

MINUTES OF THE HOUSE NEW ECONOMY COMMITTEE.

The meeting was called to order by Chairperson Bill Mason at 3:39 p.m. on February 5, 2002 in Room 522-S of the Capitol.

All members were present except:

Representative Troy Findley - E

Committee staff present:

April Holman, Research

Bob Nugent, Revisor

Renae Jefferies, Revisor

Rose Marie Glatt, Secretary

Conferees appearing before the committee:

Lt. Governor/Secretary Gary Sherrer

Stan Butler, Technology Project Manager, KDOC&H

Others attending:

See attached list

Representative Aday moved, seconded by Representative Osborne that the January 29, 2002 minutes be approved. The motion carried.

The Chairman advised the Committee of the invitation to join the e-Gov Committee next Tuesday, February 12, in room 313-S at 3:30 for an update and status report on the progress of KAN-ED. He encouraged members to attend. He also informed the Committee of the Teleconference on "Venture Capital as an Economic Development Tool" that will be available on February 25 at 1:00. Call the Chairman is additional information is needed.

Secretary Sherrer presented an overview of the activities of the Department of Commerce and Housing. Copies of the Fiscal Year 2001 Annual Report and packets containing the latest issue of *Kansas* and *2002 Gateway Guide* were distributed to members (Copies on file at KDOC&H). He reviewed the activities and statistics on the following programs: Business, Agriculture Products, Community, Trade, Housing and Travel and Tourism Development. He discussed the declining budget figures from 2000 through the projection for 2003 and it's effects. He stated that upon perusal of KDOC&H's annual report, the he and his staff would be available to answer questions.

Secretary Sheerer spoke about the issue of the term of "Corporate Welfare" being applied to some of the Department's programs. He stated that to enable staff to explain the value of their programs those persons need to provide the names or specific activities of programs to which they refer.

He spoke of the success of Kansas in the field of Economic Development. He referred to the misinformation quoted in the Small Business Survival Group and provided data from reports that ranked Kansas much higher regarding workforce training and development and completed business projects completed in the last year.

Stan Butler gave a PowerPoint presentation of the Department's Web Page that was launched August 2001 (Attachment 1).

Discussion followed on the ROI for Economic Development dollars, changes being made in the process of data collection and analysis to determine that rate, and the importance of understanding the federal rules and regulations that govern signage for local attractions.

Representative Huebert questioned the Secretary on the internal processes when KDOC&H evaluates various proposals. He stated that he believed that the process, whenever possible, should be an open public record. He had recently talked with a constituent that was upset over the denial of an application and experienced difficulty in finding out any details regarding that application. After talking with a staff member of KDOC&H Representative Huebert stated he understood there may have been parts of the required information that had not been received, but he would continue to work with KDOC&H and his

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constituent to reach a favorable outcome. He added that he believed that people should be able to find out why their applications were denied and what they could do to achieve success in receiving grants in the future. Secretary Sherrer stated that it was a complex issue and the law states that they can protect confidential information. He stated that usually staff members are excellent in working through the weaknesses on the applications and he gave examples of staff going directly to communities to help with the process. The most difficult applications are the grants to individual businesses as opposed to municipalities.

Secretary Sherrer asked the Committee to introduce the following five bills (Attachment 2) in the New Economy Committee. They involve: (1) Sale of Tax Credits, (2,3,4) Clean-Up Language regarding investment tax credits and (5) one bill concerning Double Enterprise Zone tax credits and Tax Credits. The bills are currently being drafted.

Representative Cox moved, seconded by Representative Aday, that the bills be introduced in the New Economy Committee. The motion carried.

Representative Kuether moved that a conceptual bill be introduced regarding IMPACT to change the current threshold of 1,000 employees and 250 million dollars in investment to a threshold of 250 number of employees and \$50 million dollars in investments. It was seconded by Representative Long and the motion carried.

Representative Kuether moved the introduction of a conceptual bill that would create a redevelopment zone, from access property owned by the state, that would be exempt of all state and local taxes for a period of ten years. It was seconded by Representative Long. The motion carried. The purpose of the bill is to enable new firms time to become established and profitable.

Chairman Mason moved that a conceptual bill be introduced that would require that the funding for the proposed tunnel connecting the state complex be approved through the appropriations process. Hearing no objections the bill will be requested.

Discussion followed regarding the source and intended use of ISTEA (Inter-modal Surface Transportation Efficiency Act) funds and who has the authority to determine how those dollars are spent. Extra costs to the state beyond the ISTEA funds were described.

The next meeting will be announced. Committee members that served on the interim committee were reminded to pick up their notebooks this week as the material will be recycled soon.

The meeting adjourned at 4:38 p.m.