

MINUTES OF THE HOUSE ECONOMIC DEVELOPMENT COMMITTEE

The meeting was called to order by Chairperson Lana Gordon at 3:30 P.M. on February 3, 2005 in Room 526-S of the Capitol.

All members were present except:
Todd Novascone- excused

Committee staff present:
Kathie Sparks, Kansas Legislative Research Department
Susan Kannarr, Kansas Legislative Research Department
Renae Jefferies, Revisor of Statutes
Helen Pedigo, Revisor of Statutes
Carlene Maag, Committee Secretary

Conferees appearing before the committee:
Eric Sortorius, City of Overland Park
Matt Jordan, Department of Commerce
Tracy Taylor, KTEC

Others attending:
See attached list.

HB 2012 - Sales tax and revenue bonds; clarification of language

Staff gave background on **HB 2012**. **HB 2012** is the work of the Interim Joint Committee on Economic Development. The bill amends the feasibility study requirement to include: a statement of how the jobs and taxes obtained from the project will contribute significantly to the economic development of the region.

For a proposed major commercial entertainment and tourism area, the feasibility study must also include: visitation expectations, economic impact, the unique quality of the project; and the ability of the project to gain significant market share to remain profitable, past the term of repayment and maintain status as a significant factor for travel decisions. (Attachment 1)

The committee reorganized some of the statues in an attempt to put them in a way so the cities would have an easier time dealing with the business places. This only applies to STAR bonds, not to TIF.

Eric Sartorius, representing the City of Overland Park, stated Overland Park wishes to remain neutral on **HB 2012**.

Their primary focus of concern is whether the expanded feasibility study requirements of **HB 2012** are intended to apply to all local projects that utilize tax increment financing (TIF). It was the City's understanding that only those TIF projects that were part of a STAR bonds project were to have expanded feasibility study requirements. The City would ask the Legislature to proceed cautiously as it considers changing the STAR bonds statute. (Attachment 2)

Matt Jordan of the Kansas Department of Commerce stated Commerce is neutral on **HB 2012**. The Legislature granted the Secretary of Commerce the authority to approve the use of STAR bonds for economic development projects that rise to regional or statewide significance. In particular, KSA 12-1770 outlines the intent to promote, stimulate, and develop the general and economic welfare of the state of Kansas and its communities. This tool is scheduled to sunset as of July 1, 2007.

Commerce wishes to request, if changes are deemed necessary to the STAR bonds statute, that your intent is clearly delineated and that the Secretary of Commerce is empowered to carry out responsibilities directed to the agency. The Secretary of Commerce welcomes any action the Legislature may take to clarify and improve the use of STAR bonds. (Attachment 3)

Tracy Taylor of Kansas Technology Enterprise Corporation (KTEC) gave an update on the Bioscience initiative. He presented the Committee with a handout that talks about Legislation that was passed last year.

CONTINUATION SHEET

MINUTES OF THE House Economic Development Committee at 3:30 P.M. on February 3, 2005 in Room 526-S of the Capitol.

(Attachment 4)

The bioscience legislation has received a number of national awards. It was named one of the top ten pieces of legislation in the country last year. When talking about biosciences, people quite often think in terms of drug delivery and pharmaceutical, but in Kansas, one needs to focus on animal health, plant science and bio fuels.

The Bioscience Board has met twice and the Executive Committee has met once. Ground work to move forward has been laid. KTEC is working closely with the Kansas Department of Revenue on a number of issues that impact the Bioscience Authority. The Authority has begun work with the Department of Commerce on a number of business attraction opportunities. KTEC is working with bioscience companies they think might be attracted to locate in Kansas.

Two highlights that have come out of the business planning process is: 1) focus on the top 20 bioscience companies we have in the state to insure that we retain them and determine if they are interested in leaving, and if so, what it would take to retain them, and 2) attracting new businesses, getting in place this strategic business plan and the roadmap strategy that will be provided by the bioscience authority. The strategy is, to look at various alternatives and allocate resources.

Chairperson Gordon thanked Mr. Taylor for updating us on the Bioscience Authority Act. The meeting adjourned at 4:55 p.m. The next meeting is scheduled for February 8, 2005.