

MINUTES OF THE HOUSE BUSINESS, COMMERCE AND LABOR COMMITTEE.

The meeting was called to order by Chairperson Al Lane at 9:05 a.m. on January 29, 2002 in Room 521-S of the Capitol.

All members were present except: All were present

Committee staff present: Jerry Donaldson, Legislative Research
Bob Nugent, Revisor of Statutes
Renae Jeffries, Revisor of Statutes
Bev Adams, Secretary

Conferees appearing before the committee: Bobbi Mariani, Dept. of Administration
Bernie Koch, Wichita Chamber of Commerce
Janet Harrah, Wichita State University
Jim Gregory, Raytheon
Darryl Taylor, NFIB
Larry Robbins, Plant Manager, Goodyear of Topeka
Ken Daniel, NFIB

Others attending: see attached list

Introduction of Bills

Bobbi Mariani from the Department of Administration asked the committee to introduce legislation that would expand the current drug screening program for the State of Kansas to allow for the testing of more employees in certain safety sensitive positions. This expansion includes all employees of correctional facilities; state parole officers; direct care staff at institutions of mental health; and employees at regents institutions who provide clinical, psychological or therapeutic services to students or staff. By designating these employees as safety sensitive, applicants for these positions would be subject to a preemployment drug test. This proposal would also allow all employees of institutions of mental health, the Kansas state school for the blind, the Kansas state school for the deaf and the Kansas soldier's home to be tested based on reasonable suspicion. This legislation does not affect the provisions of the current drug screening program for employees with commercial driver's licenses (CDLs).

Rep. Long made a motion to introduce the legislation as a committee bill. It was seconded by Rep. Ruff. The motion passed.

Presentations by Kansas Businesses and others on the Business/Economic Climate in Kansas

Bernie Koch, Vice President for Government Relations with the Wichita Chamber of Commerce, appeared before the committee to introduce Janet Harrah and also to share a recent study by the Milken Institute of 315 metropolitan areas in the U. S. A and the impact of September 11th on them. The study indicates that the Wichita Metropolitan Statistical Area is the seventh most impacted metropolitan area with a loss of 2.81 percent of the jobs. (Attachment 1)

Janet Harrah, Director of the Center for Economic Development and Business Research in the W. Frank Barton School of Business at Wichita State University, gave the committee an economic outlook for the Wichita area. She summarized her remarks in her testimony. She finished her appearance by answering many questions from the committee. (Attachment 2)

Jim Gregory, Raytheon Aircraft Company, presented his remarks to the committee from the point of view of one of Kansas' largest employers. He stated that he sees more problems with federal laws than state laws. He encouraged the legislators to support and encourage Congress to pass an economic stimulus package. Right now buyers are waiting for Congress to decide what they are going to do before they buy. Additional assistance from the government for laid off employees would be appreciated. They have laid off 1700 employees since April of 2001. This is about 20% of their employment. Their production is down from 525 aircraft in 2000 to 371 planned for 2002 (Attachment 3) During his presentation, he answered questions from the committee.

CONTINUATION SHEET

MINUTES OF THE HOUSE BUSINESS, COMMERCE AND LABOR COMMITTEE, Room 521-S in the Statehouse, at 9:05 a.m. on January 29, 2002.

Hal Hudson, National Federation of Independent Business (NFIB), introduced Darryl Taylor, who is owner of C&J Do It Best Hardwares in Olathe and Paola, Kansas and is a member of NFIB.

Mr. Taylor stated that their business is down about 10% this past year and was down 8% in 2000. He said his preference is to say large stores coming into the area have hurt them more than the economy. One big matter that concerns small businesses is the high property taxes. Small companies do not get tax breaks, but have to pay the full amount of taxes year after year. In the past they have had trouble finding employees, but the problem now is finding young people with good work ethics. He suggests that one way the legislature can help is by making it easier to do business with the state by letting them know how to submit bids for state jobs. ([Attachment 4](#))

Larry Robbins, Plant Manager of Goodyear in Topeka, appeared before the committee to let the committee know how the present economy is hurting Goodyear. He gave a short history of the plant in Topeka. The tire industry is a highly competitive business. One of the main reason that their plant is still in business in Kansas is because the work performance and work ethics of their employees are very good. But because of the age of the plant, many of their workers are ready to retire. There has been no lay offs. Most of the losses in their employer numbers is through attrition.

They are now under consideration for a \$100 - \$300 million investment. This would help them retool and bring their plant up-to-date and better able to compete in the market. There are some obstacles in their way. One is the property tax rate in Kansas, they paid \$1.6 million in property taxes in 2000, In Virginia they would have paid \$330,000, and in Nebraska \$495,000 would have been paid. They need help in the form of tax relief in order for them to obtain this investment. ([Attachment 5](#))

Kenneth L. Daniel, Chairman and CEO of Midway Sales & Distributing, Inc., and Chairman of Kansas Federation of Independent Business, appeared before the committee to talk about small businesses in Kansas. Small business provides employment to 53% of the private work force and generates 51% of the gross national product. In Kansas the figures are higher. To help more small businesses in Kansas survive you need to concentrate on three key area—no new taxes, simplify regulations, and eliminate mandates. ([Attachment 6](#)) Mr. Daniel concluded his testimony by answering questions from the committee.

Chairman Lane thanked all the conferees for appearing and sharing their stories with the committee.

In answer to a question at a previous meeting about the amount spent on special education in Kansas, Rep. Ballou brought to committee a memo from Ben F. Barrett, Director of the Kansas Legislative Research Department, which gives the amounts. In the 2000-01 school year, school district expenditures for special education from all sources totaled \$471.3 million. This was 13.2% of total school district expenditures in that year. Viewed in a different manner, special education expenditures were the equivalent of 19.4% of school district operating expenditures, defined as the sum of the school district general and supplemental general funds, net of transfers to the special education fund.

Chairman Lane adjourned the meeting at 10:55 a.m.

The next scheduled meeting will be January 30, 2002.