

MINUTES OF THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT.

The meeting was called to order by Chairperson Bob Mead at 3:30 p.m.. on January 18, 1994 in Room 423-S of the Capitol.

All members were present except:

Representative Tom Bishop  
Representative George Dean, excused  
Representative Gayle Mollenkamp, excused

Committee staff present: Lynne Holt, Legislative Research Department  
Bob Nugent, Revisor of Statutes  
Ellie Luthye, Committee Secretary

Conferees appearing before the committee:

Others attending: See attached list

Chairman Mead reminded the members that the Economic Development Committee and the Education Committee would be meeting in joint session on Wednesday, January 19th in Room 519-S to hear business perspectives on school-to-work transition.

Chairman Mead then opened discussion on HB 2576, the economic opportunity initiatives fund, stating there had been some concerns with the bill as passed and he had asked for it to be re-referred so these differences could be discussed.

The Chair called on Representative Mason who stated there were two concerns regarding HB 2576 with one being how the money was used regarding moving businesses from one location to another and the second concerning cost benefit analysis.

Bob Nugent distributed a balloon which addressed these concerns which would add language to Section 1, sub-section (b) (5) stating funds could not be allocated for economic development projects in which an existing Kansas firm or a portion thereof moves to another location within the state unless this requirement is waived upon a unanimous vote of the State Finance Council.

The balloon also would add a new sub-section (c) in Section 1, and subsequently number the rest of the sections accordingly, in which the Department of Commerce and Housing shall commission the development of a cost-benefit analysis model for the purpose of assessing proposed projects.  
(Attachment 1)

Other changes in the balloon for HB 2576 are on page 2, in line 3, after "review" by inserting "the balance credited to" in line 8, before "estimated" by inserting "total of the unencumbered balance and". On page 3, in line 7, after "commerce" by inserting "and housing".

Following discussion Representative Toplikar made a motion to exclude (4) and (5), sub-section (b) of Section 1 from the bill regarding the provision for cost-benefit analysis model. This was seconded by Representative Packer and the motion failed.

After further discussion Representative Toplikar made a motion to adopt the balloon except for the entire Section C, seconded by Representative Rutledge and the motion carried.

Representative Rutledge made a motion to pass HB 2576 favorably, as amended, seconded by Representative Packer.

## CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT, Room 423-S  
Statehouse, at 3:30 p.m. on January 18, 1994.

Representative Wempe made a substitute motion to reinsert Section C but make change to state that the Department of Commerce and Housing and Kansas, Inc. shall jointly assess projects proposed pursuant to this act and make a cost benefit finding as to the state and local benefit of the proposed project. Also, prior to allocation of any funds pursuant to this act, the state finance council shall review the cost benefit finding performed on each project, .seconded by Representative Haulmark and the motion carried.

The Chair then directed the committee to return to the original motion by Representative Rutledge to pass HB 2576 favorably as amended and the motion carried.

The Chair called attention to the minutes from the meetings of January 11, 12 and 13th. Representative Packer made a motion to accept the minutes as presented, seconded by Representative Mason and the motion carried.

Chairman Mead adjourned the meeting at 4:50 p.m.

The next meeting is scheduled for January 19, 1994.

## GUEST LIST

COMMITTEE: HOUSE ECONOMIC DEVELOPMENT DATE: January 18, 1994

[illegible]

## HOUSE BILL No. 2576

By Committee on Economic Development

1-5

9 AN ACT creating the Kansas economic opportunity initiatives fund;  
10 prescribing guidelines for allocation and expenditure of moneys  
11 credited thereto; disposition of interest earned or moneys credited  
12 thereto; powers, duties and functions for the state finance council.  
13

14 *Be it enacted by the Legislature of the State of Kansas:*

15 Section 1. (a) There is hereby created in the state treasury the  
16 Kansas economic opportunity initiatives fund. Subject to acts of the  
17 legislature applicable thereto, the moneys in the Kansas economic  
18 opportunity initiatives fund shall be used only for the purposes pre-  
19 scribed by this section.

20 (b) The state finance council is hereby authorized to make al-  
21 locations to, and authorize expenditure by, one or more state agen-  
22 cies from the Kansas economic opportunity initiatives fund, which  
23 authorization is hereby declared to be a matter of legislative dele-  
24 gation and subject to the guidelines prescribed in subsection (c) of  
25 K.S.A. 75-3711c and amendments thereto and in this section, the  
26 council shall be authorized to make such expenditures upon appli-  
27 cation of the governor. The governor shall make application upon  
28 certification, by the majority vote of a five member panel, that an  
29 economic emergency or unique opportunity exists which warrant  
30 funding for a strategic economic intervention by such state agency  
31 or agencies to address expenses involved in securing economic ben-  
32 efits or avoiding or remedying economic losses, including, but not  
33 limited to, providing grants or loans with such conditions or limi-  
34 tations as may be prescribed by the state finance council, related  
35 to:

36 (1) A major expansion of an existing Kansas commercial enter-  
37 prise;

38 (2) the potential location in Kansas of the operations of a major  
39 employer;

40 (3) the award of a significant federal or private sector grant which  
41 has a financial matching requirement;

42 (4) the departure from Kansas or the substantial reduction of the  
43 operations of a major employer; and

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attachment 1

However, unless a unanimous vote of the state finance council waives the requirement, funds shall not be allocated for economic development projects in which an existing Kansas firm or a portion thereof moves to another location within the state.

(c) The department of commerce and housing shall commission the development of a cost-benefit analysis model for the purpose of assessing projects proposed pursuant to this act. The methodology of the model must be approved by the Kansas, Inc. board of directors. The model must consider both the local and statewide effect of proposed projects. Prior to allocation of any funds pursuant to this act, the state finance council shall review the cost-benefit analysis performed on each project.

(d)

the balance credited to and

total of the unencumbered balance and

(e)

(5) the closure of a major federal or state institution or facility.

[(c)] The director of the budget and the director of the legislative research department shall consult periodically and review the estimated receipts to be credited to the state economic development initiatives fund during the fiscal year. During any period when the legislature is not in session, upon a joint finding by the director of the budget and the director of the legislative research department that the estimated receipts to be credited to the state economic development initiatives fund during a fiscal year are insufficient to fund the budgeted expenditures and transfers from the state economic development initiatives fund for the fiscal year in accordance with the provisions of appropriation acts, the director of the budget and the director of the legislative research department shall make a joint certification of such finding to the state finance council. Upon approval by the state finance council acting on this matter which is hereby declared to be a matter of legislative delegation and subject to the guidelines prescribed in subsection (c) of K.S.A. 75-3711c and amendments thereto, the director of accounts and reports shall transfer the amount of moneys from the Kansas economic opportunity initiatives fund to the state economic development initiatives fund that is required, in accordance with a joint certification by the director of the budget and the director of the legislative research department under this subsection, to fund the budgeted expenditures and transfers from the state economic development initiatives fund for the fiscal year in accordance with the provisions of appropriation acts, as specified by the director of the budget pursuant to such joint certification.

[(d)] On or before the 10th day of each month, the director of accounts and reports shall transfer from the state general fund to the state economic development initiatives fund the amount of money certified by the pooled money investment board in accordance with this section. Prior to the 10th day of each month, the pooled money investment board shall certify to the director of accounts and reports the amount of money equal to the proportionate amount of all the interest credited to the state general fund for the preceding month, pursuant to K.S.A. 75-4210a and amendments thereto, that is attributable to moneys in the Kansas economic opportunity initiatives fund. Such amount of money shall be determined by the pooled money investment board based on: (1) The average daily balance of moneys in the Kansas economic opportunity initiatives fund during the preceding month as certified to the board by the director of accounts and reports; and (2) the average interest rate on repurchase agreements of less than 30 days duration entered into by the pooled

1 - money investment board for that period of time. On or before the  
2 fifth day of each month, the director of accounts and reports shall  
3 certify to the pooled money investment board the average daily  
4 balance of moneys in the Kansas economic opportunity initiatives  
5 fund during the preceding month.

6 [(e)] The five member panel provided for in subsection (b) shall  
7 consist of the secretary of commerce, the president of Kansas, Inc.,  
8 the president of the Kansas technology enterprise corporation, the  
9 private sector chairman of the board of Kansas, Inc. and the private  
10 sector chairman of the Kansas technology enterprise corporation.

(f)

and housing

11 Sec. 2. On the effective date of this act, or as soon thereafter  
12 as moneys are available, the director of accounts and reports shall  
13 transfer \$5,000,000 from the state economic development initiatives  
14 fund to the Kansas economic opportunity initiatives fund.

15 Sec. 3. On or before September 1 of each year, the secretary  
16 of commerce shall issue a report concerning the use of the fund to  
17 the joint committee on economic development. The secretary's report  
18 shall include a detailed description of how funds were spent and  
19 what, if any, economic benefits were realized from the expenditures.

20 Sec. 4. This act shall take effect and be in force from and after  
21 its publication in the Kansas register.