

MINUTES OF THE SENATE COMMITTEE ON COMMERCE.

The meeting was called to order by Chairperson Senator Karin Brownlee at 8:15 a.m. on February 14, 2002 in Room 123-S of the Capitol.

All members were present except: Senator Brungardt (Excused)
 Senator Jordan (Excused)
 Senator Kerr (Excused)

Committee staff present: April Holman, Legislative Research
 Deb Hollon, Legislative Research
 Sherman Park, Revisor of Statues

Conferees appearing before the committee: Lt. Governor Sherrer, Department
 Commerce & Housing
 Steve Kelly, Director KDOCH
 David Moore, KDOCH

Others attending: See attached list

Lt. Governor Sherrer appeared before the committee to introduced the Kansas Department of Commerce Housing Staff that handles the primary incentive programs KEOIF/KEIEP and the training programs.

Steve Kelly, Director KDOCH presented an overview of the primary incentive programs KEOIF/KEIEP (Attachment 1). The KDOCH incentive programs KEOIF/KEIEP are designed for potential new businesses or existing businesses that want to expand. Mr. Kelly summarized how information is presented to a client company or a consultant that the Department of Commerce and Housing is working with. The KEOIF/KEIEP programs provide funding through the lottery that allows the KDOCH to have direct financial impact on projects. The project might be a situation where there is an infrastructure problem or a piece of equipment the company would like to see in place that they may not have the ability to pay for. The loans are performance based grants structured to give in return a promised set of performance guidelines.

Steve Kelly presented information on the Enterprise Zone and the High Performance Incentive Programs. The Enterprise Zone Program is available statewide but in rural counties the incentives are enhanced. The rural counties must have in place an economic development plan. If the rural counties meet the requirements, they are certified as enhanced rural enterprise areas which would allow them to offer additional benefits to companies that locate in their area. The High Performance Incentive Program was fostered by Kansas Inc and is an effort to award companies that are high paying in comparison to their industry. The advantage of the High Performance Incentive Program over the Enterprise Zone Program is the investment tax credit is enhanced as opposed to a 1% investment tax credit with Enterprise Zone, the HPIP provides a 10% tax credit after the first \$50,000 of investment.

David Moore, Director Workforce Training presented an overview on the following four training programs: 1) Kansas Industrial Training (KIT) Program; 2) Kansas Industrial Retraining (KIR) Program; 3) Training Equipment Grants (TEG) Program; and 4) Investments in Major Projects and Comprehensive Training (IMPACT) Program (Attachment 2). The source of funding for IMPACT workforce training is financed through public purpose tax exempt bonds that are issued by the finance authority. The bonds are retired indirectly through revenue received from Kansas withholding taxes paid by jobs that are created or retrained in a specific project. Bonds are issued as needed to finance programs so it is not subject to annual appropriation as are the KIT, KIR and TEG programs. Program compliance for KIT, KIR and TEG work on a reimbursement basis if jobs are created or there is evidence that jobs are being retrained.

Meeting adjourned at 9:30 a.m.

The next meeting is scheduled for February 15, 2002 at 8:00 a.m.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON COMMERCE at on February 14, 2002 in Room 123-S of the Capitol.