

MINUTES OF THE SENATE COMMERCE COMMITTEE

The meeting was called to order by Chairperson Nick Jordan at 8:05 A.M. on March 10, 2005 in Room 123-S of the Capitol.

All members were present except:
Susan Wagle- excused

Committee staff present:
Kathie Sparks, Kansas Legislative Research Department
Helen Pedigo, Revisor of Statutes
Jackie Lunn, Committee Secretary

Conferees appearing before the committee:
Representative Ed O'Malley
Michael Scanlon, City Administrator, Mission, KS
Laura McConwell, Mayor, Mission, KS
Matt Jordan, Department of Commerce
Terry Leatherman, Kansas Chamber

Others attending:
See attached list.

Chairperson Jordan opened the meeting by calling on Senator Emler, Chairperson for the Subcommittee on **SB 33**. Senator Emler stated the reason for a substitute bill was several different organizations; owners, general contractors, subcontractors, the bankers association, League of Municipalities, architects and others were given a chance to give their input on each change that was made. Senator Emler explained each of the changes with discussion after each with the Committee. Upon completion, the consensus of the Committee was Senator Emler and the Subcommittee did a great job. The Committee all agreed that the Substitute for **SB 33** had some language to clean up but thought that could be done in the House.

Chairperson Jordan recognized Senator Reitz. Senator Reitz stated the subcommittee was to be congratulated for this incredible bill. He also stated it reaches his criteria of "fairness and enforceable" and will support this bill.

There was more discussion with Senator Emler and Senator Wysong regarding the payment time line. The discussion continued with Senator Barone regarding the payment from the owner to general contractors and from the general contractors to the subcontractors and the subcontractors to the suppliers. Discussion continued and Senator Emler stated the bill was only for commercial.

Chairperson Jordan recognized Senator Brownlee and she stated she was pleased with the Substitute for **SB 33**. She stated it was straight forward and simple and commended the subcommittee for doing such a good job.

The Chairperson called on Bill Miller, representing the subcontractors, for his feelings on the bill. Mr. Miller stated they did not get everything the subcontractors wanted but they were in agreement. He also stated there was language to clean-up in the House.

Upon completion of Mr. Miller's comments, Chairperson Jordan called on Corey Peterson, representing AGC, for his feeling regarding the bill. Mr. Peterson stated AGC was not as far as they would like to be but they are very close. He also agreed things could be worked on in the House.

Chairperson Jordan recognized Senator Brownlee. She addressed Mr. Peterson asking him what items he is still looking at. Mr. Peterson stated that a lot of it was clarification of contract laws that were not addressed by public policy. He also stated they still have concerns regarding lien waiver of subrogation and are still talking to their council and insurance industry to determine what impact it will have on the industry. It could only be some tweaking. Senator Brownlee turned to Senator Emler and asked if AGC had voiced those concerns on the waiver of subrogation during the subcommittee meetings. Senator Elmer stated they did mention it.

CONTINUATION SHEET

MINUTES OF THE Senate Commerce Committee at 8:30 A.M. on March 10, 2005 in Room 123-S of the Capitol.

Chairperson Jordan recognized Senator Barone who wanted to know the feelings of the architects and the Chamber. Trudy Aaron, representing the architects agreed the bill was good but they felt the same way Corey Peterson felt. The language could be cleaned up in the House. Chairperson Jordan called on Terry Leatherman from the Chamber for his feelings and he stated he would have Marlee Captenter contact Senator Barone since he did not work on that bill.

Senator Brownlee made a motion to adopt the substitute for SB 33 and pass it out of the Committee favorably. Senator Reitz seconded. Motion carried.

Chairperson Jordan opened the hearing on **HB 2140** by calling Representative O'Malley to give his testimony on **HB 2140**. He stated he would provide written testimony at a later date. He highlighted briefly what brings them before the Committee today. The city of Mission has a flood plain problem with a cost of \$30 to \$40 million to correct. Almost \$50 Million in commercial property is located in the middle of a flood plain after the new maps came out about a year ago. This bill is a technical clean-up on a bill passed year. Some of the wording is not quite right. They are going to the county level, federal level and state level for funding.

There was discussion with the Committee and Representative O'Malley regarding the flood plain description being consistent. Representative O'Malley stated a new map was released which put the commercial property right in the middle. Discussion continued on what committee had this bill in conference last year. Representative O'Malley stated it was in the Tax Committee last year.

Chairperson Jordan introduced Laura McConwell, Mayor of Mission, Kansas. Mayor McConwell opened by addressing the question about the flood plain. She stated Rock Creek runs through the heart of their commercial district from Metcalf to Roe. The creek has been there and construction happened over it. After the flood of 1998 the county commissioned a much better study of the area. A vast number of small businesses, were in flood plain. When they found this last year they knew they had to do something. They are using a number of different funding sources. She urged the Committee to vote favorably on **HB 2140**. Mayor McConwell offered written testimony. (Attachment 1, Page 2)

Chairperson Jordan recognized Senator Wysong and he stated this was one of the little towns in his district and the mall is a major mall. He stated these 100 year floods do occur about every 5 to 10 years and Rock Creek is a problem.

Chairperson Jordan introduced Mike Scanlon, City Manager of Mission, Kansas. Mr. Scanlon gave a history of what started a year ago. He stated the first thing they did with the new map was try to poke holes in it because it would not make much sense for a community their size to spend this much money. He stated the first problem to understand is the volume of water. The volume of water in a hundred year event is the equivalent of 1/5 of the flow of the Missouri River and is flowing underneath the mall. It is a reactive creek which doesn't take long for it to overflow. They researched the sources available to pay for this project and are seeking help in the form of TIP. They have local aid and are also seeking federal aid. Upon completion of Mr. Scanlon's testimony there was discussion with the Committee on the new map and how reliable it is.

Upon completion of the discussion Chairperson Jordan closed the hearing on SB 2140. Senator Barone made a motion to change page 7 line 16 to replace the word "or" with "and". Senator Brownlee seconded. Motion carried. Chairperson Jordan closed the hearing on SB 2140. Senator Wysong made a motion to pass the bill out favorably as amended. Senator Schodorf seconded. Motion carried.

Chairperson Jordan opened the hearing on **HB 2164** by introducing Matt Jordan, Department of Commerce. Mr. Jordan stated this bill renews a financial incentive for retail businesses in small rural communities for another 5 years. Mr. Jordan presented written testimony. (Attachment 2)

Upon completion of Mr. Jordan's testimony there was discussion with the Committee. Senator Kelly joined the discussion by asking how it has been used in the past 5 years. Mr. Jordan explained when a retail business relocates or expands to a county that qualifies for this exemption they are able to get the sales tax portion of the construction, machinery and equipment rebated back or exempted to them. Senator Kelly asked how

CONTINUATION SHEET

MINUTES OF THE Senate Commerce Committee at 8:30 A.M. on March 10, 2005 in Room 123-S of the Capitol.

successful this program has been. The fiscal note indicated there were a number of exemptions about \$100,000 worth of retail exemptions. Mr. Jordan stated the Department of Commerce does not operate this program they are coming here on behalf of local communities across the state. He stated he would get information if the Committee would like.

Chairperson Jordan introduced Terry Leatherman, Kansas Chamber, representing the Kansas Economic Development Alliance. Mr. Leatherman stated the bill is one that rural communities use when they are pursuing retail businesses and the Kansas Economic Development Alliance would urge the Committee to support the passage of **HB 2140**. Mr. Leatherman offered written testimony. (Attachment 3)

Upon completion of Mr. Leatherman's testimony, there was discussion among the Committee on being able to monitor these programs and track their effectiveness. The consensus of the Committee is to put in each bill they pass requirements for the business to report back in order to allow tracking. The Committee is concerned they don't know the good things that are happening when they pass bills such as this one. The discussion continued on the Committee being able to track the success of these programs. The Committee would like a way to know the impact and the applications of these programs.

Chairperson Jordan closed the hearing on **HB 2140**.

A motion was made by Senator Barone to pass the bill out favorably. Senator Kelly seconded. Motion carried.

Chairperson Jordan moved the discussion to **SB 260** with Helen Pedigo, Revisor of Statutes, giving a recap on the latest balloon to the bill. The new balloon is new sections 27, 28 and 29. Ms. Pedigo stated it is the result of the Co-Chairs, Department of Commerce, Department of Revenue and Post Audit. Ms. Pedigo explained the balloon. She stated the language which Kansas Action for Children had requested had been added along with parts of **HB 2010**. (Attachment 4)

A discussion followed with the Committee regarding if the language is what is needed to be able to get all the information needed for tracking programs and incentives. Ms. Pedigo stated, to her knowledge, this bill in conjunction with **SB 13**, if it is passed, will get the Committee all the information they want with the exceptions of those corporations specifically identified where there is less than five of those types of companies. For those types of projects, the Secretary and the Legislators will have to add reporting requirement into each and everyone of those projects. This bill covers sales tax, use tax, privilege tax and income tax credits. Chairperson Jordan addressed Richard Cram from the Department of Revenue inquiring if it would be possible to get a list of the less than five so the Committee could address adding reporting requirements to those. The discussion continued regarding information needed and the fact that the Committee does not want to deal with this issue again.

With no further questions or discussion on the balloon dated 3-8-05 to **SB 260**, Senator Brownlee made a motion to accept the balloon dated 3-8-05 with the additional corrections on **SB 260**. Senator Reitz seconded. Motion carried.

Chairperson Jordan referred the Committee to the duties of Kansas, Inc. and how they would be distributed to the Department of Commerce, the Department of Revenue and Post Audit. Chairperson Jordan started the review on **SB 260** section by section with the Committee.

Senator Brownlee made a motion for the Revisor of Statutes, Helen Pedigo to do an overall balloon. Seconded by Senator Barone. Motion carried.

Chairperson Jordan continued the review of each section. A motion was made by Senator Schodorf to repeal all of section 6 for **SB 260**. Senator Brownlee seconded. Motion carried.

Senator Kelly made a motion to repeal section 7. Senator Kelly seconded. Motion carried.
Senator Barone made a motion to change every 5 years in section 8 to every 4 years. Senator Brownlee seconded. Motion carried.

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MINUTES OF THE Senate Commerce Committee at 8:30 A.M. on March 10, 2005 in Room 123-S of the Capitol.

Senator Brownlee made a motion regarding the panel in Section 9 (g) to go back to five members to be made up of the President of KTEC, a private sector chairperson of KTEC, Secretary of Commerce, the Chair of the Senate Commerce Committee and the Chair of the House Eco Devo Committee. Senator Barone seconded. Motion carried.

Meeting adjourned at 9:30 a.m. with the next scheduled for Friday, March 11, 2005 at 8:30 in room 123S

House Bill 2140

Testimony

Kansas Senate
Commerce Committee
Kansas State Capital
123-S
Topeka, Kansas
March 10, 2005
8:30 a.m.

Testifying

Honorable Laura McConwell, Mayor, Mission, Kansas
Mr. Michael Scanlon, City Administrator, Mission, Kansas

Written Testimony

Mr. John Weber, City Councilmember, Mission, Kansas

Senate Commerce Committee

3-10-05

Attachment 1-1

Testimony Honorable Laura McConwell

My name is Laura McConwell and I'm the Mayor of Mission, Kansas. I'm here to testify in support of House Bill 2140.

House Bill 2140 is a bill that makes some corrections to the TIF Floodplain Statutes.

This particular legislation was introduced and passed last year to expand the Kansas TIF laws to allow the City of Mission and other City's with large areas of commercial property in a 100-year flood plain to create TIF districts using a 100-year flood plain as the determining factor.

We believe that a floodplain TIF district may be one of the ways that will allow us to make these very needed improvements in our community. The size of this stormwater project that we need assistance on is somewhere between \$15,000,000 and \$20,000,000 and for a community of 10,000 this is equivalent to all of our City's Infrastructure Improvement projects over the last 25-30 years.

A common question is why would the City of Mission have allowed the downtown to be built inside of a 100-year flood plain?

We didn't.

What has happened is that as the City developed and as Johnson County developed the amount of water running in Rock Creek has increased. This increase in run-off has been incremental and we now have reached a point that based on engineering models we have a 100-year floodplain that covers a substantial portion of our downtown area.

Rock Creek, which is the creek that is creating this problem, runs through our downtown then on into Fairway, Mission Hills and eventually flows into Brush Creek in Kansas City, Missouri.

So part of the difficulty in this project is to figure out how we get the runoff of a storm through and then out of Mission without impacting other communities downstream negatively.

Rock Creek is what engineers term a highly responsive flood plain. Meaning that when it rains Rock Creek rises very quickly and then recedes quickly after the rain has passed.

The volume of water that we're trying to tame is approximately 5,500 cubic feet per second. To help you visualize this volume of water this would be the equivalent of filling up a 2,000-sq. ft. house in about 3-5 seconds.

So what does it cost to tame this creek?

The cost of handling this volume of water is somewhere between \$15,000,000 and \$20,000,000. We have such a large range in our estimate because of the many utility relocations that we are going to be faced with, along with the fact that we have to carry this creek underneath 7 different streets as it winds through the downtown.

HB 2140 will allow the City of Mission another way – through redevelopment— to possibly handle some of the costs associated with these flood improvements.

For the Committee's information I've attached a two page brochure that outlines what we've done up to this point. Thank you for your time and if you have any additional questions I will be happy to answer them.

Testimony Mr. John Weber

My name is John Weber, City Council member and City Council President from the City of Mission. A large portion of this flood-plain is in my Ward. I'm also the Chairman of the City's Flood Plain Committee.

I was trying to figure out how to best communicate this problem to my constituents and to members of the Kansas House, so I put our City Staff to work looking for comparisons – here's what I came up with,

The size of our flood plain (in terms of commercial value) is equal to taking

- all of the assessed tangible valuation of Frontenac, or
- all of the assessed tangible valuation of Fredonia, or
- all of the assessed tangible valuation of Garnett, or
- all of the assessed tangible valuation of Burlington,

and placing all of the property in these communities in a 100-year flood plain.

Or another way to look at it would be to take

- all of the assessed tangible valuation of Bentley, plus
- all of the assessed tangible valuation of Cheney, plus
- all of the assessed tangible valuation of Garden Plain

combining it all together and placing it in a 100-year flood plain.

If you were to look at counties it would be like taking all of either Montgomery County or Harvey County's Commercial Property, adding another \$20,000,000 to it and placing the entire commercial area in the 100-Year flood plain.

In other words it's BIG!

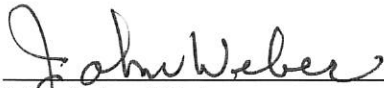
For my Mission residents in terms of value it would be like placing over 425 houses in the flood plain or almost 20% of our total single family housing.

Because of the work of Johnson County our 100-year floodplain, which we thought was only in the center of our City, has grown towards the east and increased in size by over \$35,000,000. And while the size has grown so has the cost of making the improvements. A couple of years ago we thought the ultimate price tag might be somewhere in the neighborhood of \$8,000,000. That figure has grown by \$12,000,000 and that's just an estimate.

I'm not asking for money – I'm asking for you to support this bill which will create another way that we—the City of Mission—might be able to finance this very large and expensive project in our community of 10,000.

I thank you for your time and I would appreciate your support.

Respectfully submitted



Mr. John Weber
Council President
City of Mission, Kansas

Testimony Mr. Michael Scanlon

My name is Mike Scanlon and I'm the City Administrator and I'm here today to speak in favor of House Bill 2140.

For my community passage of House Bill 2140 is not a want it is a very necessary need. Without a change in the TIF law our only options in financing this very large stormwater project would be a very drastic and likely devastating increase in property taxes.

As you are aware commercial property owners pay a disproportionate share of the property tax bill. In our community if you were a business owner in the 100-year flood plain you would not only be facing a significant increase in property taxes but at the same time the likely addition of flood insurance as a cost of doing business.

A business owner in the flood plain would face a very serious decision....do I stay or do I move. I think we all know what the ultimate decision would be.

As businesses leave our sales tax base would continue to erode placing an even greater burden on property tax. As the spiral continues it becomes a losing proposition.

We as the leaders in our community don't believe it has to be a losing proposition we think we can stop the impending blight, but only with your help.

I strongly urge that you support House Bill 2140 and give the citizens and their elected leaders an opportunity to stem the tide (stormwater) on commercial decline and redevelop and resurrect our floodplain.

Thank you for your time and if you have any questions I'm happy to answer them.

Senate Commerce Committee

3-10-05

Attachment 1-6



KANSAS

DEPARTMENT OF COMMERCE
HOWARD R. FRICKE, SECRETARY

KATHLEEN SEBELIUS, GOVERNOR

March 10, 2005

Testimony to the Senate Committee on Commerce
Matt Jordan, Director of Operations

House Bill 2164

Chairpersons Brownlee, Jordan, and members of the committee, the Department of Commerce appreciates the opportunity to testify in support of HB 2164. This bill reinstates an economic development tool for rural communities that sunset on July 1, 2004.

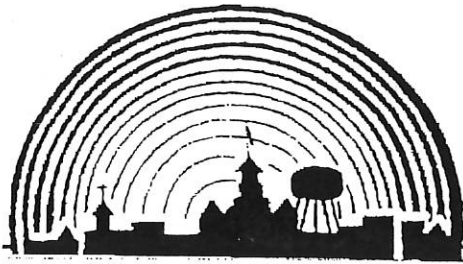
This particular Rural Enterprise Zone Incentive allows counties with a population of 10,000 or less to offer sales tax exemptions on retail businesses that locate or expand within their jurisdictions. This exemption relates to construction, machinery, and equipment costs associated with such location and expansion projects.

Through its dealings with communities, the Department of Commerce regularly encounters the challenges rural areas face with respect to declining population and loss of vital businesses. As you all might have already noted, retail businesses are a vital part of everyday life. Thus, the ability to attract and expand these businesses is an important aspect of rural economic development.

Commerce received calls from approximately 20 communities asking for help with renewal of this economic development tool. Examples of the sentiments voiced by local economic development directors are shown in the letters from Shelia Lampe, Woodson County Chamber of Commerce, and Kay Hutchinson, Morris County Development Corporation.

I wish to thank the committee for its time and would now stand for questions.

3-10-05



Woodson County Chamber of Commerce

108 S. Main P.O. Box 233

Yates Center, Kansas 66783

620 625 3235

Fax 620 625 2416

chamber@wccc.kscoxmail.com

February 10, 2005

Chairman Gordon, Vice Chairman Huntington, and Members of the Committee:

I am writing in favor of extension of the sales tax exemption for business relocation to small communities. This program has had a major impact in the Southeast region it has been used many times. The small communities have relied upon this tool to help develop our businesses. As a Chamber of Commerce Director in a small town I also am the Economic Development office. Being a small community we do not have a lot of options available. This was the one program that we had that was fair and could be used everywhere in the county not just the larger cities. I also serve on the Quad Enterprise Facilitation Board which has also relied on this program as an option to offer new and relocating business in our area. Please consider this program carefully as it is needed, not only in our Southeast Area but through out the entire state to help continue to build our local economies and in turn build a strong state economy.

Sincerely,

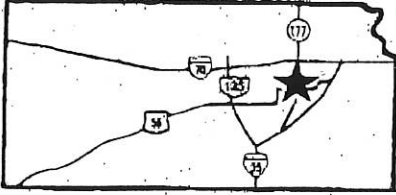
Shelia Lampe
Executive Director
Woodson County Chamber of Commerce
(Yates Center, Ks.)

Senate Commerce Committee
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Attachment 2-2

02/10/2005 15:17 0054002270 KAT HUTCHINSON PAGE 02

COUNCIL GROVE KANSAS



THE GREATER MORRIS COUNTY DEVELOPMENT CORPORATION
P. O. Box 276 • Council Grove, Kansas 66846 • 620-767-7355

10 February 2005

House Economic Development Committee
State Capitol
Topeka, Kansas

Dear Members of this Committee:

This is written in support of reinstating the "Sales Tax Exemption" clause on new or remodeling construction in Kansas.

We have, in Morris County, several examples of how this "incentive" helped us and some of our industrial plants, encouraging them to either locate in our county – or to expand their operations here.

The first example is that of the Lexinet Corporation at Council Grove, a high-tech direct-response marketing firm that constructed a new warehouse in 2003 costing in excess of \$140,000 in order to add to their client base. This company employs 26 fulltime and six part-time workers – certainly a welcome industry in Council Grove.

At our Airport Industrial Park, located at the Herington Regional Airport in Morris County, there are two examples of new construction and/or remodeling and rehabilitating construction that benefits many employees.

US Stone Industries – a startup limestone processing and finishing operation at the airport – began its operations early in 2002 with 15 employees. They invested nearly a half-million dollars in remodeling a WWII B-29 hangar into a modern stone processing facility. Today that company employs 31 people – all new jobs in Morris County since 2002.

Hodgdon/Pyrodex – a black powder munitions company – has operated at the airport industrial park since the late 1980s. In 2004, after extensive research and negotiations, the company relocated their packaging, shipping and handling operations out of the Kansas City metro area to the Herington Regional Airport. To do so, the company invested a million-and-a-half dollars in four new buildings totaling 110,000 square feet and created 15 new jobs in Morris County.

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Attachment 2-3

House Economic Development Committee
10 February 2005
Page 2

In a small county like Morris, providing incentives for new or expanding companies on our very limited budget is challenging. Sales tax exemption on such construction noted above has proven beneficial in encouraging companies to invest in additions, upgrades or remodeling construction that results in keeping present companies in our county, stabilizing current employment levels or – as noted above – adding new jobs.

With this information at hand, we certainly support the reinstatement of the Sales Tax Exemption on such construction and trust that our Legislators will deem this an important incentive for all of Kansas.

Sincerely,



C. Kay Hutchinson
Executive Secretary

Senate Commerce Committee

3-10-05

Attachment 2-4

Legislative Testimony

HB 2164

March 10, 2005

Testimony before the Kansas Senate Committee on Commerce
Terry Leatherman, Secretary/Treasurer of Kansas Economic Development Alliance

Madam Chairperson and members of the Committee:

My name is Terry Leatherman, with the Kansas Chamber of Commerce and Industry. My appearance before the Committee today is as the Secretary/Treasurer of the Kansas Economic Development Alliance, an affiliate organization of the Kansas Chamber. On behalf of KEDA, thank you for this opportunity to express our support for HB 2164.

The Kansas Economic Development Alliance is an association for professionals and volunteers engage in economic development and growth in communities across Kansas. The KEDA's mission is to promote public policy to provide communities with tools to attract and retain business and industry. In the past, one of those tools for rural communities has been to attract retail businesses has been the process that would be reestablished by HB 2164.

HB2164 does not create a new program, but would extend the life of a useful program that has existed in the past to 2007. On behalf of economic development officials across our state, the Kansas Economic Development Alliance would urge you to recommend HB 2164 for passage.

Thank you for the opportunity to appear in support of HB 2164.

Senate Commerce Committee

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The Kansas Chamber, with headquarters in Topeka, is the statewide business advocacy group moving Kansas towards becoming the best state in America to do business. The Kansas Chamber and its affiliate organization, The Kansas Chamber Federation, have more than 10,000 member businesses, including local and regional chambers of commerce and trade organizations. The Chamber represents small, medium and large employers all across Kansas.



**THE KANSAS
CHAMBER**

The Force for Business

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Topeka, KS 66612-1671

785-357-6321

Fax: 785-357-4732

E-mail: info@kansaschamber.org

www.kansaschamber.org

COMBINED SENATOR BROWNLEE, REVISOR AND POST AUDIT AMENDMENTS
SENATE COMMERCE COMMITTEE
SB 260
March 8, 2005

PROPOSED AMENDMENT
DEPARTMENT OF REVENUE INCLUSION OF
PROVISIONS OF HB 2010 AND
KANSAS ACTION FOR KIDS
March 8, 2005

New Section 27. In addition to the other powers and duties of the department of commerce, the department shall:

- (a) Set the state-wide vision with regard to economic policy and growth in consultation with the joint committee on economic development;
- (b) undertake ongoing strategic analysis in order to determine the state's areas of potential and continuing competitive economic advantage and disadvantage;
- (c) oversee the formulation of economic development policy and strategic planning for the state;
- (d) oversee the targeting of scarce state resources by size and sector of economic activity and by geographic location within the state in order to enhance the state's potential comparative economic advantages;
- (e) undertake continuing strategic planning for the improvements of the state's tax, regulatory and expenditure policies to enhance the state's potential comparative economic advantages;
- (f) assume central responsibility to develop, with the guidance of both the private and public sectors, all facets of a comprehensive long term economic development strategy;
- (g) coordinate the strategy development with all other state and local agencies and offices and state educational institutions which do research work, develop materials and programs, gather statistics, or which perform functions related to economic development; and such state and local agencies and offices and state educational institutions shall advise and cooperate with the department in the planning and accomplishment of the strategy;
- (h) evaluate and analyze the state's economy to guide the direction of future

Senate Commerce Committee

3-10-05

Attachment 4-1

public and private actions, and report and make recommendations to the governor, the division of post audit, the standing committee on commerce of the senate, the standing committee on economic development of the house of representatives and the joint committee on economic development with respect to the state's economy. The report to the committee on commerce of the senate, the committee on economic development of the house of representatives and the joint committee on economic development under this subsection shall be made either (1) by publishing such report on the internet and by notifying each member of the committees that the report is available and providing, as part of such notice, the uniform resource locator (URL) at which such report is available, or (2) by submitting copies of such report on CD-ROM or other electronically readable media to such committees;

(i) oversee and evaluate the state's economic development activities on an ongoing basis through the establishment of goals, priorities performance standards and the periodic program audit of those goals, priorities and performance standards;

(j) compile an annual report detailing community and economic development grants or loans made by state agencies, including the identity of the recipient of such loans or grants, and submit the report to the governor, the division of post audit, the standing committee on commerce of the senate and the standing committee on economic development of the house of representatives. As used in this subsection "state agency" means any state office or officer, department, board, commission, institution, bureau or any agency, division or unit within any office, department, board, commission or other state authority or any person requesting a state appropriation; and

(k) publish in its annual report:

(1) an analysis of the current state of and emerging trends in the Kansas economy over the next decade;

(2) an evaluation of the effectiveness of state economic development policies

and programs in meeting the goals of the state economic plan by size of enterprise, sector of economic activity and location within Kansas, and in comparison with other states; and
(3) a listing in order of priority of recommendations for initiatives that will further the effective implementation of the state economic development plan.

New Section 28. In addition to the other powers and duties of the division of post audit, the division shall review and evaluate the Kansas technology enterprise corporation ~~[, the major programs and activities of the department of commerce, the statewide risk capital system]~~ and the investments in research and development activities tax credit.

New Section 29. The secretary of revenue shall prepare an ~~annual report~~ ^{[annual report on tax expenditures and an} evaluating the ~~cost effectiveness of the various income tax credits, privilege tax~~ ^{[utilization and} credits, sales tax exemptions and use tax exemptions enacted within this state and submit such report to the governor, the division of post audit, the standing committees on taxation and economic development of the house and assessment and taxation and commerce of the senate at the beginning of each regular session of the legislature. ~~Such report shall include, but not be limited to~~ utilization of the following credits, exemptions, and state and local sales and transient guest tax revenues distributed for bond financing:
(a) Income tax credits authorized under the provisions of the job expansion and investment credit act of 1976 and amendments thereto;
(b) income tax credits for expenditures in research and development activities authorized by K.S.A. 79-32,182, and amendments thereto;
(c) income and financial institutions privilege tax credits for cash investment in stock of Kansas Venture Capital, Inc. authorized by K.S.A. 74-8205 and 74-8206, and amendments thereto;
~~(d) income tax credits for cash investment in certified Kansas venture capital]~~

- ~~Companies authorized by K.S.A. 74-8304, and amendments thereto;~~
- ~~(e) income tax credits for cash investment in certified local seed capital pools authorized by K.S.A. 74-8401, and amendments thereto;~~
 - ~~(f) income tax credits for investment in the training and education of qualified firms' employees authorized by K.S.A. 74-50,132, and amendments thereto;~~
 - ~~(g) sales tax exemptions for property or services purchased for the purpose of and in conjunction with constructing, reconstructing, enlarging or remodeling a business, or retail business meeting the requirements of K.S.A. 74-50,115, and amendments thereto, and machinery and equipment for installation at such business or retail business authorized by subsection (cc) of K.S.A. 79-3606, and amendments thereto;~~
 - ~~(h) income tax credits authorized by K.S.A. 79-32,206, and amendments thereto, for tax paid on commercial and industrial machinery;~~
 - ~~(i) distribution from the special economic revitalization fund pursuant to the provisions of the economic revitalization reinvestment act, K.S.A. 2004 Supp. 74-50,136, and amendments thereto; and~~
 - ~~(j) state and local sales and transient guest tax revenues distributed for repayment of special obligation bonds authorized by subsection (a)(1)(D) of K.S.A. 12-1774, and amendments thereto.~~

And renumber the remaining sections.