

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 31, 2012, in Room 548-S of the Capitol.

All members were present except

Committee staff present:

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

Conferees appearing before the Committee:

Secretary Pat George, Department of Commerce

Others attending:

See attached list.

Continued presentation by Secretary George, Department of Commerce

Upon calling the meeting to order, Chairman Susan Wagle said that on January 17, 2012, Secretary Pat George, Department of Commerce (DOC), provided the Committee and provided them with an extremely comprehensive overview of all the tools they had in the DOC to grow jobs. As a result, the Committee had questions and we are able to have him back today to continue answering questions that arose the last time we met and there may be more. She then recognized Secretary George who wanted to highlight some of the questions that were forwarded to him from the Chairperson including:

1.) Expand on the score card - with the transfer of KTEC and Keeping Kansas Competitive engineering grants, their staff developed a series of performance metrics in order to track the effectiveness of these programs. He expanded on score card's goals, what select groups it represents, and it can be used to evaluate the DOC itself. He offered a draft of what the score card might look at.

Questions came from Senators Wagle, Steineger, Holland, Longbine including: is this being developed with the DOR and the DOL? (Yes and others.) Are there confidentiality problems, for example, bond a project that is paid back with withholding? (No, and the DOR verifies their figures.) Is the Bioscience Authority part of the score card? (Yes.) Asked if he said, when companies sign an economic development agreement with us that it becomes a public document? (Yes, once they are signed and delivered.) Are you going to have a more conservative view of actual dollars or actual jobs created or are you going to use the economic multiplier effect in your measurements? (Does not like the multipliers.) Regarding new jobs and the PEAK program, if existing employees coming across the state line, are you counting as new jobs? (If Kansas income tax is being paid.) Finally, concerns with being too wrapped up on the score card potentially losing those not listed, encouraging the DOC to use the score card wisely. (This is why they have taken the time to go out to all the entities and get their input.)

CONTINUATION SHEET

The minutes of the Senate Commerce Committee at 8:30 a.m. on January 31, 2012, in Room 548-S of the Capitol.

The Chair mentioned to Senator Holland that since he was discussing a document with the Secretary, he might want to share it with the Committee. He agreed.

- 2.) Comparison of how Kansas compares with other states – Secretary George said he listed some of the surrounding states and the states they compete with. He will send them the link that lists all 50 states for them to look at at their leisure (about 150-200 pages).
- 3.) How the DOC is promoting the 5 main target industries in Kansas and do they have a calling program? (The DOC is represented annually at trade shows and follow ups with a direct mailing to these contacts. Also the Innovation Growth Program scheduled for 2013.)
- 4.) Is the Kansas economic toolbox focused on manufacturing? (The DOC tends to support more projects in the manufacturing industry. Office based companies have more requirements they have to meet in order to qualify for programs.)
- 5.) What types of companies does the state have tools to compete for, and what areas would the state be weak? (He listed areas of economic development that deserve focus and discussion, for example, the Job Creation Fund, do more to help small businesses, and the Innovation Growth program designed for there are fewer tax credits and incentives by virtue of the proposed reduction in individual income tax rates. Weak areas include limited funds available for workforce training, for example Kansas Industrial Training (KIT) and Kansas Industrial Retraining (KIR) funds have been reduced because of budget cuts in recent years. And incentives for nonprofit organizations as PEAK is only available to nonprofits if the project involves a national headquarters. A copy of his answers is Attachment 1.

More questions of the Secretary came from Senators Holland, Longbine, Schodorf, and Lynn including: do you think that the legislation that we passed is sufficient for nonprofits? (Still looking into it.) Do you have enough tools to overcome the three factor system or do we need to look at changing to a single factor system? (We have proved that. What you find out is that maybe a state that has a single factor system has something else that weighs down on that.) Regarding the Job Creation Fund (JCF), where is the money coming from? (Right now we have slashed some of our other programs and moved that money into the JCF.) Have we ever lost any relocation efforts because they loose or cannot sell their tax credits? (It has come up, but we try to be good stewards with what we do have.) As there were no further questions or discussions the Chairperson thanked Secretary George.

Adjournment

As there were no further business, Chairperson Wagle announced the meeting was adjourned. The time was 9:30 a.m.

The next meeting is scheduled for February 2, 2012.