

MINUTES OF THE SENATE COMMERCE COMMITTEE

The meeting was called to order by Chairman David Wysong at 8:30 a.m. on February 26, 2009, in Room 545-N of the Capitol.

All members were present.

Committee staff present:

Ms. Margaret Cianciarulo, Committee Assistant
Mr. Norm Furse, Office of the Revisor of Statutes
Mr. Ken Wilke, Office of the Revisor of Statutes
Mr. Reed Holwegner, Kansas Legislative Research Department
Mr. Julian Efird, Kansas Legislative Research Department

Conferees appearing before the Committee:

Mr. Dave D. Kerr, Secretary, Kansas Department of Commerce
Mr. Dave Kerr, President, Hutchinson/Reno County Chamber of Commerce
Mr. Dennis Lauver, President, Salina Area Chamber of Commerce
Mr. J. Kent Eckles, Vice President of Government Affairs, The Kansas Chamber
Ms. Christy Caldwell, Vice President Government Relations, Topeka Chamber of Commerce

Others attending:

Please see attached list.

Hearing on SB108 - an act concerning the economic revitalization and reinvestment act relating to the secretary of commerce and the Kansas development finance authority authorizing the issuance of bonds for certain economic development projects.

Upon calling the meeting to order, Chairman Wysong announced the hearing on **SB108** and called on Mr. Wilke, Office of the Revisor of Statutes, to explain the bill. Highlights included:

- The bill amends the economic revitalization and reinvestment act to include solar and wind energy businesses and projects.
- The first amendment occurs on page 1, line 30, cutting in half the \$300,000,000 paid in average annual gross Kansas compensation in conjunction with the aviation businesses, to \$150,000,000.
- The second amendment, found on page 2, lines 34 through 42, is basically the definition of "eligible wind or solar energy business" in which businesses pay at least \$32,000 of average annual compensation per Kansas employee and is described by the North American industrial classification system as being in the manufacturing sector.
- Line 43, page 2 through line 12 of page 3 again offers the definition of "eligible wind or solar energy project" which again is similar to the eligible project investments and states the eligible business to invest not less than \$30,000,000 in Kansas in direct connection with the eligible wind or solar energy project of not less than \$300,000,000 in Kansas and employee at least 200 full-time employees in Kansas within five years.
- Various changes occur throughout the rest of the bill and will fall in one or two types either:
 1. Injection of eligible wind or solar energy projects such as you see on line 17 of page 3.
 2. The injection of eligible wind or solar energy project business as seen on line 21 of page 3.
- On page 6, lines 5 and 6, you again have a reference to eligible wind or solar energy business, with a cross reference back to a prior definition as described in subsection (c)(7), found and beginning at the bottom of page 2 line 43.

CONTINUATION SHEET

Minutes of the Senate Commerce Committee at 8:30 a.m. on February 26, 2009, in Room 545-N of the Capitol.

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As there were no questions of Mr. Wilke, the Chair recognized the first of five proponent conferees, Mr. Dave D. Kerr, Secretary, Kansas Department of Commerce who stated that Kansas has been identified as one of the leading states in the U.S. for wind energy production and while it is ideally located for the production and shipment of large turbine components, it has been a challenge to compete on new projects using the State's traditional incentive programs. He went on to say that with the proposed changes to the Kansas economic revitalization and reinvestment act, the State 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 investments. Regarding solar equipment and materials, Kansas is also competing with states that offer special incentives (ex. in "green technology") but currently does not have the tools to match those offers. He stated that the bill also includes a modification to the thresholds for aviation manufacturers to address a specific project need. With reference to the bill's fiscal note that indicates \$100,000 being associated with this project, he stated this is a program that they have today and would expand the marginal companies that could apply, so the Department of Commerce can absorb this work, so he sees no fiscal note associated with this bill. A copy of Secretary Kerr's testimony is ([Attachment 1](#)) attached and incorporated into the Minutes as referenced.

The next conferee called on was Mr. Dave Kerr, President, Hutchinson/Reno County Chamber of Commerce, who offered a map listing manufacturing facilities none of which chose to locate in Kansas despite its central location, the State's investment in quality roads, and its reliable wind and sunshine. He stated that over the past year he had the opportunity to discuss some of these projects with the companies involved, some expressing a real desire to locate here, The problem, he went on to say, has been that Kansas has a very minimal arsenal of incentives and some of the ones the State has are of limited value to a multinational company. Lastly, he stated the bill represents a simple extension of last year's "Cessna Legislation." and utilizes payroll taxes in much of the same way that successful states like Iowa have done. A copy of Mr. Kerr's testimony and map are ([Attachment 2](#)) attached hereto and incorporated into the Minutes as referenced.

Mr Dennis Lauver, President, Salina Area Chamber of Commerce was the third proponent conferee stating that Salina does have a prospective employer that will benefit from this legislation. He went on to say that in 2008, the Kansas Legislature passed new bonding authority for eligible large aviation projects under the Kansas economic revitalization and reinvestment act and **SB108** amends this legislation to include eligible wind energy manufacturing projects in an effort to attract development of this industry in the state. A copy of Mr. Lauver's testimony is ([Attachment 3](#)) attached and incorporated into the Minutes as referenced.

Mr. J. Kent Eckles, Vice President of Government Affairs, The Kansas Chamber was the next to testify stating that Kansas has abundant wind resources, yet among the State's bordering states Kansas is ranked 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 also offered an attachment showing the 2007 year-end wind power capacity (MVV). A copy of Mr. Eckles' testimony and attachment are ([Attachment 4](#)) attached and incorporated into the Minutes as referenced.

The fifth and last proponent recognized, Ms. Christy Caldwell, Vice President Government Relations, Greater Topeka Chamber of Commerce stated that during the 2008 legislative session they advocated for the extension of the single factor legislation that was created the year before, but this incentive is scheduled to sunset at the end of 2009. She went on to offer an example of working with a wind company stating that last session they were advocating for this incentive continuation because they were in negotiations with an international company that manufactures wind turbines. They did not land this prospect, stating the single factor legislation they had advocated for was approved by the Senate but was swept into the failed energy bill in the end of the session. A copy of Ms. Caldwell's testimony is ([Attachment 5](#)) attached and incorporated into the Minutes as referenced.

Written testimony was offered from Mr. Lavern Squier, Chair, Kansas Economic Development Association (KEDA) which is ([Attachment 6](#)) attached and incorporated into the Minutes as referenced.

Chairman Wysong thanked all conferees and asked for questions or comments from the Committee which came from Senators Kelsey, Wagle, Reitz, Lynn and Holland including: does this bill basically touch three

CONTINUATION SHEET

Minutes of the Senate Commerce Committee at 8:30 a.m. on February 26, 2009, in Room 545-N of the Capitol.

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communities (Wichita with aviation, Salina and Reno County) and deals with aviation and wind and solar? With the slow down in the economy and layoffs in the aviation industry, if the withholding that is received does not pay back the note, who meets this obligation, the State or the business? Did the State or the business issue the bonds? Do you think that this would be better if this was not industry specific for more flexibility? By not having an energy policy how much has this hurt us and how much does this figure into this equation versus not having the right incentives?

As there were no more questions from the Committee, Chairman Wysong asked Secretary Kerr, how will IKE, the bill that is over in the House, translate to IMPACT and to Legislation such as **SB108** and if this bill goes away, will IMPACT go away?

Adjournment

As there was no further business, the Chair closed the hearing and the meeting was adjourned. The time was 9:20 a.m.

The next meeting is scheduled for March 3, 2009.

SENATE COMMERCE COMMITTEE

GUEST LIST

DATE: Thursday, February 26, 2009

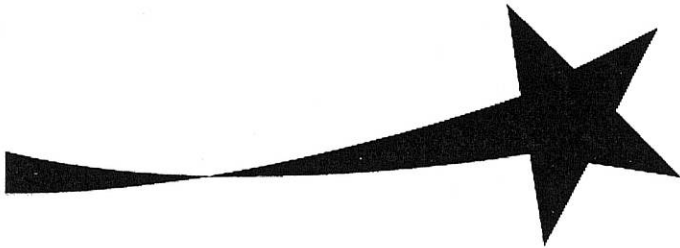
NAME	REPRESENTING
Christy Caldwell	Topeka Chamber
MARK BORANISH	CAPITOL STRATEGIES
RICHARD THOMAS	KDOL-WC
Megan Ingmire	KDOL
Joe Mosimann	Hein Law
Kent Beisner	Kansas Chamber
Kent Eckles	Kansas Chamber of Commerce
Ashley Sheard	Lenexa Chamber
Richard J Cram	KDOL
Lu Sehn	KARA
DENNIS LOUVER	Salina Chamber of Commerce
JEFF CONWAY	KANSAS DEPT - COMMERCE
Dan Korber	Kansas, Inc
Terry Bruce	KS senate
J.P. SMALL	BOMBARDIER LEARJET
Dave Kerr	Hutchinson/Rn Co Chamber
Jim Grayson	Salina Chamber of Commerce
Mike Huttles	Huttles Govt Relations
John Peterson	Capitol Strategies



KANSAS

DEPARTMENT OF COMMERCE

David D. Kerr, Secretary



Testimony in support of SB 108

Senate Commerce Committee

February 26, 2009

For more information on this topic contact:
David D. Kerr, Secretary of Department of Commerce
Phone: (785) 296-2741
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Senate Commerce Committee
Date: February 26, 2009
Attachment 1

Testimony in support of SB 108

Presented to the Senate Commerce Committee

By Secretary David D. Kerr
Kansas Department of Commerce

February 26, 2009

Chairman Wysong 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 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.

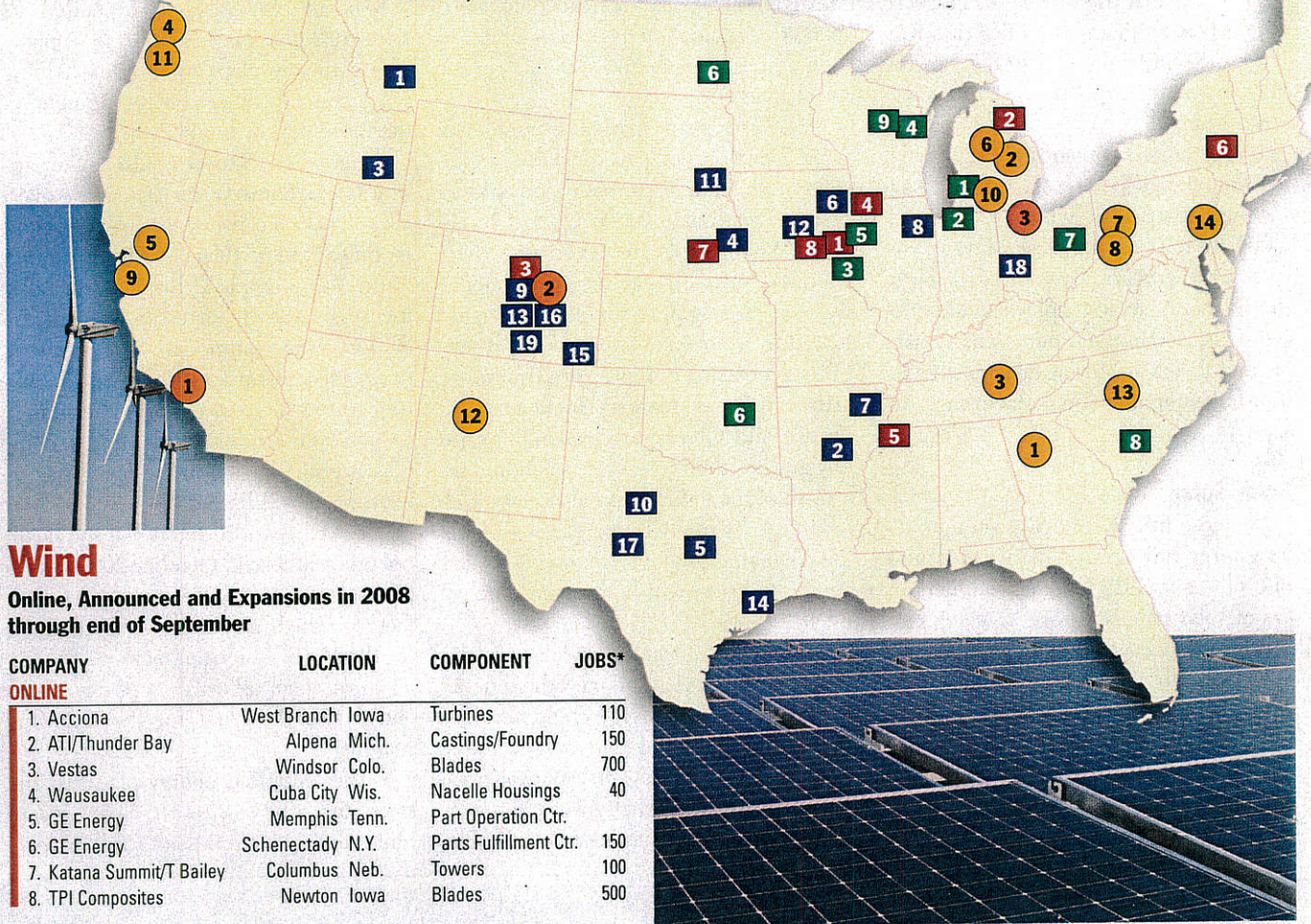
Thank you and I would be pleased to try to answer your questions.

Senate Commerce Committee
Date: February 26, 2009

Attachment 2

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. RTL Windtowers	McGregor Texas	Towers	75
6. Sector 5 Technologies	Delwein 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

2-2



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Senate Bill 108, Economic Revitalization and Reinvestment Act
Senate Commerce Committee, February 26, 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.

Senate Commerce Committee
Date: February 26, 2009

Right place. Right reason. Right now.

Attachment 3



Testimony before the Senate Commerce Committee
Senate Bill 108 – The Economic Revitalization & Reinvestment Act
Presented by J. Kent Eckles
Vice President of Government Affairs
Thursday, February 26th, 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.

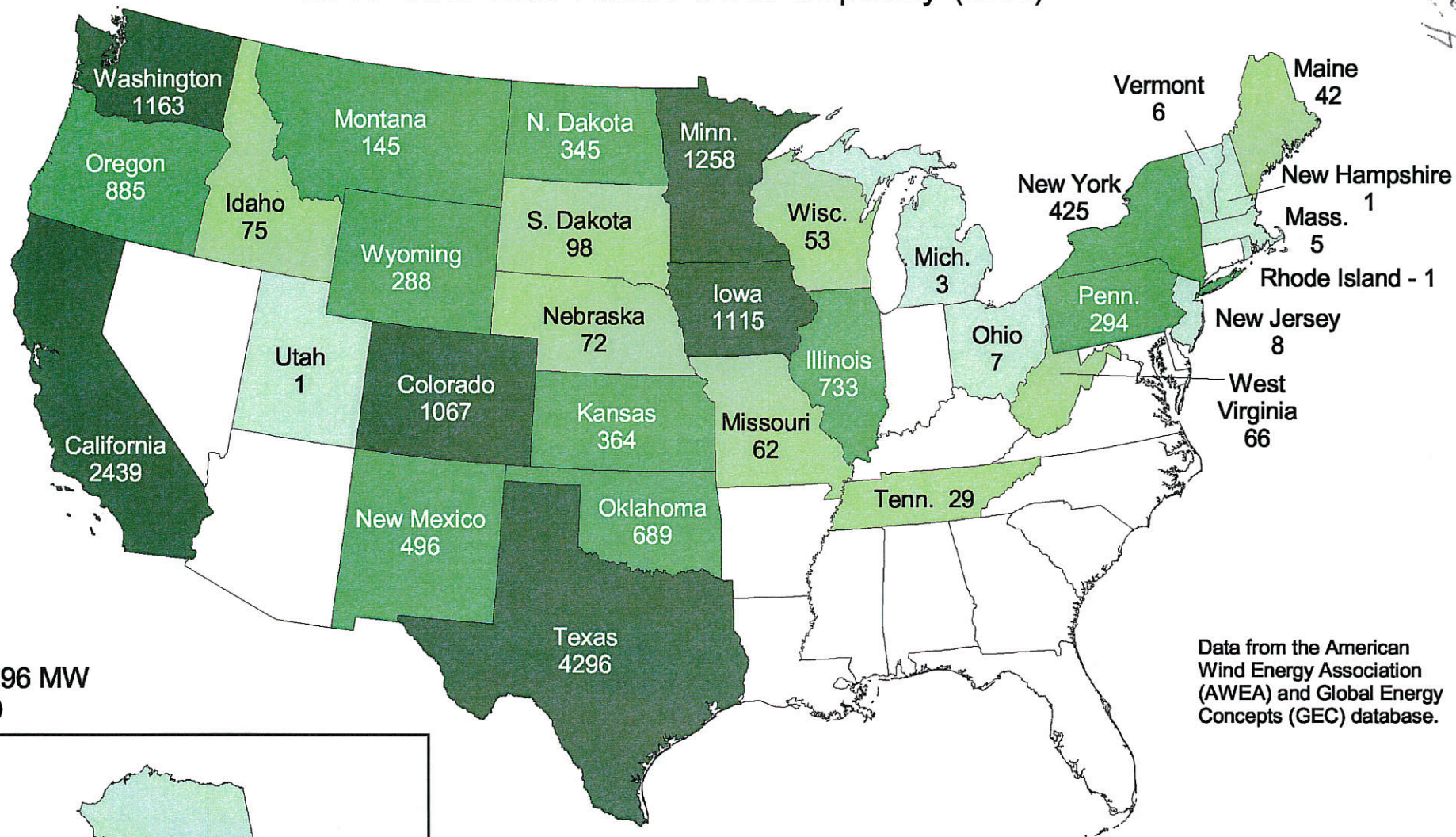
The Kansas Chamber, with headquarters in Topeka, Kansas, is the leading statewide pro-business advocacy group moving Kansas towards becoming the best state in America to live and work. The Chamber represents small, medium, and large employers all across Kansas. Please contact me directly if you have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



835 SW Topeka Blvd. Topeka, KS 666 Senate Commerce Committee
Date: February 26, 2009
Attachment 4

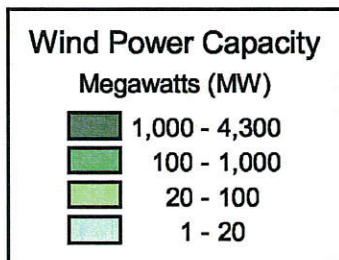
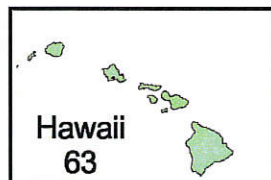
2007 Year End Wind Power Capacity (MW)

4-2



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



Testimony
Senate Commerce Committee
February 26, 2009
SB 108 Economic Revitalization & Reinvestment Act
By: Christy Caldwell, Vice President Government Relations
Greater Topeka Chamber of Commerce



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Senator Wysong and Members of the Commerce 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 the single factor legislation that was created the year before. This incentive is scheduled to sunset at the end of 2009. Last session we were advocating for its continuation 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 they were going to create.

We did not land this prospect. The single factor 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 the single factor 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 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.

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. Just last week 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.

Thank you.

Senate Commerce Committee
Date: February 26, 2009

Attachment 5



Kansas Economic Development Alliance

Testimony in Support of Senate Bill 108

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

**Senate Commerce Committee
February 26th, 2009**

Chairman Wysong and Commerce Committee Members:

My name is Lavern Squier and I am the Chair of the Economic Development Competitiveness Task Force for the Kansas Economic Developers 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. I would be glad to stand for questions now or at the appropriate time.

Thank you.

Senate Commerce Committee

Date: February 26, 2009

Attachment 6