

MINUTES OF THE HOUSE ECONOMIC DEVELOPMENT AND TOURISM COMMITTEE

The meeting was called to order by Chairman Lana Gordon at 3:30 p.m. on March 16, 2009, in Room 711 of the Docking State Office Building.

All members were present except:

Representative Valdenia Winn- excused

Committee staff present:

Jason Long, Office of the Revisor of Statutes
Doug Taylor, Office of the Revisor of Statutes
Reed Holwegner, Kansas Legislative Research Department
Ann Deitcher, Committee Assistant

Conferees appearing before the Committee:

Dave Kerr, President, Hutchinson/Reno County Chamber of Commerce
David D. Kerr, Secretary, Department of Commerce
Kent Eckles, Kansas Chamber of Commerce
Dennis Lauver, President, Salina Area Chamber of Commerce
Tim Davis, Plant Manager, Topeka Good Year
Robert Tripp, President, United Steelworkers
Dan Shimm, Director of Existing Business, Topeka Chamber of Commerce

SB 108 - authorizing bonds for certain economic development projects; wind energy.

Jason Long explained **SB 108** to the Committee.

The Chair introduced former State Senator, Dave Kerr who spoke in favor of **SB 108** saying that it represented a simple extension of last year's "Cessna Legislation." (Attachment 1). Senator Kerr said it also utilized payroll taxes in much the same way that successful states like Iowa have done.

Saying that the past 3 to 5 years have seen the establishment of a number of significant wind and solar manufacturing facilities in North America and in the case of wind, the Midwest "wind belt" has been the sweet spot for these very desirable new manufacturing opportunities. He believed this could put Kansas in a position to bring some much needed jobs in these difficult financial times.

Secretary David Kerr addressed the Committee next in support of **SB 108**. (Attachment 2). He said that the U.S. market for wind energy has seen tremendous growth in recent years and projections show continued increases well into the future.

Explaining how Kansas has been identified as one of the leading states in the U.S. for wind energy production, there is also strong growth in this market for solar power and Kansas has been considered for several projects involving production of solar equipment and materials.

Secretary Kerr summarized saying that **SB 108** would truly serve as an economic revitalization tool, helping Kansas to win projects resulting in the creation of over 1500 new jobs and more than \$550 million in investment.

Kent Eckles appeared next as a proponent to **SB 108** saying that the Kansas Chamber welcomed expanding eligibility to other industry sectors under the original, enabling legislation. (Attachment 3).

CONTINUATION SHEET

Minutes of the House Economic Development and Tourism Committee at 3:30 p.m. on March 16, 2009, in Room 711 of the Docking State Office Building.

Mr. Eckles told the Committee that while Kansas has abundant wind resources but among their bordering states they rank in the middle of the pack in installed wind power per capita (as of 2007), standing behind Colorado and Oklahoma, but ahead of Missouri and Nebraska. He believes that passing this legislation would help make the State more competitive in this emerging energy sector.

Appearing next in support of **SB 108**, Dennis Lauver said that Salina has a prospect that will benefit from this legislation. The bill will encourage renewable energy manufacturers planning to create more than 200 well-paying jobs and \$30,000,000 in capital investment in Kansas within five years. (Attachment 4).

Mr. Lauver told the Committee how in 2008, the Kansas Legislature passed new bonding authority for eligible large aviation projects under the Kansas economic revitalization and reinvestment act. **SB 108** amends this legislation to include eligible wind energy manufacturing projects in an effort to attract development of this industry in the state.

Ron Gaches introduced Tim Davis who gave the Committee a brief history of Goodyear from it's construction by the federal government in 1944, to it's first production of a tire in 1945, to their purchase back from the government in 1946. (Attachment 5).

Mr. Davis said the facility consisted of 3 million square feet under one roof, including the Midwest Distribution Center. Goodyear owns an additional 231 acres surrounding the plant.

Saying that the annual potential investment by Goodyear, over six years would be in two phases.

Phase 1 - 2009 - \$73M

2010 - \$49M

2011 - \$ 3M

Total 3-year potential Phase 1 investment up to \$125M

Phase 2 - 2012 - 2014 - 3-year potential Phase 2 investment up to \$125 M

Mr. Davis asked for the Committee's support in the passage of **SB 108**.

Robert Tripp addressed the Committee in support of **SB 108**, saying that Local 307 was a member of the United Steelworkers, the largest Industrial Union in North America, with 1.2 million active and retired members. (Attachment 6).

Mr. Tripp told the Committee that Local 307 of Topeka represents over 1,500 active members mainly at the Goodyear tire production facility in Topeka, the Goodyear Midwest Distribution Center and the maintenance and facilities staff at Washburn University. He said that over the past 6 years Topeka Goodyear management in working the Union, have created quality and production initiatives to enhance their competitive position so that Goodyear Corporate Executives would consider significant capital investment in Topeka to increase their radial off-the-road (OTR) production capacity. The Union was hopeful that Goodyear was considering expanding its radial OTR production and that the Topeka Plant and Local 307 were in contention for this considerable investment..

CONTINUATION SHEET

Minutes of the House Economic Development and Tourism Committee at 3:30 p.m. on March 16, 2009, in Room 711 of the Docking State Office Building.

Appearing next, Dan Schemm said the proposed Goodyear amendment, **SB 108**, regarding the issuance of state bonds to assist in a major Goodyear investment in Kansas, was something his organization strongly believed in. (Attachment 7).

He said they would like to support Goodyear's request for the State to partner n their proposal to invest \$125 million in the local Goodyear plant. Then invest another \$125 million again in a few years in a second phase. They felt that this major investment was welcome in these difficult economic times.

Urging the Committee to amend **SB 108** to add the Goodyear amendment, Mr. Schemm said that the State, our community, the Goodyear plant and its employees would all reap benefits from this major investment.

Questions and answers followed.

Written only testimony was distributed from: Christy Caldwell, Topeka C of C, (Attachment 8); Lavern Squier, Ks Economic Development Alliance, (Attachment 9); and Jim Gregory, Salina Area C of C, (Attachment 10).

The hearing on **SB 108** was closed.

SB 120 - Kansas investments in major products and comprehensive training act.

Jason Long explained **SB 120** to the Committee.

A motion was made by Representative Slattery and seconded by Representative Hill to favorably pass SB 120 out of Committee. The motion passed on a voice vote.

SB 1 - William Inge Theatre Festival designated as the official theatre festival of the state.

A motion was made by Representative Flaharty and seconded by Representative Furtado that SB 1 be placed on the consent calendar. The motion passed on a voice vote.

The meeting was adjourned at 3:30 p.m. The next meeting is scheduled for Wednesday, March 18, 2009.

Testimony of Dave Kerr
President, Hutchinson/Reno County Chamber of Commerce
Senate Bill 108

The past 3-5 years have seen the establishment of a number of significant wind and solar manufacturing facilities in North America. In the case of wind, the Midwest "wind belt" has been the sweet spot for these very desirable new manufacturing opportunities. The eastern and western thirds of the country have been the most successful in attracting solar operations. Unfortunately, as the attached map shows, not a single one of these companies has chosen to locate in Kansas despite our central location, our investment in quality roads and our reliable wind and sunshine.

Over the past year, I have had the opportunity to discuss some of these projects with the companies involved. Even though the names may not be familiar to most Americans, many of these would rank as Fortune 500 or even 100 companies. Their facilities and probable job growth, as alternative energy gains momentum, have made them targets for aggressive state recruiting by states other than Kansas. However, the advantages of the intangibles Kansas has to offer have not been lost on their very thorough analysts. Some have expressed a real desire to locate here. The problem has been that Kansas has a very minimal arsenal of incentives and some of the ones we have are of limited value to a multinational company. (I feel free to say that because I helped design some of them.) HPIP, one of our largest incentives, is sometimes discounted because these companies may have little Kansas income tax liability. As a result, the gap between Kansas incentives and those of other states have been too great to overcome.

This game is now approaching the "late innings" as many of these companies have now found their North American homes. However it is not over. There are still companies trying to make these decisions. The economic downturn might have slowed the process somewhat, but nearly everyone believes only the short term outlook is hazy and the mid to long term outlook is extremely positive. Some location decisions will almost certainly be made during 2009.

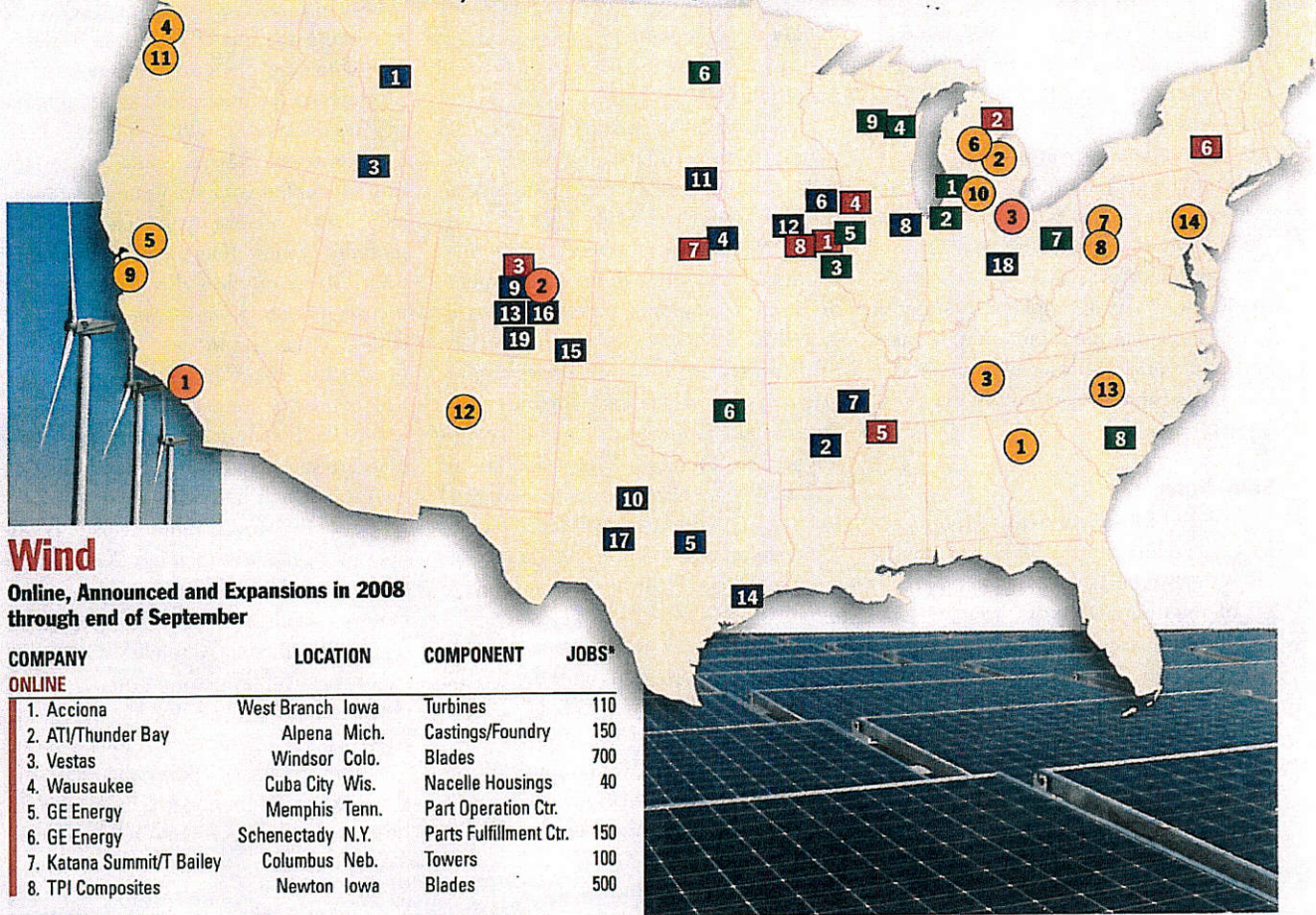
Therefore, I would ask for your favorable consideration on SB 108. It represents a simple extension of last year's "Cessna Legislation." It utilizes payroll taxes in much the same way that successful states like Iowa have done. From the map, we know that if we do not do something different than we have been doing, we will probably continue to come up empty. In my discussions with these companies, I feel sure this bill has the potential, not to put Kansas on par with the most aggressive states, but to put us in a position where we are close enough to stay in the game and let us have a chance to bring some much needed jobs in these difficult financial times.

Thank you and I would be pleased to try to answer your questions.

Economic Development & Tourism
Date: 3-16-09
Attachment # 1-1

Solar & Wind Industry Manufacturing Facilities

Online, Announced and Expansions in 2008



Wind

Online, Announced and Expansions in 2008 through end of September

COMPANY	LOCATION	COMPONENT	JOBS*
ONLINE			
1. Acciona	West Branch Iowa	Turbines	110
2. ATI/Thunder Bay	Alpena Mich.	Castings/Foundry	150
3. Vestas	Windsor Colo.	Blades	700
4. Wausaukee	Cuba City Wis.	Nacelle Housings	40
5. GE Energy	Memphis Tenn.	Part Operation Ctr.	
6. GE Energy	Schenectady N.Y.	Parts Fulfillment Ctr.	150
7. Katana Summit/T Bailey	Columbus Neb.	Towers	100
8. TPI Composites	Newton Iowa	Blades	500

ANNOUNCED

1. Fuhrlander AG	Butte Mont.	Turbines	150
2. LM Glasfiber	Little Rock Ark.	Blades	1,000
3. Nordic Windpower	Pocatello Idaho	Turbines	160
4. Northstar Wind Towers	Blair Neb.	Towers	100
5. RTLC Windtowers	McGregor Texas	Towers	75
6. Sector 5 Technologies	Oelwein Iowa	Fabrication/Assembly	99
7. Nordex	Jonesboro Ark.	Turbines/Blades	600
8. Siemens #2	Elgin Ill.	Mechanical Drives	300
9. Siemens R&D	Boulder Colo.	R&D	50
10. Tower Tech/Broadwind	Abilene Texas	Towers	150
11. Tower Tech/Broadwind	Sioux Falls S.D.	Towers	150
12. Trinity Structural Tower	Newton Iowa	Towers	140
13. Vestas #2	Colo.	Towers	400
14. Vestas R&D	Houston Texas	R&D	150
15. Dragon Wind	Lamar Colo.	Towers	100
16. Hexcel	Colo.	Prepreg Glass	
17. Martifer	San Angelo Texas		225
18. Minster Wind	Minster Ohio	Components/Castings	140
19. Vestas	Pueblo Colo.	Towers	500

EXPANSIONS

1. Genzink	Holland Mich.	Generator frames	20
2. K&M Machine-Fabricating	Cassopolis Mich.	Hubs/Gearboxes	120
3. Siemens	Fort Madison Iowa	Blades	278
4. Wausaukee	Wausaukee Wis.	Nacelle Housings	30
5. Acciona	West Branch Iowa	Turbines	10
6. DMI	Tulsa/West Fargo Okla./N.D.	Towers	350
7. Rotek	Aurora Ohio	Bearings	150
8. Ahlstrom Specialty Reinforcements	Bishopville S.C.	Composites	56
9. Merit Gear	Antigo Wis.	Gears	45

*Jobs figures are expected jobs once facility is running at full capacity.
Source: American Wind Energy Association

Solar

New and Expansions in 2008 through end of October

COMPANY	LOCATION	COMPONENT	JOBS
NEW			
1. Suniva Inc.	Norcross Ga.	Solar Cells	100
2. Dow Corning Corp.	Freeland Mich.	Solar Panels	
3. Shoals Technology Group	Gallatin Tenn.	Solar Energy Panels	100
4. SpectraWatt Inc./Intel Corp.	Hillsboro Ore.	Solar Cells	
5. OptiSolar Inc.	Sacramento Calif.	Solar Panels	500
6. Evergreen Solar Inc.	Midland Mich.	Solar Panels	101
7. Flabeg	Brackenridge Pa.	Solar Mirrors	300
8. Solar Power Industries, Inc.	Belle Vernon Pa.	Solar Cell Production	396
9. Underwriters Laboratories (UL)	San Jose Ca.	Photovoltaic Testing	
10. United Solar Ovonic	Battle Creek Mich.	Solar Laminate	350
11. Sanyo Solar of Oregon, LLC	Salem Ore.	Silicon/Solar Parts	200
12. Schott AG/Schott Solar	Albuquerque N.M.	Solar Panels	350
13. Sencera International	Charlotte N.C.	Solar Panels	65
14. Komax Systems York	Springettsbury Twp Pa.	Photovoltaic Mfg. Equip.	70

EXPANSIONS

1. SolarWorld	Camarillo Ca.	Solar Modules	
2. Ascent Solar Technologies	Thornton Colo.	Photovoltaic Film	65
3. First Solar	Perrysburg Ohio	Thin Film Solar Modules	134

Source: Conway Data New Plant Database

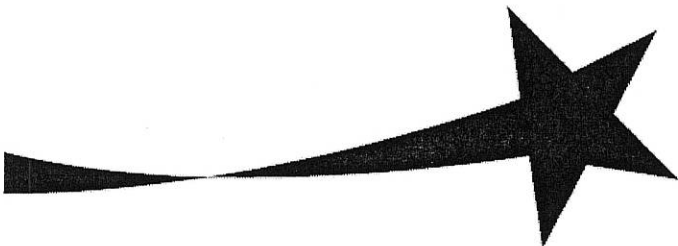
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KANSAS

DEPARTMENT OF COMMERCE

David D. Kerr, Secretary

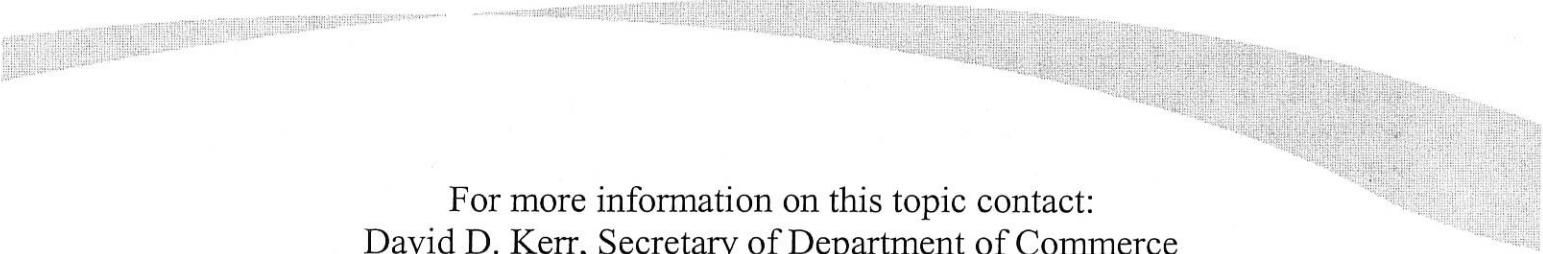


Testimony in support of SB 108

House Committee on

Economic Development and Tourism

March 16, 2009



For more information on this topic contact:
David D. Kerr, Secretary of Department of Commerce
Phone: (785) 296-2741
Fax: (785) 296-3665

www.kansascommerce.com

Economic Development & Tourism

Date: 3-16-09
Attachment # 2-1

Testimony in support of SB 108
Presented to the House Committee on Economic
Development and Tourism

By Secretary David D. Kerr
Kansas Department of Commerce

March 16, 2009

Madam Chair and members of the Committee:

Thank you for this opportunity to appear in support of SB 108.

The U.S. market for wind energy has seen tremendous growth in recent years, and projections show continued increases well into the future. Wind turbine components have traditionally been produced overseas where this market is more mature, but many international companies are now establishing manufacturing operations in the U.S. to supply this growing market. In addition, U.S. companies are entering this market or expanding their operations to meet increasing demand for wind turbines.

Kansas has been identified as one of the leading states in the U.S for wind energy production, and it is projected that the state will have significant growth in the number of, and energy output from, wind farms over the next ten years.

The state's location in the heart of the wind belt has attracted the attention of numerous wind turbine component manufacturers as they have evaluated sites for the establishment of new production facilities. Other states have developed special incentive programs to attract these companies and have been very successful in creating hundreds of new jobs in support of this growing industry. While Kansas is ideally located for the production and shipment of large turbine components, it has been a challenge to compete on these projects using our traditional incentive programs.

With the proposed changes to the Kansas economic revitalization and reinvestment act, we would be in a position to attract two separate manufacturers that have identified Kansas communities as finalists for projects that together would create over 600 jobs and \$60 million in capital investment. The availability of this new incentive is critical to the decision to proceed for these companies. We believe that these major projects would lead to additional investments and growth opportunities in producing wind turbine components in Kansas, as suppliers would seek to locate close to these key customers.

There is also strong growth in the U.S. market for solar power, and Kansas has been considered for several projects involving production of solar equipment and materials. As with the wind-related projects, Kansas is competing with states that offer special "green technology" incentives

to recruit these types of projects, but Kansas currently does not have the tools to match those offers. In looking to future opportunities for job creation related to the growing renewable energy industry, we feel strongly that this legislation would make Kansas competitive in attracting these new solar companies and would create new jobs and investment in the state.

This bill also includes a modification to the thresholds for aviation manufacturers to address a specific project need. The proposed change could lead to the creation of nearly 1000 new aviation jobs and over \$500 million in investment.

In summary, Senate Bill 108 would truly serve as an economic revitalization tool, helping us to win projects resulting in the creation of over 1500 new jobs and more than \$550 million in investment. It would offer important support to the state's aviation industry and would also provide a significant tool to assist in generating new jobs and investment in the growing renewable energy sector.

Thank You.

**Testimony before the House Economic Development & Tourism Committee
SB 108 – The Economic Revitalization & Reinvestment Act
Presented by J. Kent Eckles, Vice President of Government Affairs
Monday, March 16th, 2009**

The Kansas Chamber appreciates the opportunity to submit testimony in favor of Senate Bill 108, entitled “The Economic Revitalization & Reinvestment Act.”

The Chamber welcomes expanding eligibility to other industry sectors under the original, enabling legislation. If a company meets the established investment and job creation thresholds, we believe they should be able to participate after being certified by the Kansas Department of Commerce.

Kansas has abundant wind resources, yet among our bordering states we rank in the middle of the pack in installed wind power per capita (as of 2007), standing behind Colorado and Oklahoma, but ahead of Missouri and Nebraska. Passing this legislation will help make the State more competitive in this emerging energy sector.

Source: http://www.windpoweringamerica.gov/images/windmaps/installed_capacity_2007.jpg

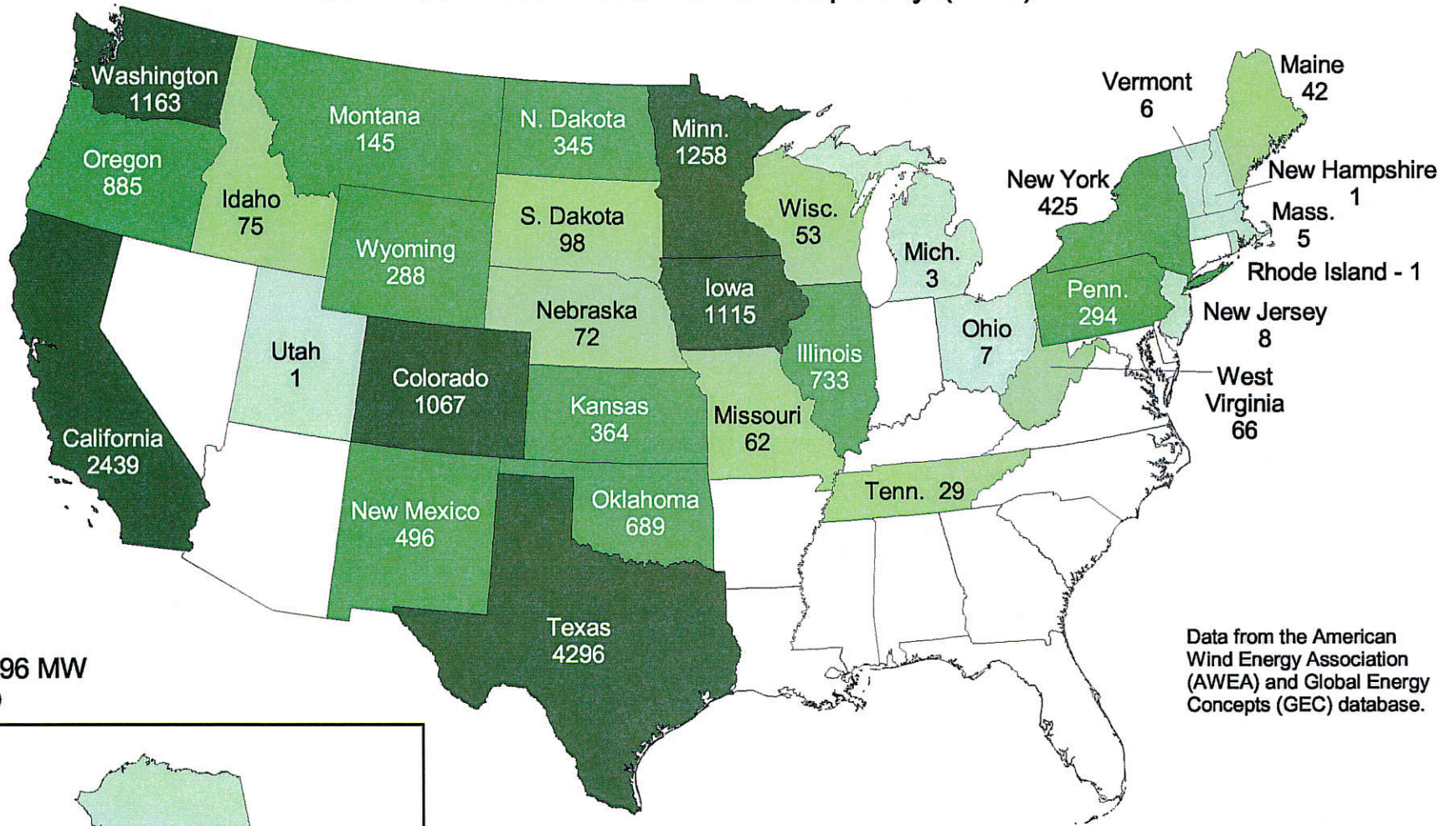
We also believe there may be potential for the existing aviation manufacturing & workforce base in the State to help foster growth of this important renewable energy sector.

Again, we appreciate the opportunity to offer testimony on SB 108 and look forward to working with the committee and the Department of Commerce as the measure makes its way through the legislative process.

The Kansas Chamber, with headquarters in Topeka, Kansas, is the leading statewide pro-business advocacy group moving Kansas towards becoming the best state in America to live and work. The Chamber represents small, medium, and large employers all across Kansas. Please contact me directly if you have any questions regarding this testimony.

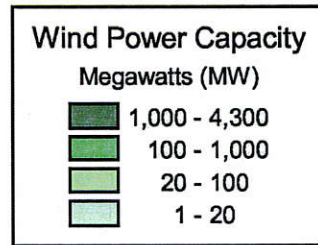
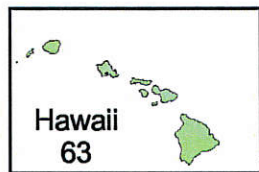


2007 Year End Wind Power Capacity (MW)



Total: 16,596 MW
(As of 12/31/07)

Data from the American Wind Energy Association (AWEA) and Global Energy Concepts (GEC) database.

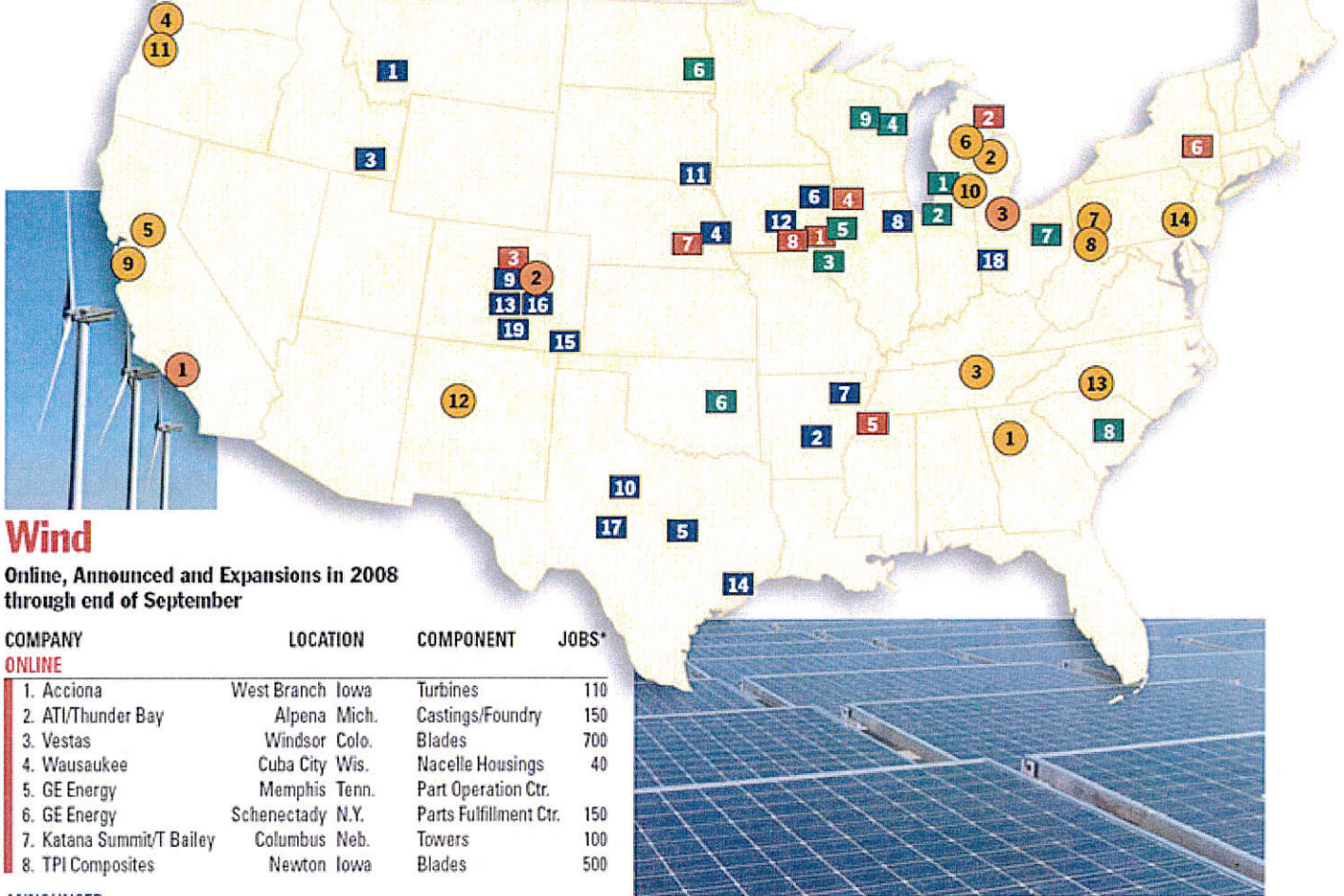


U.S. Department of Energy
National Renewable Energy Laboratory



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Source: American Wind Energy Association

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Source: Conway Data New Plant Database



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**Senate Bill 108, Economic Revitalization and Reinvestment Act
House Economic Development & Tourism Committee, March 16, 2009**

Dennis Lauver, President, Salina Area Chamber of Commerce

The Salina Area Chamber of Commerce supports Senate Bill 108. Salina has a prospective employer that will benefit from this legislation.

The bill encourages renewable energy manufacturers to create more than 200 well paying jobs and \$30,000,000 in capital investment in Kansas within five years. State-level solar/wind energy incentives in SB 108 are similar in design but smaller in scope to 2008 legislation that was passed to successfully encourage aircraft manufacturers to expand in Kansas.

Background

In 2008, the Kansas Legislature passed new bonding authority for eligible large aviation projects under the Kansas economic revitalization and reinvestment act. SB 108 amends this legislation to include eligible wind energy manufacturing projects in an effort to attract development of this industry in the state.

- An eligible wind energy business is defined as a company engaged in the wind turbine and related component manufacturing industry that will create at least 200 net, new jobs within five years, pay a minimum average annual wage rate of \$32,500, and invest at least \$30,000,000 in Kansas.
- Kansas Development Finance Authority (KDFA) would issue bonds for a principal amount of up to \$5 million for a single wind energy project with \$150 million being the total cap for all aviation and wind energy projects using this tool.
- The maximum term of the bonds is 20 years. The normal income tax withheld from employees' wages is used to pay back the principal and interest on the bonds.
- If the company receives project benefits from the bonding through this program, it is not eligible to participate in the Investments in Major Projects and Comprehensive Training (IMPACT) program for that project.
- An eligible wind energy business must satisfy conditions imposed by the Secretary of Commerce, and the agreement for benefits is subject to review and approval by the state finance council.

I will be happy to stand for questions. Thank you.

Right place. Right reason. Right *now*.

Economic Development & Tourism
Date: 3-16-09
Attachment # 4

Presentation of Tim Davis, Goodyear Topeka Plant Manager

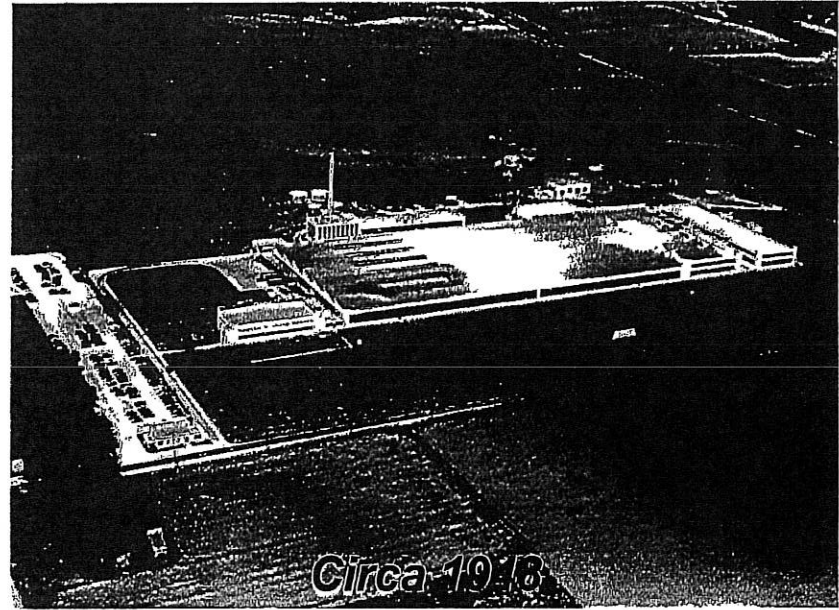
Regarding SB 108 – Goodyear Plant Modernization Amendment

Before House Economic Development Committee

Monday, March 16, 2009

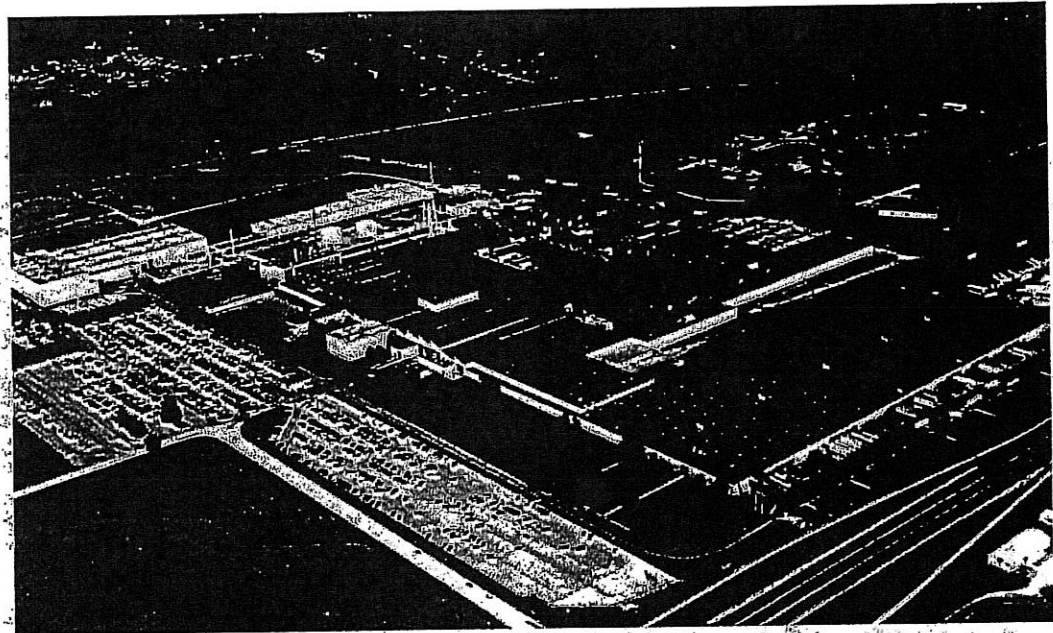
Goodyear-Topeka History

- Constructed by the federal government in 1944 to construct military tires.
- Under Goodyear management, the first tire was produced at the plant in March 1945.
- Goodyear purchased the plant from the federal government in 1946.



Goodyear-Topeka History

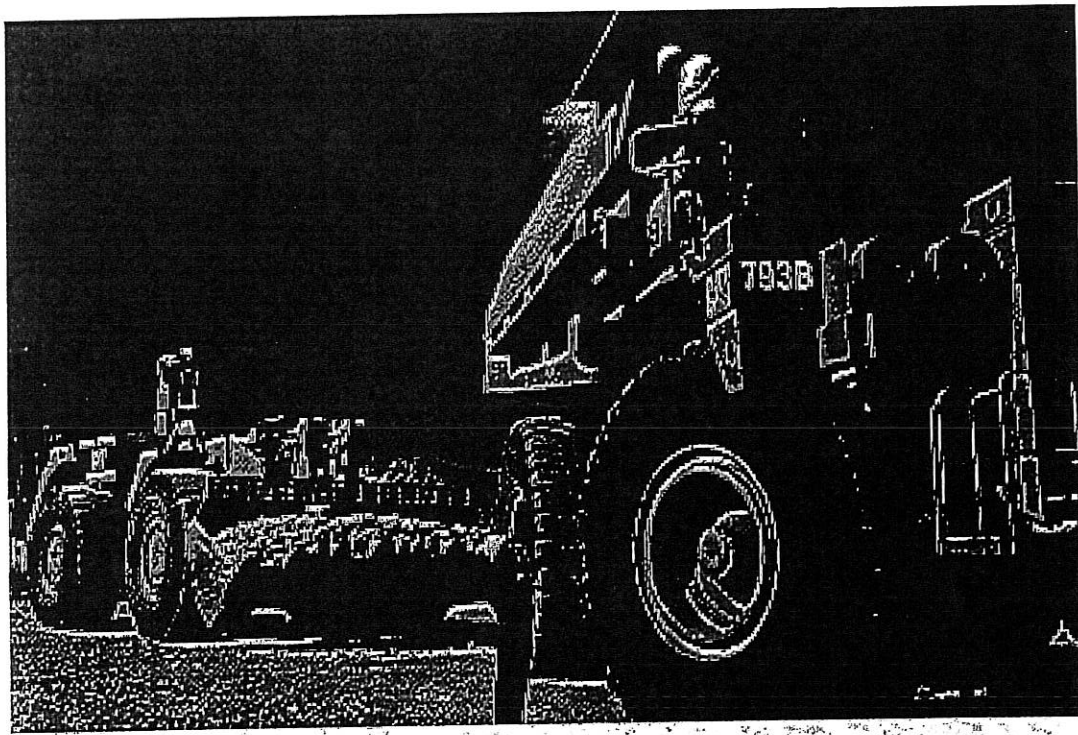
- 3 million square feet (69 acres) under roof including the Midwest Distribution Center.
- Goodyear owns an additional 231 acres surrounding the plant.



Goodyear-Topeka today

Goodyear-Topeka

- The largest tire that Goodyear produces, the 46/90 R57, is made in Topeka. It stands nearly 11.5 feet tall and weighs 8,320 lbs.



5-5

Importance to our Community

Topeka's largest manufacturing employers:

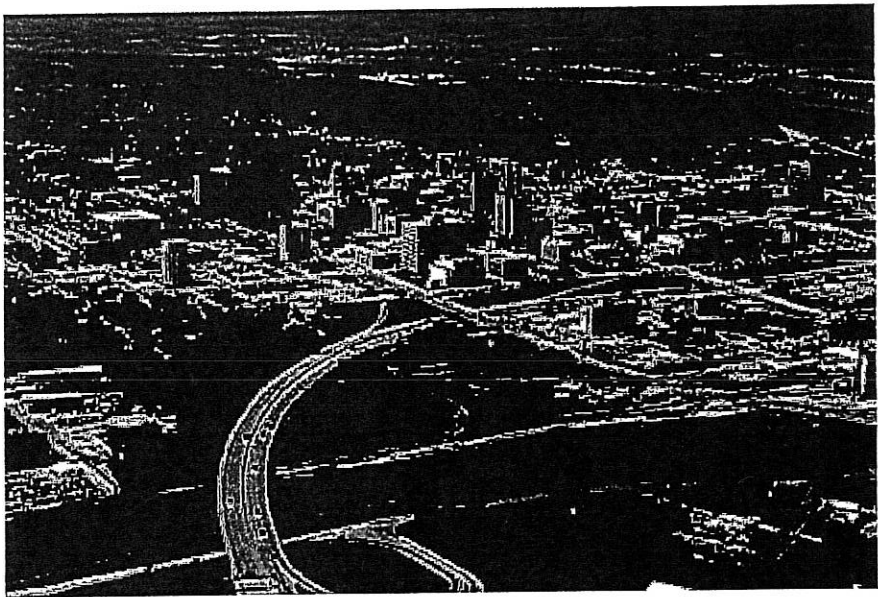
1.	Goodyear	1,600
2.	Payless	1,600*
3.	Jostens Printing & Publishing	1,060
4.	Frito-Lay, Inc.	849
5.	Hill's Pet Nutrition	801

** Includes corporate headquarters and distribution center.*

5-6.

Importance to our Community

- **Annual payroll:**
Approximately \$150 million in wages and benefits.
- **Utilities:**
\$15 million annually
- **Annual real estate and personal property taxes:**
\$1.4 million
- **Amount spent with local vendors and suppliers:**
\$24.5 million annually



Goodyear Has A Large Financial Impact In Topeka

1-5

Report of Economic Impact Goodyear Tire and Rubber Company – Topeka, Kansas

Prepared for Topeka Chamber of Commerce/GO Topeka by Impact Data Source, Austin, Texas

■ Economic Impact of Company Operations Over next 10 years – Expanded Facility

Total Number of direct and Indirect jobs created
388

Number of direct and indirect workers who will move to County
50

Number of new residents in the county
150

Number of new residential properties to be built in county
12

Number of new students expected in local public schools
32

Salaries to be paid to direct and indirect workers
\$195,240,644

Taxable sales and purchases expected in the County
\$86,747,485

The value of new residential property to be built for direct and indirect workers who move to the county by year 10
\$2,229,236

Market value of the firm's property added to local tax rolls
\$125,000,000

■ Economic Impact of Company Operations Over next 10 years – Existing Facility

Total Number of direct and indirect jobs created
2,715

Number of direct and indirect workers who will move to County
280

Number of new residents in the County
840

Number of new residential properties to be built in county
70

Number of new students expected in local public schools
182

Salaries to be paid to direct and indirect workers
\$1,427,526,674

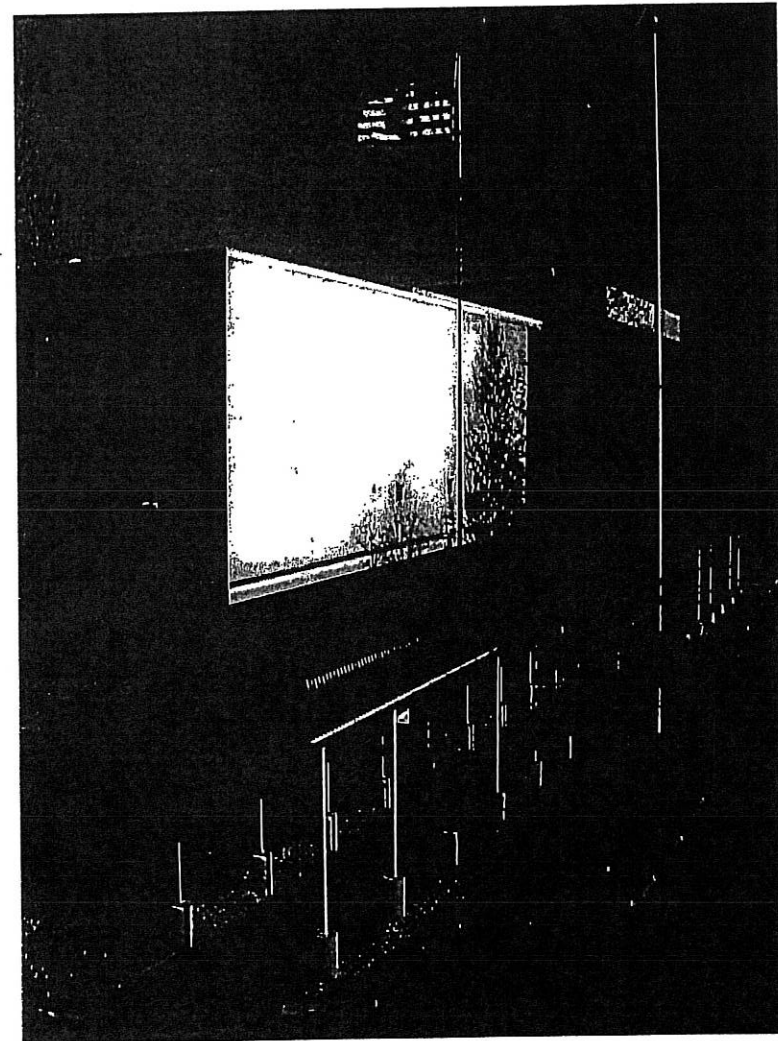
Taxable sales and purchases expected in the County
\$534,205,276

Previous State of Kansas Incentives

Medium Radial Truck Modernization

- In 2002 Goodyear received \$10 million incentive from Kansas for a minimum \$50 million investment commitment
- Actual Investment 2002-2007
 - \$94 million – equipment
 - 11 million – construction
 - 19 million – new molds

\$124 Million Total



Goodyear Received Prior Support from The State For Investing In The Plant

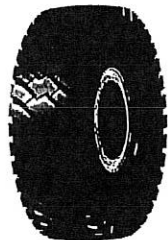
Goodyear – Off-The-Road Investment

- Goodyear is investigating the possibility of investing in the Off-The-Road Tire business
- Demand for radial OTR tires is increasing relative to bias tire demand
- Global demand of large earthmover tires exceeds supply
- Potential to invest in technology to increase radial capacity and enhance features

5-10

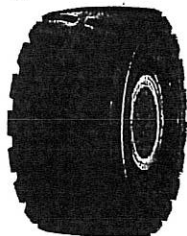
What Are OTR Tires?

Tire Products by Application



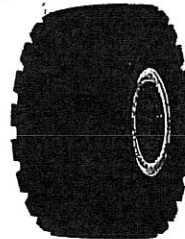
Haulage

- Tread depth helps to increase mobility
- Designed to help pressure distribution



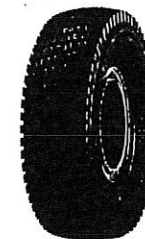
Loader

- Designed for higher- torque and heavier lifting
- Large footprint helps to enhance traction



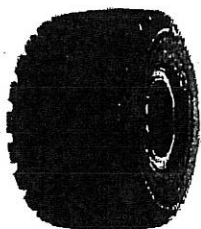
Scraper

- Used on under-foot conditions
- Zigzag groove for higher torque applications



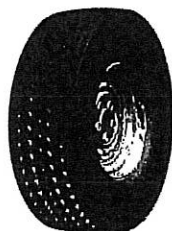
Grader

- Open tread helps to maximize traction in soft soils
- Tread design helps to reduce vibration



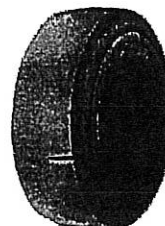
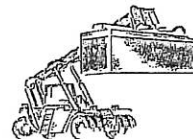
Articulated Dump Truck

- Superior traction in soft soil
- Greater cut resistance



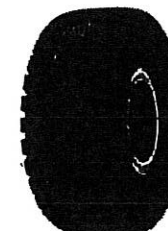
Mobile Crane

- Rectangular footprint for load distribution



Port & Container

- Designed for enhanced cut and puncture resistance
- Designed for stability



Mine Service

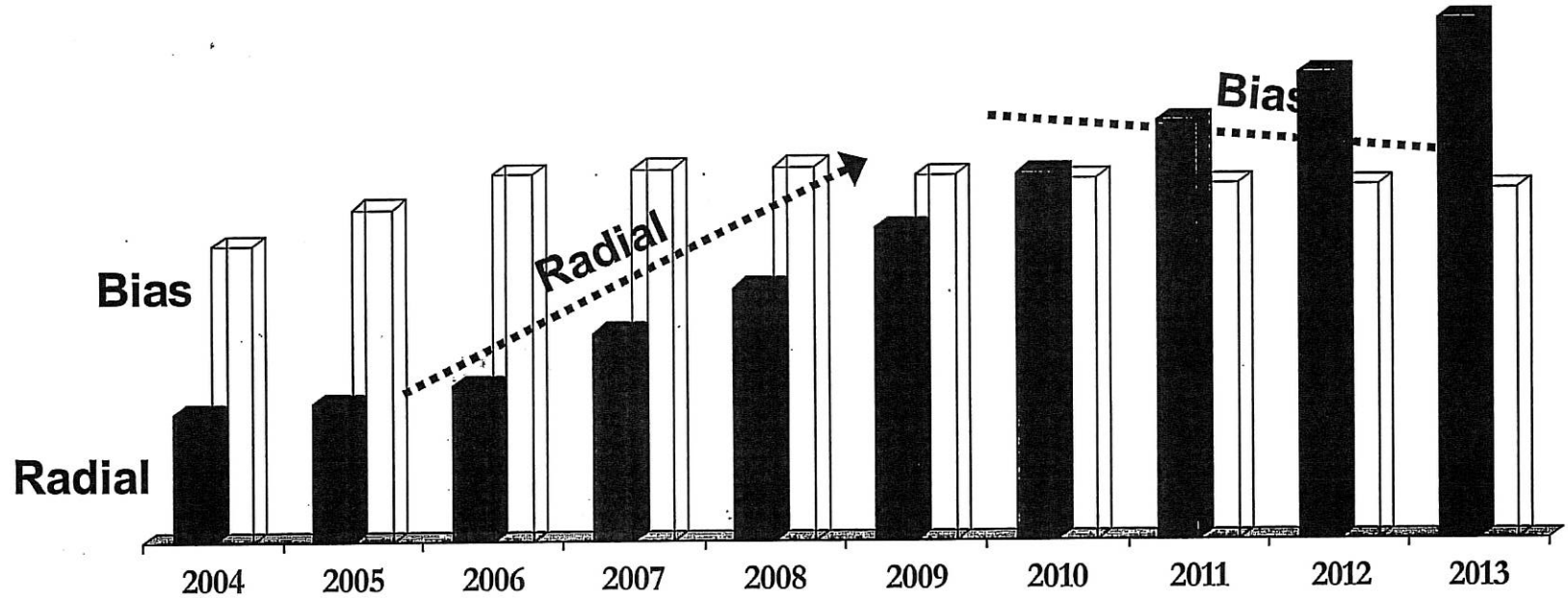
- Designed for abrasion resistance
- Deep treads and solid centerline

OTR Tires Are Used In Diverse Applications

Growth In The Industry

OTR Market Demand Projections

Total Global Requirements/Demand



- Applications are becoming more demanding due to continued economic growth in emerging markets
- Requirements for bias tires may decline as radial tires become available

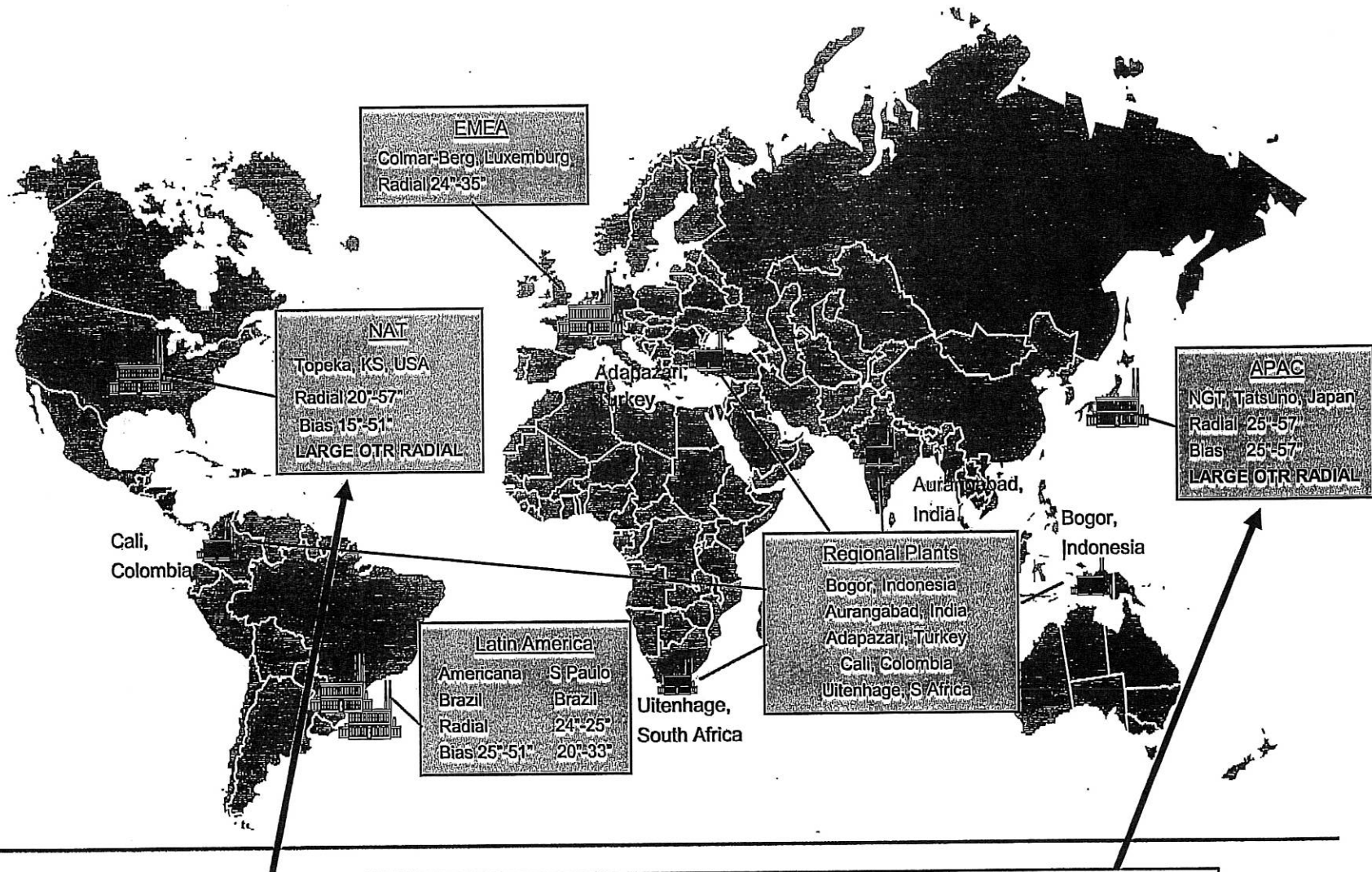
Increased demand in the radial OTR tire segment relative to bias tires

5-18

Goodyear – Radial Tire Advantages

- Larger footprint
- Lower fuel consumption
- Lower rolling resistance
- Longer tread life
- Improved comfort

Goodyear OTR- 10 Production Facilities



Goodyear's Large OTR Earthmover Plants – Topeka, KS and NGT, Japan

5-14

Goodyear – OTR Plant Investment

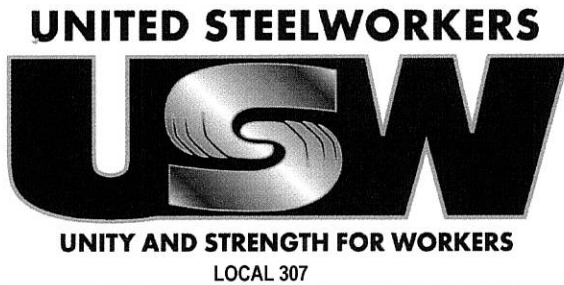
- Annual potential investment by Goodyear, over six years, two phases
- Total potential investment is up to \$250M
 - Phase 1
 - 2009 \$73M
 - 2010 \$49M
 - 2011 \$ 3MTotal 3-year potential Phase 1 investment up to \$125M
 - Phase 2
 - 2012-2014 – 3-year potential Phase 2 investment up to \$125M

Goodyear is looking at expanding large radial OTR production

Goodyear – Working with the State of Kansas

- Goodyear is requesting that the state again work with us in the same manner as it did in 2002.
- Goodyear has requested a potential 20-year bond issue of 15% of \$125M for Phase 1 (\$18.75M) and 15% of \$125M for Phase 2 (\$18.75M).
- Goodyear would repay through portion of employee's state payroll taxes. Current annual state payroll withholding is \$3.727M.

Goodyear would like to work with the State of Kansas on this investment



Robert Tripp, President
Jim Fregon, Vice President
Kevin McClain, Recording Secretary
Earl Ransom, Financial Secretary
Nelson Van Dyke, Treasurer

USW LOCAL 307
1603 N.W. Taylor
Topeka, Kansas 66608
Phone 785-234-5688
Fax 785-234-3116

March 16, 2009

The Officers of United Steelworkers are excited to support the possibility of the Goodyear Tire & Rubber Company investing in the Topeka Off-the-road Tire (OTR) business.

Local 307 is a member of the United Steelworkers (USW) headquartered in Pittsburgh, Pennsylvania. The United Steelworkers is the largest Industrial Union in North America, with 1.2 million active and retired members. Local 307 of Topeka represents over 1,500 active members mainly at the Goodyear tire production facility in Topeka, the Goodyear Midwest Distribution Center, and the maintenance and facilities staff at Washburn University.

A great many of our Local Union's membership is reliant on the Goodyear Off-the-Road/Earthmover business at the Topeka Plant, and over the past decade Local Union leadership has been encouraging Goodyear management to increase the Topeka Plant's Radial Off-the-Road (OTR) production capabilities. As of the year 2007 Goodyear held 11% of the global OTR tire market. Even though the Goodyear Topeka Plant is a major contributor to that business, including radial OTR tire manufacturing, bias OTR tire manufacturing at Topeka still holds a large percentage of our placement in Goodyear's global OTR business. This Bias OTR business has been good to our plant and our union members, but the reality is that the bias OTR technology is in most cases 30 to 40 year old technology. Though the overall OTR market has grown over the past decade the Union has been concerned with Topeka's continued reliance on bias ply OTR tires to meet that demand. It has been and continues to be the Union's fear that either a contraction in the global OTR market or the increased radial OTR capacity of Goodyear's competitors would greatly shift the balance of cost and competitiveness to the more modern radial OTR manufacturers, slowly driving Topeka out of the market place.

Over the past 6 years Topeka Goodyear management in working the Union have created quality and production initiatives to enhance our competitive position so that Goodyear Corporate Executives would consider significant capital investment in Topeka to increase our

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radial OTR production capacity, and the Union is extremely excited that Goodyear is considering expanding its radial OTR production and that the Topeka Plant and Local 307 are in contention for this considerable investment.

The Union understands these are difficult economic times for the nation and for the state and that each and every Kansan has had to make hard and difficult choices during these tumultuous times, as has the Union and Goodyear. But while we face and make these choices, the Union and the Company agree that we must not forgo our thoughts of the long term future of our business interest and the economy, and we hope that we can once again partner with the state to secure capital investment for the Topeka Goodyear Plant, thus securing our manufacturing jobs here in Kansas.

Robert Tripp
President
Local 307 USW

Testimony
House Economic Development & Tourism Committee
March 16, 2009
Goodyear Amendment to SB 108
By: Dan Schemm, Director of Existing Business
Greater Topeka Chamber of Commerce



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Topeka, Kansas 66603-3515

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topekainfo@topekachamber.org

Chairwoman Gordon and members of the Committee:

I am here today to express our support for SB 108 and the proposed Goodyear amendment, regarding the issuance of state bonds to assist in a major Goodyear investment in Kansas. You have received written testimony from Christy Caldwell the Vice President of Government Relations regarding how important an incentive for manufacturing wind and solar products are to our state. I would like to focus on the amendment that is proposed as an addition to this bill.

The Goodyear Tire and Rubber Company, a long time tire manufacturing plant in Topeka/Shawnee County, is a major employer in our community. Their employees are actively involved citizens who work difficult jobs for quality wages and excellent benefits from Goodyear. We have been fortunate over the years to keep this plant in Topeka; Goodyear has actually grown in production and enhanced their production by securing new lines of tire manufacturing.

We would like to enthusiastically support Goodyear's request for the state to partner in their proposal to invest \$125 million in our local Goodyear plant. Then invest another \$125 million again in a few years in a second phase. This major investment is welcome in these difficult economic times. Goodyear's investment will assure the production of their successful earthmover tire line will continue to grow in Topeka and quality, good-paying jobs will be there for Kansas citizens.

We are fortunate there is a great demand for large earthmover tires, Goodyear's tires are the best in the world and they have a sizeable market share. Goodyear expects the demand for this line of tire to continue to grow. The Topeka Chamber believes an investment of \$250 million in the two phases is well worth the \$37.5 million of withholding (from both phases) that will be used by the company to help pay off the bonds over 20 years.

We urge this Committee to amend SB 108 to add the Goodyear amendment; the state, our community, the Goodyear plant and its employees will all reap benefits from this major investment. Goodyear will remain strong, Kansans will continue working, the economic rollover of this investment throughout our city and state is welcome. With the passage of SB 108 we will have a great tool to also encourage wind and solar manufacturing in Kansas.

Thank you for the opportunity to express our support SB 108 and this amendment, we ask for your approval as well.

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Attachment # 7

Written Testimony
House Economic Development & Tourism Committee
March 16, 2009
SB 108 Economic Revitalization & Reinvestment Act
By: Christy Caldwell, Vice President Government Relations
Greater Topeka Chamber of Commerce
ccaldwell@topekachamber.org

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Topeka, Kansas 66603-3515

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Chairwoman Gordon and Members of the Committee:

The Greater Topeka Chamber of Commerce would like to express our support for SB 108, the Economic Revitalization and Reinvestment Act to include wind and solar manufacturing. This is a needed addition to the Department of Commerce tools for attracting investment and jobs to Kansas.

During the 2008 legislative session the Topeka Chamber advocated for the extension of an apportionment bill that was approved by the legislature the year before. This apportionment law is scheduled to sunset at the end of 2009. Last session we were advocating for its continuation past the three year sunset because we were in negotiations with an international company that manufactures wind turbines. This company wanted to build their first new plant in the United States. We were on the short list of three possible locations for this \$100 million facility that was planning to hire 600+ employees. The only incentive available we thought might help us be more competitive in the final negotiations was scheduled to expire before the plant would be built and employees hired. All other state incentives the company qualified for were made available to them. In addition to the state incentives, locally we offered \$3 million worth of land, \$1 million to upgrade infrastructure and \$4,000 for every job the company was going to create.

We did not land this prospect. The apportionment legislation we had advocated for was approved by the Senate but was swept into the failed energy bill at the end of the session. Had the extension of this bill become law, it still would not have been enough to persuade the company to locate in Kansas. The firm is building the wind turbine plant in Arkansas.

There were several reasons we lost this prospect but the most critical was our lack of upfront cash to compete with incentives Arkansas and other states offered. Kansas is not competitive enough to attract wind and solar manufacturing and we fall short in attracting other industries as well. In the case I described Arkansas was able to provide (in addition to other state incentives) \$8 million from their Governor's Closing Fund and a cash rebate of 5% of their total payroll for 10 years. Also critical to this company was the Arkansas transportation network connecting their plant to wind farms that would purchase their turbines and available specialized training

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Wind energy manufacturing is growing in surrounding states; Iowa and Colorado are very aggressive in attracting such companies. Kansas is a bit of a "Johnny-come-lately" in this arena. There are still opportunities; we just need to have competitive incentives to seriously garner the industry's attention. SB 108 can help Kansas compete.

The rapid explosion of technology, particularly related to thin film solar and nanotechnologies, has moved solar energy into the forefront over the last two years. Many experts in renewable energy believe solar energy growth will be greater than wind over the next decade. Solar energy, especially using thin film, has multiple applications and may be installed in a myriad of ways to make access to solar energy accessible and affordable.

Kansas could attract solar energy manufacturing and R&D if competitive statewide incentives are available. A couple weeks ago it was reported that Texas legislators are dealing with over 20 bills focusing on solar and other types of energy, some of which deal with sales-tax exemptions, green-jobs training programs and diverting money from their Emerging Technology Fund to solar energy research. Texas considers itself a prime location for the solar industry manufacturing and R&D. With the right tools Kansas can be a prime location as well. If approved, SB 108 will provide the Department of Commerce with a cash incentive that can help us attract the next solar or wind energy company. We urge your support of this legislation.

We also know you will be hearing a proposal from The Goodyear Tire & Rubber Company today. The Greater Topeka Chamber of Commerce extends our encouragement for your support for the proposal they bring to your committee today. Goodyear is a Topeka icon; they have manufactured tires in Kansas for many, many years. The prospect of Goodyear investing new dollars into our state and community's economy during these difficult economic times is truly good news. New investment such as this will assure that this company will remain a viable manufacturer in Kansas for a long time. We ask for the committee's support for this plan.

Thank you.



Written Testimony in Support of Senate Bill 108

**Presented by Lavern Squier
Representing the Kansas Economic Development Alliance (KEDA)**

**House Economic Development and Tourism Committee
March 16th, 2009**

Madam Chair and Committee Members:

My name is Lavern Squier and I am the Chair of the Economic Development Competitiveness Task Force for the Kansas Economic Development Alliance. KEDA members are economic development practitioners from all across Kansas. I am pleased to be able to be here today to express our interest in and support for Senate Bill 108.

Members of KEDA are on the front lines of economic development efforts throughout the state and we are often frustrated because our effectiveness seems to be eroding even as we are expecting greater results in the face of intensifying competition. For some time, most of our members have felt that enhancements were needed in the economic development tools available to be used for business recruitment and retention if Kansas is to remain competitive.

Our real-world experience tells us that incentives are a critical factor in the attraction and/or creation of jobs and investment. We have also found that competition is increasing and Kansas has to offer more competitive incentives if we want to be considered for new investment and jobs. Finally, we have seen that the tools available for our use are greatly limited and their value in the marketplace is diminishing.

With those concerns in mind, over 100 KEDA members, elected officials, Department of Commerce staff members, consultants and others held meetings in 2008 throughout the state to gather grass roots input and to discuss possible options. One of the top priorities was to transition our incentive programs away from tax credits to more "cash based" incentives. Other states use cash and/or cash equivalent incentives in ways that we cannot compete with.

More than anything, we need economic development tools that are more flexible and more usable. Expanding this legislation to include additional industry groups - wind and solar energy - is a good start. I encourage you to support Senate Bill 108.

Thank you.

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Date: 3-16-09
Attachment # 9



120 W. Ash, P.O. Box 586 • Salina, KS 67402-0586 • 785-827-9301 • fx 785-827-9758 • www.salinakansas.org

Senate Bill 108
Economic Revitalization and Reinvestment Act
House Economic Development & Tourism Committee

The Salina Area Chamber of Commerce supports Senate Bill 108. Salina has a prospect that will benefit from this legislation. The bill will encourage renewable energy manufacturers planning to create more than 200 well paying jobs and \$30,000,000 in capital investment in Kansas within five years.

The state-level solar/wind energy incentives in SB 108 are similar in design but smaller in scope to 2008 legislation that was passed to successfully encourage Cessna Aircraft to make the commitment to build its Columbus aircraft manufacturing plant in Kansas.

Background

In 2008, the Kansas Legislature passed new bonding authority for eligible large aviation projects under the Kansas economic revitalization and reinvestment act. SB 108 amends this legislation to include eligible wind energy manufacturing projects in an effort to attract development of this industry in the state.

- An eligible wind energy business is defined as a company engaged in the wind turbine and related component manufacturing industry that will create at least 200 net, new jobs within five years, pay a minimum average annual wage rate of \$32,500, and invest at least \$30,000,000 in Kansas.
- Kansas Development Finance Authority (KDFA) would issue bonds for a principal amount of up to \$5 million for a single wind energy project with \$150 million being the total cap for all aviation and wind energy projects using this tool.
- The maximum term of the bonds is 20 years. The normal income tax withheld from employees' wages is used to pay back the principal and interest on the bonds.
- If the company receives project benefits from the bonding through this program, it is not eligible to participate in the Investments in Major Projects and Comprehensive Training (IMPACT) program for that project.
- An eligible wind energy business must satisfy conditions imposed by the Secretary of Commerce, and the agreement for benefits is subject to review and approval by the state finance council.
- SB 108 also expands the definition of an eligible aviation business.

March 2009

Right place. Right reason. Right now.

Economic Development & Tourism

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Attachment # 10