

Approved: 3/15/94  
Date

MINUTES OF THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT.

The meeting was called to order by Vice-Chairperson Gary Haulmark at 4:15 p.m.. on February 28, 1994 in Room 423-S of the Capitol.

All members were present except:

Representative George Dean, excused  
Representative Bob Mead, excused

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

Conferees appearing before the committee: None

Others attending: See attached list

Vice-Chairman Haulmark called attention to four sets of minutes to be approved. Following addition of "motion carried" to the minutes of February 23rd, Representative Rutledge made a motion to accept the minutes, seconded by Representative Farmer and the motion carried.

The Vice-Chair then opened HB 2725 for committee discussion.

Written testimony in support of HB 2725 was distributed from:

Piper Jaffray, Kansas Securities Industry Association (Attachment 1).

Robin Yessen, Edward D. Jones & Co. (Attachment 2)

Housing and Credit Counseling, Inc. (Attachment 3)

Kansas National Association of Housing and Redevelopment Officials (Attachment 4)

Written testimony in opposition of HB 2725 was distributed from:

City of Kansas City, Kansas (Attachment 5)

City of Olathe (Attachment 6)

Board of Commissioners (Attachment 7)

Following discussion by the committee, Representative Swall made a motion to pass HB 2725 favorably, seconded by Representative Henry and the motion carried.

Vice-Chairman Haulmark adjourned the meeting at 4:45 p.m.

The next meeting is scheduled for Tuesday, March 8, 1994.

## GUEST LIST

COMMITTEE: HOUSE ECONOMIC DEVELOPMENT DATE: 2/28/94

[illegible]

816 474 6443  
01/29/94 17:03 816 474 6443

PIPER JAFFRAY



Piper Jaffray Inc.  
Plaza West Building  
Suite 1200  
4500 Madison Avenue  
Kansas City, MO 64112-3025  
816 350-3000

February 22, 1994

Representative Robert Mead  
Room 170 West  
State Capitol Building  
Topeka, Kansas

Dear Representative Mead:

As a member of the investment banking community and the Kansas Securities Industry Association I want you to know that our firm is not opposed to HB 2725. We would welcome passage!

Sincerely,

A handwritten signature in cursive script, reading "Robert E. Mapes".

Robert E. Mapes  
Managing Director

Economic Development  
February 28, 1994  
Attachment 1

# Edward D. Jones & Co.

Member New York Stock Exchange, Inc. and Securities Investor Protection Corporation

ROBIN E. YESSEN

INVESTMENT  
REPRESENTATIVE

February 17, 1994

The Honorable Bob Mead  
Room 170 West  
State Capitol Building  
Topeka, KS 66612

Re: House Bill 2725 - KDFA Housing Bonds

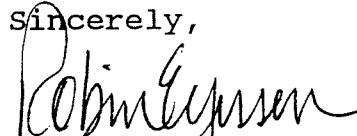
Dear Chairman Mead:

We are pleased to inform you that Edward D. Jones & Co. supports the changes to the KDFA law currently set forth in HB 2725. Kansas needs a centralized, coordinated, state-wide housing finance program. Such a program is needed to harness ever scarce housing subsidies for the benefit of all citizens throughout the State. The professional and focused business practices of KDFA will be a refreshing change from the current "balkanized" approach to housing finance in Kansas.

In addition to changes proposed by HB 2725, we recommend that the legislation also include a provision requiring that bonds issued by KDFA be distributed on a priority basis to Kansas residents. We have enclosed a draft of the proposed language for this change. Individual investors now account for 80% of the purchasing power in the tax-exempt bond market; it makes sense that bond issues by KDFA target this dominate market segment. By maximizing bond sales to Kansas residents, KDFA will be able to reduce its borrowing costs and further assist prospective Kansas homeowners and other borrowers. We strongly believe the proposed language change is in the best interests of Kansas residents.

Edward D. Jones & Co. has 77 offices located throughout the State of Kansas. On behalf of our Kansas employees and customers, we applaud your efforts to modernize Kansas housing bond issuance practices. If helpful, we would be happy to testify publicly in favor of this important legislation.

Sincerely,



Robin E. Yessen  
Investment Representative  
Stateroots Chairman

120 WEST HARVEY AVE.  
WELLINGTON, KS 67152

Bus. (316) 326-5927

cc: Vice-Chairman Haulmark  
Speaker Bob Miller  
KDFA Pres. Caton

Economic Development  
February 28, 1994  
Attachment 2

**KANSAS**

**Proposed Amendment to HB No. 2725**

**Section 4 [New]**

No bonds shall be issued under the Kansas Development Finance Authority Act unless both of the following conditions are met: (1) prior to the sale of such bonds, the Authority shall adopt a marketing plan which provides for the broad distribution of such bonds to investors resident throughout the State of Kansas and (2) the underwriter or underwriters of such bonds agree in writing with the Authority to make a broad distribution of such bonds to investors resident throughout the State of Kansas and to give first priority to all orders for such bonds which are specified for purchase by investors resident within the State of Kansas.

**[Section 4 becomes Section 5]**



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Topeka, Kansas  
66604-1183  
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FAX (913) 234-0237



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Topeka, Kansas  
66604-0369  
(Main Office)  
(913) 234-0217

Lawrence, Kansas  
(913) 749-4224

Manhattan, Kansas  
(913) 539-6666



HUD Comprehensive  
Counseling Agency



United Ways of  
Greater Topeka and  
Douglas County

February 25, 1994

Representative Bob Mead, Chair  
House Economic Development Committee  
300 SW 10th Ave., Room #170-W  
Topeka, KS 66612

Representative Mead:

Housing and Credit Counseling, Inc., a nonprofit housing counseling agency, has been involved in affordable housing efforts in Topeka for many years. We urge your committee to give serious consideration to House Bill 2725. This bill will benefit low to moderate income people all across Kansas.

According to the 1993 Topeka Comprehensive Housing Affordability Strategy, based on the 1990 Census Figures, there are 7,000 people with incomes under 50% median in Topeka that are living in substandard housing. According to the same source there are an additional 2,500 people with incomes under 80% median that are also living in substandard housing.

Roughly 50% of that 9,500 are renters that could become homeowners with some assistance or homeowners who cannot afford to repair their homes.

Currently in Topeka there are nine lending institutions supporting semi-annual prepurchase seminars. Of those, six are partners in a public/private first time homebuyer partnership and two have their own homebuyer assistance programs. As you can see lenders in our community are more than willing to get involved.

This bill will enable a significant number of people who would otherwise "fall through the cracks" to invest in homeownership. Please seriously consider this bill. If we can be of assistance with further facts and figures, please don't hesitate to call.

Sincerely,

*Karen A. Hiller*  
Karen A. Hiller  
Executive Director

*Economic Development*  
*February 28, 1994*  
*Attachment 3*



**KANSAS NATIONAL  
ASSOCIATION OF  
HOUSING AND  
REDEVELOPMENT  
OFFICIALS**

FEBRUARY 23, 1994

Representative Bob J. Mead  
Room #170-W  
State Capitol  
Topeka, Ks 66612

Dear Representative Mead:

The Kansas Chapter of the National Association of Housing and Redevelopment Officials (Kansas NAHRO) voted unanimously to support House Bill No. 2725, which provides for the issuance of bonds for certain housing development.

Kansas NAHRO has gone on record as supporting this bill and other bills presented by the Governor's Commission on Housing and Homelessness. Please make it known to your committee that Kansas NAHRO supports this bill.

Sincerely,

Lynn A Goodell  
Public Relations Coordinator

LAG/jl  
cc: Senator Pat Ranson

*Economic Development  
February 28, 1994  
Attachment 4*



**CITY OF KANSAS CITY, KANSAS**  
**FINANCE DEPARTMENT**

Nancy L. Zielke, Director of Finance

ONE McDOWELL PLAZA 701 NORTH 7TH STREET, 66101 (913) 573-5270

February 24, 1994 FAX 573-5003



Representative Bob Mead  
Chairman of House Economic Development Committee  
State Capitol Building Room 170 West  
Topeka, Kansas 66612

**RE: House Bill 2725**

Dear Representative Mead:

The following letter is to express the City of Kansas City, Kansas' concern and strong opposition to House Bill 2725 in the House Economic Development Committee as it relates to the issuance of Single Family Mortgage Revenue Bonds. The Bill as drafted will restrict the ability of local units of government to issue Single Family Mortgage Revenue Bonds and it will be costly to the State financially, as well to the homeowners needing the lowest mortgage rates possible. We feel that it is critical that local units of governments are able to issue low interest financing to homeowners and be able to manage the uses of funds for their residents. The Mortgage Revenue Bond Program which has been issued by our city as well as other local entities have been successful in funding housing programs across the State. These programs have stimulated housing activity and provided a means of financing for families who could not have otherwise been able to afford homes. My point here is that the Mortgage Revenue Bond system that we now have is working, thus, "if the patient is not ill why treat him."

Proponents of this measure will claim it will be less expensive to fund a Mortgage Revenue Bond program at the state level than it is locally. This assertion is based on the experience that states which started programs years ago are now successfully being funded at the state level; however we must realize that early Mortgage Revenue Bond programs utilized surplus funds to help offset their start-up cost, a fund which can no longer be utilized. To compare these states to Kansas is not practical and we must face the fact that starting a new state bureaucracy under the guidelines of today's Mortgage Revenue Bond programs will cost the state money. Thus, new state bureaucracy should not be created absent demonstration of need, and in this instance no need has been demonstrated.

The City of Kansas City, Kansas urges you to critically review this Bill with the knowledge that the system it will change is now working and meeting the needs of Kansans. If you have any questions, please feel free to contact me at your convenience.

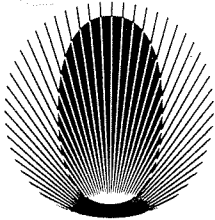
Respectfully submitted,

Nancy L. Zielke,  
Director of Finance/Budget Director

cc: David T. Isabell, City Administrator

*Economic Development*  
*February 28, 1994*  
*Attachment 5*





City of Olathe

February 25, 1994

Representative Bob Mead  
Chairman  
House Economic Development Committee  
State Capitol Building  
Room 170-W  
Topeka, Kansas 66612

RE: HB 2725 - Authority of KDFA to issue single family  
mortgage revenue bonds

Dear Representative Mead:

On behalf of the city of Olathe, I would like to offer the following comments on HB 2725, which authorizes KDFA to issue single family mortgage revenue bonds. The city of Olathe has been an active participant in issuing such bonds since the early 1980's. We recognize that KDFA exists to issue bonds for various public purposes. However, we are concerned that this bill not be read as a state mandate to use KDFA for housing bonds. The city believes that this legislation should not preclude local units of government from issuing such bonds and tailoring programs to meet local needs and conditions.

The city is also concerned about centralizing another housing program in Topeka. Olathe has a long history of involvement in low and moderate income housing programs through the Department of Housing and Urban Development. However, our experience in dealing with the State in trying to obtain housing rehabilitation funds under the HOME program has been totally unsuccessful.

Thank you for the opportunity to offer comments about this bill.

Sincerely,

Donald R. Seifert  
Acting Director  
Administrative Services

rc

xc: Representative Vincent Snowbarger  
Representative John Toplikar

*Economic Development  
February 28, 1994  
Attachment 6*

March 10, 1867

BOARD OF COMMISSIONERS  
LABETTE COUNTY  
OSWEGO, KANSAS 67356  
(316) 795-2138 or 421-5255  
FAX (316) 795-2928

DISTRICT  
LONIE R.  
640 Iowa  
Oswego, KS 67356  
795-2826  
DISTRICT 2  
CECIL FISH  
Rt. 1, Box 176 I  
Cherryvale, KS 67335  
328-5144  
DISTRICT 3  
E. DALE McBRIDE  
2708 Crawford  
Parsons, KS 67357  
421-9511

February 25, 1994

Mr. Bob Mead, Chairman  
Room 170 West  
State Capital Building  
Topeka, Kansas 66612

Re: House Bill 2725 - Issuance of Single Family Mortgage  
Revenue Bonds


Dear Representative Mead:

Labette County Board of Commissioners has strong concerns and is in opposition with House Bill 2725. The bill significantly affects local units of governments ability to issue Single Family Mortgage Revenue Bonds. It is critical that local units have the ability to issue low interest financing to homeowners and be able to manage the uses of funds for area residents.

Creating a state manage bureaucracy to issue such mortgage revenue bond financing would be costly to the State as well as the homeowners needing the lowest mortgage interest possible. Local units of government have served their constituents well in issuing low interest single family bonds and creating economic competition among local financial institutions within the State.

Your critical review of House Bill 2725 to keep the issuance of Single Family Mortgage Revenue Bonds with cities and counties would be appreciated.

Respectfully submitted,

  
C. L. Fish, Chairman  
Labette County Commission

pc: Members of the Labette County Legislative Delegation

Economic Development  
February 28, 1994  
Attachment 7