

MINUTES OF THE SENATE COMMERCE COMMITTEE

The meeting was called to order by Chairperson Karin Brownlee at 8:15 A.M. on March 15, 2005 in Room 123-S of the Capitol.

All members were present.

Committee staff present:

Susan Kannarr, Kansas Legislative Research Department

Kathie Sparks, Kansas Legislative Research Department

Helen Pedigo, Revisor of Statutes

Jackie Lunn, Committee Secretary

Conferees appearing before the committee:

Scott Frank, Post Audit

Others attending:

See attached list.

Chairperson Brownlee opened the meeting by stating the Committee would start with working **HB 2265** with several amendments to consider. She introduced Senator Jordan to explain his amendment on **HB 2265**. (Attachment 1) Senator Jordan stated last year the Committee passed the "Downtown Redevelopment Bill" and the language in the conference committee report did not reflect the intention of last year's bill. It had just been discovered so they thought this would be a good bill to put the correct language in. What the intent of the Downtown Redevelopment Bill was if someone bought a building in a downtown rural area and the renovation added to the value of the building we wanted to rebate the difference between the value before and after and phase it back in on their tax rules after 10 years. This balloon corrects that language. Upon completion of Senator Jordan's explanation there was discussion regarding if it would be retroactive. Matt Jordan, Department of Commerce, joined the discussion and stated that a year either way of when local government applied for and received approval to use this tool, they could get the rebate.

Senator Jordan made a motion to accept the balloon on the Downtown Redevelopment Act with the removal of the new Section 6. Seconded by Senator Schodorf.

A discussion ensued regarding whether Senator Jordan thought there would be controversy in the House with this balloon added. Senator Jordan stated he did not expect any controversy.

Chairperson Brownlee called for a vote. Motion carried.

Chairperson Brownlee stated she had an amendment to this bill. (Attachment 2) An additional page to address the issue of "do we know if the company is meeting the requirements" so this would be an annual reporting to the Governor, this Committee, the House Committee and the Joint Committee on Innovia meeting the stipulations. This bill does have a clawback provision.

Senator Wysong opened the discussion on the Brownlee Amendment referring to page 3 line 41. The discussion continued regarding the language Great Britain. Some of the Committee members had concerns with telling another country what they had to do with one of their companies in order to qualify for the tax incentives. There was discussion on changing the bill back to its original language on page 3 line 41. Senator Emler suggested inserting, on page 3 line 40, after the word "closure" the phrase "or tooling". The discussion continued on whether the Committee should have language forcing the closing of a plant in Great Britain as a condition before they could receive any incentives.

Senator Emler made a motion to accept amendment to add "or tooling" to page 3 line 41. Senator Schodorf seconded. Motion carried with Senator Reitz and Senator Wysong voting no.

Senator Reitz explained his vote by stating he feels they don't have the right to tell the company to close a plant in Great Britain. Chairperson Brownlee joined the discussion and stating we had to make sure Innovia does what they say they will do. She explained the company had discussed whether to close either the plant in Great Britain or the plant in Topeka. That is why the language needed to be in this bill. Kathie Sparks stated there was a plant in Japan that they do not own and that is why the House changed the language to read

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Great Britain. The Committee moved on to discuss the rest of the amendment offered by Chairperson Brownlee. Upon completion of the discussion, Senator Wysong made a motion to accept section 4 minus (e) of the Brownlee amendment. Senator Jordan seconded. Motion carried.

Chairperson Brownlee recognized Helen Pedigo, Revisor of Statutes, who stated Senator Hensley had offered an amendment on this bill. (Attachment 3) Chairperson Brownlee stated it appeared to be clean-up language only. Chairperson Brownlee called on Secretary Wagon, Department of Revenue and she stated the amendment was a cleanup on the clawback and she would appreciate its acceptance After a short discussion, Senator Reitz moved to adopt the amendment offered by Senator Hensley. Senator Kelly seconded. Motion carried.

Senator Schodorf made a motion to move **HB 2265** out as amended favorably for passage. Senator Kelly seconded. Motion carried.

Chairperson Brownlee introduced Scott Frank, Post Audit to give his presentation on the “Performance Audit Report” for Wyandotte County dated February 2005. Mr. Frank stated the report he was going to review contained the findings, conclusions, and recommendations from Post Audit’s completed performance audit on Wyandotte County: Reviewing the Use of STAR Bond moneys associated with the Kansas Speedway and the Village West Tourism District.

Mr. Frank reviewed each section of the Performance Audit Report having discussions with the Committee following each section. This report is available from the Legislative Division of Post Audit

Due to a lack of time, Chairperson Brownlee asked Mr. Frank if he would be available to finish his review tomorrow at 8: 15 a.m. on the theater project.

The meeting was adjourned at 9:33 p.m. with next meeting scheduled for tomorrow, March 16, 2005 at 8:15 a.m. in room 123S.