

MINUTES OF THE SENATE COMMERCE COMMITTEE.

The meeting was called to order by Chairperson Karin Brownlee at 8:30 a.m. on May 1, 2003 in Room 123-S of the Capitol.

All members were present except: Senator Steineger, absent

Committee staff present: April Holman, Legislative Research
Mitch Rice, Revisor of Statutes
Jodie Anspaugh, Secretary

Conferees appearing before the committee: Janet Buchanan, Kansas Corporation Commission
Brett A. Reber
Daniel L. Watkins

Others attending: See attached list.

Chairperson Brownlee welcomed Janet Buchanan from the Kansas Corporation Commission to brief the committee on the recent SBC report to the KCC on not fulfilling the requirements of DSL deployment in Docket Number 98-SWBT-677-GIT. Ms. Buchanan clarified to the committee that today she is not speaking on behalf of the Commission but on behalf of the Commission Staff. She is here to provide information regarding facts and disputed matters but cannot provide any information regarding how the Commissioners may rule on this matter. Senator Barone voiced his discomfort with having Ms. Buchanan speak on this topic. Chairperson Brownlee indicated that she invited Ms. Buchanan and that because telecommunication is a responsibility of this committee, it is important for the committee to be apprised of DSL deployment.

Ms. Buchanan read from her written testimony. She reviewed the history leading up to the docket, beginning in 1998. The docket was opened in 1998 in order to evaluate whether or not SBC-KS's level of KUSF support was appropriate or if its support should be modified. (See Attachment 1 for a detailed explanation of the docket history.) SBC made an agreement on January 6, 2000 regarding DSL deployment with a deadline of August 2003, which SBC has indicated they cannot meet. Commission Staff was puzzled that SBC-KS did not apply for an extension until April 23, 2003, though they knew for over three years that deployment must be completed by August 2003. Staff is concerned because prior reports from SBC-KS regarding DSL deployment provided to the Commission contained inaccurate numbers on deployed equipment. The committee did not have any questions for Ms. Buchanan.

Chairperson Brownlee asked Steve Weatherford, president of the Kansas Development Finance Authority, to introduce the two candidates for the KDFA board who are having confirmation hearings today. Mr. Weatherford introduced Dan Watkins, an attorney in Lawrence, and Brett Reber, an attorney in McPherson.

CONTINUATION SHEET

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Daniel L. Watkins gave the committee brief background information on himself. (Attachment 2) He has lived in Lawrence for 30 years as an attorney. Senator Brownlee asked him what interests him in being on the KDFFA board. Mr. Watkins responded that he has seen what bonds can do locally for schools, jails, and other things, and is excited about the possibility of these long-term capital markets. Senator Brownlee asked Mr. Watkins what his thought on ERO 30 is. He replied that it makes sense. Kansas may be the only state without a single family housing authority. He answered questions about his work on Governor Sebelius' campaign.

Brett A. Reber gave the committee brief background on himself. (Attachment 3) He grew up in Ellsworth, received his undergraduate degree from KU and his law degree from the University of Tulsa. He began his career as a litigator but is now in business law. Senator Brownlee asked Mr. Reber what he thinks of adding housing to KDFFA and what expertise he brings to the board. He responded that he believes the people in the housing department would like to be under KDFFA. His expertise is in industrial revenue bonds in McPherson. He does not have any specific expertise in housing. Senator Kerr asked him if he sees any potential conflicts of interest because KDFFA will have \$4.5 million annually in ten-year tax credits to distribute, handing out a total of \$50 million in tax credits per year. Mr. Reber did not see any potential conflict of interest.

Chairperson Brownlee had additional questions for Mr. Watkins on housing and the private sector. He responded that he has relatively little experience in housing, and without legislative authorization, government should not compete with the private sector.

Senator Barone moved to approve Brett Reber and Daniel Watkins's confirmations for the KDFFA board. Senator Emler seconded. The motion carried.

Chairperson Brownlee mentioned that outside bond attorneys have noticed additional cleanup is needed on the Star Bond bill. Senator Kerr said that it is prohibited to change things in conference that have not been done in either chamber. Senator Brownlee stated that she is committed to only doing clean up changes and not policy changes.

The meeting was adjourned at 9:25 a.m.