Room 522-S of the Capitol.

All members were present except:

Committee staff present: April Holman, Legislative Research
Renaë Jefferies, Revisor of Statutes
Fulva Seufert, Committee Secretary

Conferees appearing before the committee: April Holman - Legislative Research
Charles R. Ranson - President, Kansas Inc.

Others attending: See attached list

The meeting was called to order at 3:30 p.m. by Chairman Kenny Wilk. The Chairman called the committee members' attention to the distributed minutes of the January 14, 2003 meeting and said that he would give everyone time to review before approval.

Chairman Wilk introduced April Holman from Legislative Research who presented an overview of the *Interim Reports from the Joint Committee on Economic Development to the 2003 Kansas Legislature*. The study topics reviewed were as follows:

- Status of Rural Development Programs (Kauffman Foundation and the Federal Reserve)
- Interlocal Cooperatives and Competition with Private Business
- Workplace Safety (HB 2868)
- Unemployment Insurance Benefits
- Tourism Funding
- Review of Investigation of Kansas Venture Capital, Inc.
- Broadband Deployment
- Kansas Business Tax Structure and the Creation of a Kansas Business Incentive Program (SB 617)
- Multi-Dwelling Unit (MDU) Issues Relating to Cable Communications

A full review of these topics can be found in the published edition of *Committee Reports to the 2003 Kansas Legislature* compiled by the Kansas Legislative Research Department, December 2002. A status report on the implementation of the venture capital tax credit program was distributed to all members. (Attachment 1).

The Chair recognized Charles Ranson, President, Kansas, Inc. who spoke briefly to **HB 2505** saying he was intending to ask for an amendment that would alter the investment requirement for capital formation companies. Mr. Ranson also introduced Mr. J. Mark Leonard, their newly hired Research Analyst who is a graduate of Kansas State University.

Chairman Wilk recognized Representative Burroughs who moved that the minutes of the January 14, 2003, be approved. Motion seconded by Representative Krehbiel. The motion carried.

The Chair announced the topics and conferees for the next two weeks, and said it was his intent to have the meetings go until 5:00 p.m. The meeting adjourned at 4:55 p.m.

HOUSE ECONOMIC DEVELOPMENT COMMITTEE

TUESDAY, JANUARY 21, 2003

NAME	REPRESENTING
Scott Heidner	KAIFA
Michael White	Kearney & Assoc.
Barb Reavis	Workforce Network of Kansas
Wayne Isaac	Workforce Alliance of SC KS
Cary Catchpole	KS Dept of Commerce & Hwy
Mark Leonard	Kansas, Inc.
Jalaine Bruffit	REAP
Mary Ellen Conlee	REAP REAP
Susan Paxson	Westar Energy
Steve Johnson	KS Gas Service
Stephanie Buchanan	DOB
Ron Seber	Heinlaw Firm
Mike Huttles	Ks. Governmental Consulting
John Peterson	Ks Governmental Consulting



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To: Senate Ways and Means Committee
Senate Commerce Committee
House Appropriations Committee
House Economic Development Committee

From: Sherry Brown, Acting Secretary *Sherry Brown*

Subj: Joint Economic Development Committee Request

Date: January 9, 2003

The Joint Economic Development Committee asked for a status report on the first day of the session regarding implementation of the venture capital tax credit program, and I am writing to comply with that request. We signed a contract with Jay Kayne in early December to assist with the development of rules and regulations. Mr. Kayne is a former vice-president of the Kauffman Center for Entrepreneurial Leadership. He has delivered his first assessment of the legislation and an outline of policy and procedural questions that need to be addressed before the actual regulatory language is drafted. I have briefed Lt. Governor Moore on these issues and asked KTEC and Kansas, Inc. to comment as well.

We are also in the process of soliciting proposals from firms or individuals to manage implementation of the program. Those proposals are due to the Division of Purchases on January 31. We have also worked closely with the new administration to ensure that the transition does not unduly delay this process.

Unfortunately, in our meetings with the consultant and others in the industry, a consensus has emerged that the legislation in its present form is probably unworkable. There is general agreement that the forfeiture of all tax credits if the funds are not fully invested within five years will either make it impossible to find investors, or it will force unwise investments. I believe the Lt. Governor will be asking you to amend this provision. If you are willing to act on this request early in the session, the work on rules and regulations, as well as implementation, can proceed simultaneously and keep the additional delay to a minimum.

cc: Lt. Governor John Moore
Tracy Taylor, KTEC
Charles Ranson, Kansas, Inc.

*House Economic Development
1-21-03
Attachment 1*