| | | | Approved | 5/\/\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\ | |
|---|--|-----------------------------------|-----------|---|-------|
| MINUTES OF TH | HE HOUSE | COMMITTEE ON _ | ECONOMIC | DEVELOPMENT | |
| The meeting was called to order by | | | Phil Klin | Phil Kline at | |
| 1:00 a.m./p. All members were and Teagarden | m. on <u>Mond</u> present except: ¹ (All Excused) | ay, April 6th Representatives Chr | , 1987 | in room 423S of the Cap Heinemann, Mainey, Miller | itol. |
| Committee staff pr | resent: | | | | |
| Jim Wilson, Re | visor | | | | |

Conferees appearing before the committee:

Molly Mulloy, Secretary

David Barclay, Department of Commerce

Chairman Phil Kline called the meeting to order and asked Lynn Holt to brief the committee on H.B. 2582, which concerns personnel and financial matters of Kansas Inc. and KTEC.

Ms. Holt said that H.B. 2582 provides that the president of both Kansas Inc and KTEC should be considered state employees entitled to all the fringe benefits of state employees. She added that state travel procedures do not apply to Kansas Inc and KTEC employers. Instead, the president of each body or designee would approve travel expenses. With respect to appropriations, the bill provides that these stay in the state treasury until expended or transferred. The bill also amends an existing statute to exempt Kansas Inc. from state purchasing laws. Finally, the bill requires the president of Kansas Inc to prepare a business plan to be submitted to the legislative standing committees on economic development or the joint economic development committee.

David Barclay, Deptartment of Commerce, distributed copies of a Memorandum (Attachment 1) and explained that Kansas, Inc. and KTEC were established by the 1986 legislature as independent, quasi-public corporations. The proposed amendments to H.B. 2582 would allow Kansas, Inc. and KTEC to use the state system for processing payroll, deferred compensation, health care and other workers benefits. In regard to operating funds, Mr. Barclay stated that 1/3 of the funds of Kansas Inc. and approximately 3/5 of the funds for KTEC will be private. While all state appropriations for the two entities will be kept in the state treasury, private funds may or may not be placed in the treasury at the option of the corporations.

In responding to a question from Rep. Leach, Phil Bradford, president of KTEC, said that KTEC is modeled after a similar program in Arkansas and in Indiana, and in those states the corporation is exempt from state purchasing laws and keeps private funds in private accounts. He added that KTEC's financial records are open to Legislative Post Audit. Tim Witsman, president of Kansas Inc., also responded to several questions from committee members.

Rep. Foster moved, and Rep. Helgerson seconded, that H.B. 2582 be passed favorably. The motion carried.

Minutes for committee meetings held on March 23 (at 3:30), March 25, 26, 30 and 31 were approved.

The meeting was adjourned at 1:45pm No further meetings of the committee are scheduled at this time.

UEST REGISTE

HOUSE

Committee on Economic Development NAME ORGANIZATION Tim Witsman Kansas, Inc. Suite 1/3, Capitol Towers

1. DOC & Popela <u>ADDRESS</u>

final

STATE OF KANSAS



DEPARTMENT OF COMMERCE

400 S.W. 8th, 5th Floor Topeka, Kansas 66603-3957 Phone (913) 296-3481 Telex No.—4931494KS

MEMORANDUM

Mike Hayden, Governor

Harland E. Priddle, Secretary

TO: House Economic Development Committee

Representative Phil Kline, Chairman

FROM:

Harland Priddle

Secretary,

Department of Commerce

RE: HB 2582

Background

Kansas Inc. and KTEC were esablished by the 1986 Legislature as independent quasi-public corporations. They were established using this corporate model to insure flexibility and responsiveness.

New Sec. 2 and 5--Personnel Functions

These sections authorize Kansas Inc. and KTEC to use the state system for the processing of payroll, deferred compensation, health care and other workers benefits. These sections do this by making the corporations' employees state employees for the purposes of personnel functions only.

Like employees of the Kansas Turnpike Authority, KTEC and Kansas Inc. employees are neither unclassified nor classified employees.

New Sec. 3 and 6--Placement of Operating Funds

These sections provide that all state appropriations to the corporations shall be kept in the state treasury and that all non-state funds may be placed in the state treasury at the option of the corporations.

Sec. 7 and 8--Selection of Coroporation Presidents

This amendment to current law allows the boards of both corporations to negotiate a salary and benefit package with the corporation presidents.

In addition, Section 7 makes Kansas Inc. exempt from state purchasing laws. It is believed that is already the case for Kansas Inc. However, it is not explicitly stated as it is in the KTEC statute. This simply clarifies the question.

Attachment 1 4/6/87