

MINUTES OF THE SENATE COMMERCE COMMITTEE

The meeting was called to order by Chairperson Karin Brownlee at 8:30 A.M. on February 22, 2009 in Room 123-S of the Capitol.

All members were present.

Committee staff present:

Jennifer Thierer, Kansas Legislative Research Department  
Jason Long, Revisor of Statutes  
Jackie Lunn, Committee Assistant

Conferees appearing before the committee:

Others attending:

See attached list.

To read testimony submitted by conferees go to

[http://skyways.lib.ks.us/government/KansasSenateCommerceCommittee.](http://skyways.lib.ks.us/government/KansasSenateCommerceCommittee)

**SB 453--Establishing the Kansas commission on rural policy**

**SB 488--Authorization of mortgage revenue bonds**

Chairperson Brownlee stated the Committee would be working **SB 453**. She stated that there was a balloon and called on Jason Long, Revisors office, to explain the balloon. While Mr. Long was making his way to the microphone, Chairperson Brownlee reminded the Committee that they would be meeting Monday and it would be a roundtable discussion on workforce development. Mr. Long presented written copy of the balloon. (Attachment 1) Mr. Long explained the balloon page, by page.

Upon the conclusion of Mr. Long's review, Chairperson Brownlee opened the floor for discussion asking the Committee if the Commission should advise the Deputy Secretary or the Secretary of the Department of Commerce. Senator Schodorf stated she thinks they should advise the Secretary of the Department of Commerce and; in conjunction with the Secretary, the Secretary would appoint the Deputy Secretary with a recommendation from the Commission. Senator Barone asked if there was language in the bill that addressed this issue. Mr. Long stated "no". Senator Reitz stated if you are going to have a Deputy Secretary with any clout, the recommendations should be made to the Deputy Secretary. Senator Schodorf stated the Commission should be at the highest level and she feels they should report directly to the Secretary of Commerce. Chairperson Brownlee called on Terry Holdren representing Farm Bureau to respond and stated she would also be calling on Secretary Kerr, Department of Commerce to respond.

Mr. Holdren stated they wanted the information to get from the Commission to the Department of Commerce in one form or another and they don't have any feelings how.

Chairperson Brownlee recognized Secretary Kerr, Department of Commerce, to respond. Secretary Kerr stated if this is important enough to change state statute he thinks it should be elevated to the highest level possible and that would be the Secretary of Commerce.

Chairperson Brownlee called the Committee's attention to page 1 of the balloon asking if there were any comments or changes with the amendments on this page.

**Senator Teichman made a motion to adopt the amendments shown on page 1 of the balloon; adding "concerning rural development; "in the title on line 9 and adding " ; establishing the division of rural development within the Department of Commerce."; and changing the word "strategies" on line 37 to the word "recommendations". Senator Barone seconded. Motion carried.**

CONTINUATION SHEET

MINUTES OF THE Senate Commerce Committee at 8:30 A.M. on February 22, 2009 in Room 123-S of the Capitol.

Next Chairperson Brownlee moved to Page 2 of the balloon. Senator Barone has concerns regarding the members of the board stating that one of the nine board members has to be specific in the areas listed in the amendment on this page and he thinks that is too specific. The Committee discussed changing the wording starting on line 18. The wording on lines 8, 9 and 10, was also discussed and it was decided it would be left in the bill even though they have some concerns and they would do some more research on this section.

**Chairperson Jordan made a motion to change the wording on Page 2, line 18, to read “Members shall be recognized for outstanding knowledge and leadership in the member’s fields.”striking “One member shall be appointed from each of the following business sectors or key areas, and such member shall” and add an additional field “(J) tourism” to the list. Senator Teichmen seconded. Motion carried.**

Chairperson Brownlee moved to Page 3 of the balloon. The Committee has problems with Section 3 language and decided to add wording “recommendations for” on line 21 making the line to read (a) “The Kansas commission and rural policy shall develop recommendations for community-based programing”. The Committee decided to strike lines 29 through 33 regarding the hiring of an executive director in light of having a Deputy Secretary that would serve as their executive director and to strike all language regarding the executive director. Also the Committee would like for lines 36 through 39 to be stricken and to combine the language in (3) starting at line 35 and (5) starting at line 40 and for the revisor to make the changes necessary to reflect the intent of the Committee.

**Senator Schodorf made a motion to add “recommendations for” to line 21 after the word develop; strike the language on line 29 through 33 and add replace it with “(1) Forward recommendations to the Secretary of Commerce for the position of the Deputy Secretary of Commerce;”and delete the wording on line 36 that says “until an executive director is hired..”; strike (4) lines 37,38 and 39 all together; and have the revisor combine (3) line 35 and (5) line 40, 41, 42 and make changes as necessary to reflect the intent of the Committee. Senator Kelly seconded. Motion carried.**

**Chairperson Brownlee moved to Page 4 of the balloon. The Committee decided to strike (8), lines 6 and 7; change the word “direction” on line 19 to “recommendations”; change the word “strategy” on line 21 to “recommendations” and add (6) “develop and recommend to the secretary of commerce a strategic mission for the office of rural opportunity”; an to renumber the paragraphs accordingly.**

**Senator Jordan made a motion to accept the amendments on page 4 as discussed. Senator Teichmen seconded. Motion carried.**

Chairperson Brownlee moved to Page 5. The Committee decided not to add the amendment on page 5 on line 36, after legislature, “the governor and any affected state agency, organization or entity.” The Committee decided the board should be making recommendations only and reporting to the Secretary of Commerce and it is not necessary to report to the governor and any affected state agency, organization or entity. The discussion continued and there is some concern with the Commission writing grants. The Committee feels that the Commission will be looked at differently if they are grant writing; instead of coming for ideas people will only come wanting grant money. The Commission should be a think tank and the conduit for the other grant writing agencies. It was noted by Terry Holdren that the Commission could figure out a way to work around the grant writing. He also noted the Commission would partner with the Center for Entrepreneurship.

Chairperson Brownlee move to Page 6. The Committee discussed the new section **7 (a) which is the recommendations of the Department of Commerce. This section sets the appointment of the Deputy Secretary of Rural Development by the Secretary of Commerce with the consideration of recommendations made by the Commission on Rural Policy. This section also covers the responsibilities of the office of Deputy Secretary of Rural Development. New section 8 which sunsets as of July 1, 2013** was also discussed.

**Senator Kelly made a motion to approve the amendments on page 6, adding Sec 7 (a) and new Section (8) as discussed. Senator Emler seconded. Motion carried.**

Chairperson Brownlee stated this should become a substitute bill. She stated the Committee would take the

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final step on the bill on Tuesday, March 26, 2008, and that the meeting would start at 8:15 a.m. She then apologized that the Committee did not have time to work on **SB 488** today.

Chairperson Brownlee adjourned the meeting at 9:30 a.m. with the next scheduled meeting March 25, 20089 at 8:30 a.m. in room 123 S.



**SENATE BILL No. 453**

By Committee on Ways and Means

1-22

9 AN ACT establishing the Kansas commission on rural policy.

concerning rural development;

10 ; establishing the division of rural development within the department of commerce

11 *Be it enacted by the Legislature of the State of Kansas:*

8

12 Section 1. (a) Sections 1 through 6, and amendments thereto, shall  
13 be known and may be cited as the Kansas commission on rural policy act.

14 (b) The legislature of the state of Kansas hereby finds and declares  
15 that:

16 (1) Rural communities provide employment, education, services and  
17 opportunities for social interaction and play a critical role in the economic  
18 viability of the state of Kansas;

19 (2) decline in these communities has resulted in the need for focused  
20 efforts by the state of Kansas to ensure their future prosperity and ability  
21 to continue to contribute to the welfare and economy of the state; and

22 (3) the needs of the citizens of the state of Kansas and the public and  
23 private entities engaged in rural and community development will be best  
24 served by a commission charged with the mission of facilitating, support-  
25 ing, financing and performing rural development projects for the benefit  
26 of its citizens to promote the state's research, development and entre-  
27 preneurial objectives.

28 (c) The purpose for which the Kansas commission on rural policy is  
29 created is to make rural Kansas the most desirable area in which to con-  
30 duct, facilitate, support and finance rural business, cultural development  
31 and entrepreneurship, and to make Kansas a national leader in the crea-  
32 tion and implementation of strategies to foster leadership, the retention  
33 of youth, development of entrepreneurship and encouragement of local  
34 wealth generation, to create new jobs, foster economic growth, advance  
35 knowledge and improve the quality of life for the citizens of the state of  
36 Kansas. To accomplish this goal the Kansas commission on rural policy  
37 will develop strategies for rural economic development based on national  
38 best practices and benchmarking that incorporates the following:

recommendations

39 (1) State efforts to coordinate research and advocacy to provide tax  
40 credits and financing through regional community foundations and other  
41 philanthropic organizations, and to promote and finance rural entrepre-  
42 neurial activity and wealth retention;

43 (2) strategies that promote an extensive network of transportation and

1 telecommunications services to allow local economies to become fully  
2 integrated into the global economy; and

3 (3) local efforts to develop or expand meaningful leadership devel-  
4 opment programs and to promote opportunities to recruit young people  
5 to return to or establish their home and business in a rural community.

6 Sec. 2. (a) There is hereby established a body politic and corporate  
7 to be known as the Kansas commission on rural policy. The commission  
8 shall be an independent instrumentality of the state. The exercise by the  
9 commission of the powers conferred by this act shall be deemed and held  
10 to be the performance of an essential governmental function.

11 (b) (1) The Kansas commission on rural policy shall be governed by  
12 a board of directors consisting of 12 members.

13 (2) Nine members of the board of directors shall be voting members  
14 appointed as follows: Three shall be appointed by the governor, two shall  
15 be appointed by the speaker of the house of representatives, two shall be  
16 appointed by the president of the senate, one shall be appointed by the  
17 minority leader of the house of representatives and one shall be appointed  
18 by the minority leader of the senate. All voting members appointed to  
19 the board shall be subject to senate confirmation as provided in K.S.A.  
20 75-4315b, and amendments thereto. Any voting member appointed to  
21 the board whose nomination is subject to confirmation during a regular  
22 session of the legislature shall be deemed terminated when the senate  
23 rejects the nomination. No such termination shall affect the validity of  
24 any action taken by such member of the board before such termination.

25 (3) The terms of the nine voting members first appointed to the board  
26 of directors shall be as follows: Four years for members appointed by the  
27 governor, three years for members appointed by the speaker of the house  
28 of representatives and the president of the senate and two years for mem-  
29 bers appointed by the minority leader of the house of representatives and  
30 the minority leader of the senate. Members of the first board shall be  
31 appointed by September 1, 2008. Subsequent terms of all voting mem-  
32 bers appointed to the board shall be for four years.

33 (4) The other three members of the board of directors shall serve ex  
34 officio: The secretary of commerce, the secretary of agriculture and the  
35 president of Kansas, Inc. Each ex officio member of the commission may  
36 designate an officer or employee of the state agency or organization of  
37 the ex officio member to serve on the commission in place of the ex officio  
38 member. The ex officio members of the commission, or their designees,  
39 shall be nonvoting members of the commission and shall provide infor-  
40 mation and advice to the commission.

41 (c) The Kansas commission on rural policy board of directors shall  
42 elect annually from among its voting members a chairperson, vice-chair-  
43 person and secretary. Five voting members of the board shall constitute

One member shall be appointed from each of the following business sectors or key areas, and such member shall be recognized for outstanding knowledge and leadership in the member's field:  
(A) Agriculture;  
(B) oil and gas;  
(C) aviation;  
(D) finance and banking;  
(E) any other primary, job creating, value added business sector;  
(F) fostering leadership;  
(G) encouraging wealth retention and generation;  
(H) developing entrepreneurship; and  
(I) retaining youth in rural communities.  
  
(3)  
  
and renumber the remaining paragraphs accordingly

1 a quorum and the affirmative vote of five members shall be necessary for  
2 any action taken by the board. No vacancy in the membership of the  
3 board shall impair the right of a quorum to exercise all the rights and  
4 perform all the duties of the board.

5 (d) Members of the commission ~~who are not legislators shall receive~~  
6 ~~mileage, tolls and parking as provided in K.S.A. 75-3223, and amend-~~  
7 ~~ments thereto, for attendance at~~ any meeting of the commission or any  
8 subcommittee meeting authorized by the commission. ~~Legislative mem-~~  
9 ~~bers of the commission~~ shall be paid amounts provided in subsection (e)  
10 of K.S.A. 75-3223, and amendments thereto, ~~for attendance at any meet-~~  
11 ~~ing of the commission or any subcommittee meeting authorized by the~~  
12 ~~commission.~~

attending

as

13 (e) All resolutions and orders of the Kansas commission on rural pol-  
14 icy board of directors shall be recorded and authenticated by the signature  
15 of the secretary or a person designated by the secretary. The book of  
16 resolutions, orders, minutes of open meetings, annual reports and annual  
17 financial statements of the commission shall be public records as defined  
18 by K.S.A. 45-215 et seq., and amendments thereto. All public records  
19 shall be subject to regular audit as provided in K.S.A. 46-1106, and  
20 amendments thereto.

21 Sec. 3. (a) The Kansas commission on rural policy shall develop com-  
22 munity-based programming and funding in the following key areas: Fos-  
23 tering leadership; encouraging wealth retention and generation; devel-  
24 oping entrepreneurship and retaining youth in rural communities. The  
25 commission shall not compete with ~~other state and private agencies~~ in  
26 delivering services related to the above key areas, but will design and  
27 optimize the activities of such other agencies in a comprehensive effort.

, duplicate or assume the responsibilities or functions of existing federal or state funded programs and organizations,

, collaborate with

28 (b) Prior to July 1, 2009, the commission shall perform the following:

29 (1) Hire an interim executive director or consultant to act as executive  
30 director, having all the powers, duties and responsibilities of the executive  
31 director of the commission until such time as an executive director can  
32 be hired by the board of directors. The legislative coordinating council  
33 may authorize a consulting study in order to fulfill this duty;

34 (2) hire such support staff as deemed necessary;

35 (3) develop a comprehensive plan for fulfillment of the commission's  
36 duties until an executive director is hired;

37 (4) acquire facilities in a community with a rural knowledge base,  
38 rural resources and leadership which shall serve as a base of operations  
39 for the commission;

40 (5) evaluate the current efforts being utilized to fulfill the commis-  
41 sion's objectives and report to the legislature during the 2009 legislative  
42 session as to best practices currently being conducted;

43 (6) develop partnerships with other organizations to ~~begin offering~~

offer

1 technical assistance to rural communities seeking programming  
2 assistance;

3 (7) develop partnerships with private organizations and institutions  
4 engaged in rural development strategies to identify best practices and  
5 make those resources available to rural communities; and

6 (8) report on the commission's activities to the legislature during the  
7 2009 legislative session.

8 (c) In addition to the duties set forth in subsection (b), the commis-  
9 sion, once appointed and confirmed, shall perform the following:

10 (1) Develop on-the-ground resources for rural communities utilizing  
11 existing resources and potential partnerships or by developing new efforts  
12 and strategies;

13 (2) act in concert with contracting organizations to develop funda-  
14 mental capacity building resources to assist communities in achieving  
15 growth using the key areas set forth in subsection (a);

16 (3) identify up to 20 pilot communities for direct programming efforts  
17 by July 1, 2010;

18 (4) review rural development programs in other state agencies and  
19 provide strategic direction to such agencies;

recommendations

20 (5) serve as a convener of organizations engaged in activities focused  
21 on the key areas set forth in subsection (a) to develop a unified strategy  
22 for rural development efforts across the state;

recommendations

23 (6) administer the rural community development grant program pur-  
24 suant to the provisions of sections 4 through 6, and amendments thereto;  
25 and

(6) develop and recommend to the secretary of commerce a strategic mission for  
the office of rural opportunity;  
  
and renumber the remaining paragraphs accordingly

26 (7) report annually to the legislature with each annual report to in-  
27 clude a report on the activities of the commission, recommendations by  
28 the commission and suggestions for legislation.

29 Sec. 4. (a) The Kansas commission on rural policy is hereby author-  
30 ized to develop a program of grants to carry out rural community devel-  
31 opment activities in accordance with the provisions of this act. Recipients  
32 of such grants shall be selected by the commission in accordance with  
33 policies and procedures adopted by the board of directors of the  
34 commission.

35 (b) Any individual or organization desiring to receive a grant pursuant  
36 to this act shall submit a request for grant funds to the commission in a  
37 form and manner prescribed by the commission. Such request shall in-  
38 clude a statement of such individual or organization's proposed rural com-  
39 munity development activities, projected use of grant funds and any other  
40 information related to the grant required by the commission.

41 (c) As part of any request for grant funds the requesting individual  
42 or organization shall certify to the commission that the individual or or-  
43 ganization will provide matching funds in an amount equal to the total



1 amount of funds to be granted to the individual or organization by the  
2 commission, or in-kind labor and services with an equivalent value.

3 (d) The commission shall adopt policies and procedures regarding the  
4 application procedure, grant periods, grant evaluation and reporting cri-  
5 teria, the filing of forms that support the request for grant awards, the  
6 method and manner of payment of grant funds and any other matter  
7 necessary to carry out the provisions of this act.

8 (e) For the purposes of this section and section 5, and amendments  
9 thereto, the term "rural community development activities" means those  
10 activities and programs that focus on fostering leadership, encouraging  
11 wealth retention and generation, developing entrepreneurship and at-  
12 tracting and retaining youth in rural communities.

13 Sec. 5. (a) Each recipient of grant funds pursuant to this act shall  
14 submit to the Kansas commission on rural policy, at a time determined  
15 by the commission, a performance and evaluation report concerning the  
16 use of grant funds made available under section 4, and amendments  
17 thereto, together with an assessment by the recipient of the relationship  
18 of such use to the rural community development activities identified in  
19 the recipient's statement under subsection (b) of section 4, and amend-  
20 ments thereto. The recipient's report shall indicate an evaluation of the  
21 rural community development activities, the nature of and reasons for any  
22 changes in such activities and an evaluation of the use of the grant funds  
23 for such activities. The commission shall, at least on an annual basis, make  
24 such reviews and audits as may be necessary or appropriate to determine:

25 (1) Whether the recipient has carried out its rural community devel-  
26 opment activities in a timely manner;

27 (2) whether the recipient has carried out those activities and its cer-  
28 tifications in accordance with the requirements of sections 4 and 5, and  
29 amendments thereto; and

30 (3) whether the recipient has a continuing capacity to carry out those  
31 activities in a timely manner.

32 (b) Insofar as they relate to grant funds provided under section 4,  
33 and amendments thereto, the financial transactions of recipients may be  
34 audited under such policies and procedures as may be adopted by the  
35 commission. The commission shall report the final results of any audits  
36 conducted pursuant to this section to the state legislature during the leg-  
37 islative session immediately following the audit.

38 Sec. 6. (a) There is hereby established in the state treasury the rural  
39 community development grant program fund. All moneys credited to  
40 such fund shall be used only for the awarding of grants pursuant to sec-  
41 tions 4 and 5, and amendments thereto. Such fund shall be administered  
42 in accordance with the provisions of sections 4 and 5, and amendments  
43 thereto, and the provisions of appropriation acts.

, the governor and any affected state agency, organization or entity

1 (b) All expenditures from the rural community development grant  
 2 program fund shall be made in accordance with appropriation acts upon  
 3 warrants of the director of accounts and reports issued pursuant to vouch-  
 4 ers approved by the executive director of the Kansas commission on rural  
 5 policy.

6 (c) On or before the 10th of each month, the director of accounts  
 7 and reports shall transfer from the state general fund to the rural com-  
 8 munity development grant program fund interest earnings on:

9 (1) The average daily balance of moneys in the rural community de-  
 10 velopment grant program fund for the preceding month; and

11 (2) the net earnings rate for the pooled money investment portfolio  
 12 for the preceding month.

13 Sec. 7. This act shall take effect and be in force from and after its  
 14 publication in the statute book.

Sec. 7. (a) There is hereby established within and as a part of the department of commerce a division of rural development, the head of which shall be the deputy secretary of rural development. Under the supervision of the secretary of commerce, the deputy secretary of rural development shall administer the division of rural development. The secretary of commerce shall appoint the deputy secretary of rural development and the deputy secretary shall serve at the pleasure of the secretary. The deputy secretary of rural development shall be in the unclassified service under the Kansas civil service act and shall receive an annual salary fixed by the secretary of commerce and approved by the governor.

(b) Prior to appointing the deputy secretary of rural development pursuant to subsection (a), or any successor deputy secretary of rural development, the secretary of commerce shall consider any recommendations regarding appointments to such office that may be submitted to the secretary by the Kansas commission on rural policy established by section 2, and amendments thereto.

(c) As part of the duties and responsibilities of the office, the deputy secretary of rural development shall oversee and direct the operations of the office of rural opportunity.

Sec. 8. The provisions of sections 1 through 8, and amendments thereto, shall expire on and after July 1, 2013.

and renumber the remaining sections accordingly