

Approved: February 24, 2012
Date

MINUTES OF THE SENATE COMMERCE COMMITTEE

The meeting was called to order by Chairperson Susan Wagle at 8:30 a.m. on January 17, 2012, in Room 548-S of the Capitol.

All members were present except
Senator Jay Emler - excused
Senator Oletha Faust-Goudeau - excused

Committee staff present:
Ms. Margaret Cianciarulo, Committee Assistant
Mr. Reed Holwegner, Kansas Legislative Research Department
Mr. Jason Long, Office of the Revisor of Statutes
Mr. Chuck Reimer, Office of the Revisor of Statutes

Conferees appearing before the Committee:
Secretary Pat George, Department of Commerce
Deputy Secretary Steve Kelley, Department of Commerce

Others attending:
See attached list.

Presentation on KS DOC Incentive, Tax, training, and Grant Programs

Upon calling the meeting to order, Chairman Susan Wagle announced the Committee would be hearing from Secretary Pat George on what is going on in the Department of Commerce (DOC). She did ask if they could see all of the tools that the DOC has implemented attract business in Kansas in one spreadsheet, it would be beneficial to the Committee. He offered testimony showing all of the different programs that they currently have oversight or administered in the Commerce Department. Some of the 16 he covered included:

- 1.) Community Development Block Grant (CDBG) – \$15M federal grant and administered through the DOC to Kansas cities and counties looking to improve their community. It also list the main criteria used to be eligible.
2. Economic Revitalization and Reinvestment Act – which was used recently with the Lear Jet announcement last week. Part of the incentive there was a completion of the initial agreement the DOC had with them that they more than qualified for. That was leveraged along with new jobs. This was also used with Lear Siemen out of Hutchinson.
- 3.) Expensing Tax Deduction – passed last year introducing a new expensing deduction to buy equipment and machinery (including software) that can be used by companies regardless of size.
- 4.) H1-B Technical Skills Training Grants – which goes hand in hand with their initiative to grow the engineering sector. (ex. Working with their aviation partners)

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5.) High Performance Incentive Program (HPIP) - very valuable tools particularly in larger more capital intensive industries.

6.) Job Creation Fund took the place of IMPACT and the Kansas Economic Opportunity Initiatives Fund (KEOIF) is winding down and will flow into the Job Creation Fund.

7. Two programs they use for training and retraining are Kansas Industrial Retraining (KIR) and the Kansas Industrial Training (KIT) to help our companies keep abreast of what is going on.

8.) Keeping Kansas Competitive Engineering Initiative – used by KSU & WSU. \$105M is committed by the state and matched by these two universities.

9.) Office of Rural Opportunity – reorganization efforts going on here.

He went on to say that most of their incentives are performance based, and are measurable. And in a sense, a lot of these are based on withholdings that they collect once the job is here. A copy of his testimony is Attachment 1.

He then introduced Mr. Steve Kelley, Deputy Secretary, DOC who stated he would be offering a typical example of a project flow, how some of their programs are brought into play, and how this comes together. For example, they are going to take advantage of HPIP, the income tax credit was important to them. And they had some training needs, so some of the money from the KS Industrial Training was identified to assist. No written testimony was provided.

The Chair thanked both Secretary George and Deputy Secretary Kelley and asked for questions from the Committee which came from Senators Steineger, Wagle, and Masterson including: what kind of companies do we have tools for and where would be weak? Regarding the federal program, do you have anyone over at the DOC to monitor? And, could they expand on the new job creation executive process?

As the time was short, the Chair asked if Secretary George could return for questions at a later date. He agreed and a time will be set.

Introduction of bills

The last order of business is bill introduction. The Chair recognized Senator Holland who stated he had 5 pieces of drafted legislation to introduce including:

1. Hire Kansans first;
2. Potential employer discrimination against unemployed workers;

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3. Restricting employers from accessing credit scores of potential hires;
4. E-verify;
5. Strengthening penalties against employee misclassification.

Senator Masterson made a motion to pass favorably the proposed legislation. It was seconded by Senator Olson and the motion passed.

Adjournment

As there was no further business, the Chair covered upcoming meetings before announcing the meeting was adjourned. The time was 9:30 a.m.

The next meeting is scheduled for January 19, 2012.