

MINUTES OF THE SENATE COMMERCE COMMITTEE

The meeting was called to order by Chairperson Karin Brownlee at 8:30 A.M. on February 27, 2008 in Room 123-S of the Capitol.

All members were present.

Committee staff present:

Jennifer Thierer, Kansas Legislative Research Department
Kathie Sparks, Kansas Legislative Research Department
Norm Furse, Revisor of Statutes
Jason Long, Revisor of Statutes
Jackie Lunn, Committee Assistant

Conferees appearing before the committee:

Others attending:

See attached list.

To read testimony submitted by conferees go to:

<http://skyways.lib.ks.us/government/KansasSenateCommerceCommittee>.

SB 488--Authorization of mortgage revenue bonds

Chairperson Brownlee called the Committee's attention to **SB 488** and called on Jennifer Thierer, Legislative Research, to review new information she has received on the revenue bond program of Sedgwick and Shawnee counties. Ms. Thierer stated Shawnee county returned her call and stated that they did not make any revenue last year and they don't expect to make any this year. The reason being they do not charge an administrative fee because it takes money out of the program. . Shawnee county does get revenue some times, based on the market, when there is money left over after the bonds are paid off and money is put back in the revenue bond fund. This money is very inconsistent and hard to project. Sedgwick county charges an administrative fee of .0004% which is approximately \$16,000 for every \$40 million.

A discussion followed with the Committee. There is some concern if this bill passes the rates could go up to the consumer. Chairperson Brownlee called on Steve Weatherford, KDFA, asking with this bill, are additional fees charged and who would be responsible for paying these fees. Mr. Weatherford stated they were talking about moneys that the borrower would pay and it could be taken out as an administrative fee or taken out of each monthly payment. The discussion continued regarding the issues with income and the \$1.5 million that the state will receive as a allocation fee; which will be a one time fee. Ms. Thierer joined the discussion stating that Shawnee county is getting revenue fees but the revenue fees are immediately being put back into the program. Chairperson Brownlee called on Brad Snapp from Sedgwick county to further discuss the revenue fees Sedgwick and Shawnee counties receive from their housing revenue bond program. Mr. Snapp called the Committee's attention to a handout from the meeting the day before., which can be seen in its entirety on the link shown on page 1 of these minutes under the date 02.26.08. Mr. Snapp stated that Sedgwick county is the administrator and Shawnee county is the co-owner of their statewide housing revenue bond program and he reviewed the funds distributed in 2007 and 2001-2007. The Committee still has concerns regarding the differences in the figures presented by Sedgwick and Shawnee counties and the figures presented by Steve Weatherford, KDFA regarding the revenue income. The discussion continued and it was noted by Senator Kelly that the state had received \$4 million plus in allocation fees since 2001 from the revenue bond housing program of Sedgwick and Shawnee counties. It was noted by the Committee that there is a need for funding to the State Housing Fund but having a state housing revenue bond program would not create enough funding. It was also noted that the Sedgwick and Shawnee counties revenue bond housing program is branching out across the state keeping fees fair and low and any revenue income received is being put back into programs relating to housing.

After a lengthy and through discussion, it is the consensus of the Committee not to move forward with **SB 488**.

Chairperson Brownlee announced to the Committee that next Wednesday, March 5th, the Committee would meet jointly with the House Economic Development and Tourism Committee to hear a presentation by the

CONTINUATION SHEET

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aircraft industry and adjourned the meeting at 9:30 a.m. with the next scheduled meeting March 5, 2008 at 3:30 p.m. in Docking 708.