

MINUTES OF THE SENATE COMMERCE COMMITTEE

The meeting was called to order by Chairperson Karin Brownlee at 10:00 A.M. on April 1, 2008 in Room 527 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:

Secretary Kerr, Department of Commerce  
Andy Schlapp, Sedgwick County  
Bernie Koch, Wichita Metro Chamber of Commerce  
Tom Bruno, Sedgwick county Technical Education and Training Authority  
Bud Burke, Cessna

Others attending:

See attached list.

To read testimony submitted by conferees go to

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

**SB 525--Kansas investments in major products and comprehensive training act (IMPACT) amendments**

**HB 2006--Authorizing the issuance of bonds for certain economic development projects**

Chairperson Brownlee called the Committee's attention to **SB 525** and stated due to the impact of this bill on the General Fund, they were backing off a little and called on Jason Long, Revisor's Office to explain the balloon for the bill. Mr. Long presented written copy (Attachment 1) which can be found in its entirety on the link shown above.

Upon the conclusion of Mr. Long's explanation of the balloon there was a lengthy discussion with the Committee and Secretary Kerr. The cap being removed was discussed. The 15% going to rural & 20% going to small businesses were also discussed along with the basis for the percentages. It was noted that there is a services fund and a repayment fund and these funds were discussed. It was also noted that the transfers were revenue transfers.

**Senator Schodorf made a motion to adopt the balloon. Senator Emler seconded. Motion carried.**

**Senator Emler made a motion to do a "gut and go" on HB 2412 and put SB 525 as amended into HB 2412 and pass it out favorably as a Senate Substitute for HB 2412. Senator Jordan seconded. Motion carried.**

Chairperson Brownlee called on Kent Eckels, Overland Park Chamber of Commerce, and he stated they are not happy with the changes made in the bill and he believes the state needs the cash incentives which were taken out of the bill, to be competitive. Secretary Kerr entered the discussion stating that the 95% will give them the latitude to be more competitive and go forward. Chairperson Brownlee entered the discussion stating the Committee needed information showing the return of investment for IMPACT. Secretary Kerr stated the Department of Commerce should have that information by the end of the week for the last five years and would get it to the Committee.

Chairperson Brownlee opened the hearing on the Cessna bill stating that it would be a "gut and go" of **HB 2006** and asked Jason Long, Revisors Office, to explain the bill. Mr. Long stated the bill would be amending K.S.A. 2007 Supp. 74-50, 136 (Boeing Bond Bill) concerning the economic revitalization and reinvestment

## CONTINUATION SHEET

MINUTES OF THE Senate Commerce Committee at 10:00 A.M. on in Room 527 S of the Capitol.

act; relating to the Secretary of Commerce and the Kansas Development Finance Authority; authorizing the issuance of bonds for certain economic development projects.

Upon the completion of Mr. Long's explanation of the bill a question and answer session occurred.

Chairperson Brownlee introduced Secretary Kerr, Department of Commerce to give his testimony as a proponent of **Senate Substitute for HB 2006**. Secretary Kerr presented written copy (Attachment 2) which can be found in its entirety on the link shown on Page 1 of these minutes. Secretary Kerr stated that this opportunity just came before the Department of Commerce on Friday, March 28, 2008.

Chairperson Brownlee introduced Mr. Andy Schlapp, Sedgwick County, to give his testimony as a proponent of the bill. Mr. Schlapp presented written testimony (Attachment 3) which can be found in its entirety on the link shown on Page 1 of these minutes.

Chairperson Brownlee introduced Bernie Koch, Wichita Metro Chamber of Commerce to give his testimony as a proponent of **Senate Substitute for HB 2006**. Mr. Koch presented written testimony (Attachment 4) which can be found in its entirety on the link on Page 1 of these minutes.

Chairperson Brownlee introduced Tom Bruno representing the Sedgwick County Technical Education and Training Authority and the Wichita Area Technical College, to give his testimony as a proponent of the bill. Mr. Bruno presented written testimony (Attachment 5) which can be found in its entirety on the link listed on Page 1 of these minutes.

Chairperson Brownlee introduced Dale Goter, City of Wichita, to give his testimony as a proponent of the bill. Mr. Goter presented written testimony (Attachment 6) which can be found in its entirety on the link listed on Page 1 of these minutes.

Chairperson Brownlee introduced Bud Burke representing Cessna to testify as a proponent of **Senate Substitute for HB 2006**. Mr. Burke did not present written testimony. Mr. Burke stated that Cessna decided to proceed with the construction of the Columbus Wide Body Airplane and hired an independent evaluator. It was noted by the evaluator that the construction of this airplane would bring \$200 million to which ever state was selected. Several states asked to be included in the study. Kansas made a bid and it was determined that in order to compete with the other bids \$25 million more was needed. This bill was an option offered to Cessna yesterday afternoon as an attempt to keep the construction of the Columbus Wide Body air plane here in Kansas.

Upon the completion of Mr. Burke's testimony, a question and answer discussion session occurred. It was noted that Cessna's intent was to let the Legislature know they would like to stay in Kansas and the state's offer was \$25 million less than other bids. Senator Barone asked Secretary Kerr if he would get a copy of the other bids and he stated he would. Secretary Kerr stated that on Friday, he found out the package that Kansas bid was not competitive with the other states and they needed more. Because the IMPACT bill was changed from its original intent, it could not be used for the \$25 million needed to keep Cessna in Kansas and therefore, this bill came into the works late in the day yesterday. Upon the conclusion of the questions and answers session, Chairperson Brownlee closed the hearing on the **Senate Substitute on HB 2006**.

**Senator Schodorf made a motion to "gut and go" HB 2006 and put the Cessna bill into a Senate Substitute for HB 2006 and pass it out favorably. Senator Reitz seconded. Motion carried.**

Senator Brownlee adjourned the meeting at 11:25 a.m.