

MINUTES OF THE HOUSE COMMITTEE ON NEW ECONOMY.

The meeting was called to order by Chairperson William Mason at 3:30 p.m. on February 13, 2001 in Room 522-S of the Capitol.

All members were present except: Representative Winn - E

Committee staff present: Bob Nugent, Revisor of Statutes  
Renae Jefferies, Revisor of Statutes  
April Holman, Legislative Research Department  
Lynne Holt, Legislative Research Department  
Rose Marie Glatt, Secretary

Conferees appearing before the committee: Annie Kuether, State Representative  
Marlee Carpenter, Director of Taxation and Small Business for  
KCCI  
Bill Jarrell, Boeing  
Don Moler, Executive Director, League of KS Municipalities  
Neil Shortlidge, Attorney, City of Roland Park  
Richard Caplan, Executive Director, Development & Retention  
Council of NE Johnson County  
Doug Patterson, State Representative

Others attending: See Attached List

Representative Long moved, seconded by Representative Kuether that the minutes from the February 6 & 8 meetings be approved. The motion carried.

Chairman Mason opened the hearing on **HB 2055**. Ms. Holt briefed the committee on the history of the bill that expired December 31, 2000 and stated that the bill would extend the Kansas income tax credit claimed by businesses for research and development to include the tax years 2001-2005. She explained the federal tax credit program and stated that 33 states, including Kansas, have some kind of incentive program linked to the federal program in one way or another. Regarding the fiscal note, she stated the figure of \$1,330,000 was derived from a five year average of tax credits claimed from 1994-1998 and would reduce the general fund by that amount each year.

Representative Kuether spoke to the committee in support of **HB 2055**, (Attachment 1). She reminded the committee of Speaker Glasscock's challenge for the committee and believes that this bill is an important tool for businesses and industries in the state. She requested that a formal challenge to the fiscal note be sent to the fiscal note oversight committee, due to the large discrepancy from last year's fiscal note which was \$500,000. She asked that the committee support the bill and pass it onto the floor.

Marlee Carpenter, KCCI, spoke in support of the **HB 2055**, (Attachment 2). KCCI believes that the R&D tax credit is very important to Kansas businesses and should be made retroactive for tax year 2001. She provided data showing the number of filers and totals claimed from 1988 through 9/20/99 and the R&D tax credit programs in the surrounding states.

Bill Jarrell, Boeing spoke in support of the bill, (no written testimony). He stated that Boeing had used this tax credit program in the past for development of new airplanes. They believe it was an unfortunate oversight that it wasn't renewed last year and stressed the importance of the bill to business.

The Chairman closed the hearing on **HB 2055**. Representative Beggs moved that HB 2055 be passed out favorably and placed on the consent calendar. It was seconded by Representative Osborne. The motion was carried It was agreed that a challenge to the fiscal note would be sent to the fiscal oversight committee before the bill was placed on the consent calendar.

The Chairman opened the hearing on **HB 2005**.

Mr. Nugent reviewed balloons on **HB 2005**, (Attachment 3). Included in the balloon were changes/deletions/additions regarding: title change, auto race track facilities, base year assessed valuation, developer, major tourism, feasibility study, redevelopment project, site preparation, blighted area, Oz reference, substantial change, tax increment, district plan, unified government, the requirements for adding territory to redevelopment districts, requirements for mailing resolutions, approval dates of projects, and a new section (grandfather clause).

Mr. Nugent stated that most of the changes are procedural although it included two policy issues: (1) the definition of base year (2) five new sub-sections (pg 11), that describe the procedures to subtract land from the redevelopment district and allows land to be shifted between redevelopment districts.

Discussion followed regarding the intent of the interim committee on the TIF bill. There was consensus that the bill be worked in two phases, (1) re-organize and clean-up the bill; making it a usable tool and (2) address any additional policy issues at a future date.

Don Moler, Executive Director, League of Kansas Municipalities, spoke in support of the **HB 2005**, as amended (Attachment 4). They believe its language simplifies and streamlines the existing TIF statutes for the State of Kansas and urged the committee to pass the bill.

Neil Shortlidge, Attorney, City of Roland Park, spoke in support of **HB2005** (No written testimony). He suggested several changes that had been overlooked and Mr. Nugent responded that the internal and external cross-references had not been made, but would be before the final draft. Mr. Shortlidge suggested a change on Section 13, Page 27 which would delete the language beginning on line 23, after the word of, continuing through to line 27, to the word thereto. He recommended the changes take effect as soon as possible. Mr. Nugent agreed to the changes he suggested.

Richard Caplan, Executive Director, Development & Retention Council of NE Johnson County spoke in support of **HB 2005** (no written testimony). He gave an example of a project in his community that would be helped by the TIF bill.

Representative Doug Patterson spoke in support of **HB 2005** (No written testimony). He said that the clean-up has provided a usable tool and working the bill in two phases is important due to the complexities of the bill.

The Chairman closed the hearing on **HB 2005**.

Representative Kuether moved, seconded by Representative Long that a substitute bill be created for HB 2005. The motion carried.

Representative Aday moved, seconded by Representative Kuether that **Substitute Bill 2005** be passed favorably. The motion carried.

Next meeting February 15.

The Chairman adjourned the meeting at 4:45 p.m.