

MINUTES OF THE HOUSE TAXATION COMMITTEE

The meeting was called to order by Chairman Richard Carlson at 3:34 p.m. on January 13, 2011, in Room 783 of the Docking State Office Building.

All members were present except:

Representative Gary Hayzlett-excused
Representative Aaron Jack-excused
Representative Kasha Kelley-excused
Representative Larry Powell-excused
Representative Scott Schwab-excused

Committee staff present:

Gordon Self, Office of the Revisor of Statutes
Scott Wells, Office of the Revisor of Statutes
Chris Courtwright, Kansas Legislative Research Department
Michael Wales, Kansas Legislative Research Department
Marla Morris, Committee Assistant
Allen Jeffus, Office Assistant

Conferees:

Pat George, Acting Secretary, Kansas Department of Commerce
Nick Jordan, Acting Secretary, Kansas Department of Revenue (KDOR)

Others attending:

See attached list.

Bill Introductions:

Pat George, Acting Secretary, Kansas Department of Commerce, requested introduction of conceptual bill relating to business expensing including the roll-back of certain tax credits. Representative Carlson moved to introduce such bill, Representative Schwartz seconded the motion. The motion carried.

Pat George, Acting Secretary, Kansas Department of Commerce requested introduction of a bill relating to the rural opportunity zones providing for income tax relief and student loan forgiveness. Representative Carlson moved introduction of the bill. The motion was seconded by Representative Kleebe. The motion carried.

Acting Secretary of Commerce Pat George provided a brief overview of his background and offered insight into the initiatives of the Kansas Department of Commerce. The Department looks to grow the Kansas economy and provide an environment that creates more jobs in the state, which is fundamentally the job of the Department. He provided information outlining five divisions within the Department (Attachment #1) :

- Business Development
- Rural Development
- Trade Development
- Travel and Tourism
- Workforce Services

Nick Jordan, Acting Secretary, Kansas Department of Revenue (KDOR) welcomed the opportunity to work with the Taxation Committee. He emphasized the Economic Growth Team within the KDOR will include the Departments of Commerce, Health and Environment, Agriculture, and Labor. This group will meet on a regular basis and work together to create more jobs and grow the economy in the State of Kansas.

Chris Courtwright, Kansas Legislative Research Department (KLRD), provided a copy of *The Kansas Tax Facts, Eighth Edition: A Reference Booklet on State and Local Taxes*, December 2010 to members of the Taxation Committee. A copy of this booklet is available through the KLRD.

The next meeting is scheduled for January 18, 2011, in Room 783 of the Docking State Office Meeting.

The meeting adjourned at 3:54 p.m.

HOUSE TAXATION COMMITTEE

DATE: January 13, 2011

NAME	REPRESENTING
JUDITH GADD	CAPITAL ADVANTAGE
Leah Eyles	KS chamber
LARRY BECK	KACCT
Michelle Butler	Cap. Strategues
D. Rouner	Kearney & Assoc.
Paje Routhier	Hein Law Firm
Brend Kops	" "
Leslie Kaufman	KS Co op Council
Natalie Bruford	KSCPA
Matt Hickam	KCPPL
Scott Paradise	HOC
Matt Casey	GBA
Jane Carter	KOSE
Levi Henry	Sandstone
Katrin Osthaus	LPA



Fiscal Year 2011 YTD Update

House Taxation Committee

By Pat George, Acting Secretary
January 13, 2011

Divisions

Business Development
Rural Development
Trade Development
Travel & Tourism
Workforce Services

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Target Industries

The Department works to grow all sectors of the economy, with a focus on the following:

- Advanced Manufacturing (aviation, etc.)
- Value-added Agriculture
- Bioscience (animal science, pharmaceuticals, etc.)
- Energy (traditional and renewable sources)
- Professional Services (banking, engineering, etc.)

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Business Development Division

Goal:

- To encourage job creation and capital investment in Kansas through the recruitment of out-of-state firms, the expansion of existing Kansas companies and the creation of new companies.

Products and services:

- Financial incentives such as tax credits and loans
- Site location consultation and cost-benefit analysis
- Assistance in working with State regulatory agencies and community organizations

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Business Development Division

FY2010 recruitment results:

	<u>FY10</u>	<u>FY09</u>
- Projects opened:	178	185
- Successes:	68	42
- Jobs created:	13,870	9,100
- Jobs retained:	1,218	3,546
- Average salary:	\$52,000	\$60,320
- Payroll:	\$721M	\$550M
- Capital Investment:	\$838M	\$900M

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Business Development Division

FY2010 recruitment highlights:

- Cerner, Kansas City (4,500 jobs, \$170M)
- General Motors, Kansas City (1,000 jobs, \$88M)
- U.S. Bank, Overland Park (1,100 jobs, \$21M)
- J.P. Morgan, Overland Park (650 jobs, \$30M)
- Regent Asset Mgmt., Overland Park (1,250 jobs, \$2M)
- Tindall, Newton (400 jobs, \$66M)
- Redbarn Pet Products, Great Bend (200 jobs, \$2M)
- Allen Foods, Topeka (50 jobs, \$30M)
- Jupiter Group, Junction City (169 jobs, \$3.2M)

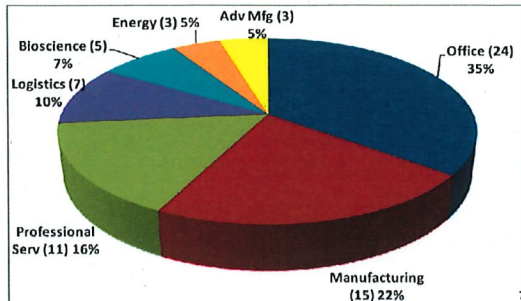
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House Taxation

Date: 1-13-11
Attachment: 1

Business Development Division

FY2010 recruitment results by type:



Business Development Division

FY2010 retention/expansion results:

	FY10	FY09
– Projects opened:	150	155
– Successes:	42	84
– Jobs created:	5,584	3,548
– Jobs retained:	1,887	3,921
– Average salary:	\$39,880	\$30,742
– Payroll:	\$222.7M	\$117.6M
– Capital Investment:	\$471.3M	\$1B

Business Development Division

FY2010 media accolades and ranks:

- Kansas ranked **Top 10** in eight of 20 categories in *Business Facilities*' 2010 Rankings Report, our best-ever finish.

Business Facilities
THE LOCATION ADVISOR

- Kansas was ranked **No. 3** in *Southern Business & Development*'s "Top Deals and Hot Markets" report, the state's best-ever finish and our second straight Top 5 ranking.

SOUTHERN
BUSINESS & DEVELOPMENT

Business Development Division

FY2010 media accolades and rankings:

- Kansas was ranked the **No. 7** most pro-business state in the Pollina "Top 10 Pro-Business States" report for the second straight year. It was our third straight Top 10 finish.

Pollina Corporate

- Kansas was ranked **No. 11** in CNBC's annual "America's Top States for Business" report for the second time in three years.

CNBC

Business Development Division

- *Area Development* magazine named Kansas the **Silver Shovel Award** winner for excellence in job creation and capital investment. This was our fourth Silver Shovel in five years.

AREADEVELOPMENT
ONLINE

- *Site Selection* magazine named Kansas one of the nation's **Top 10** most competitive states for capital investment and facility development. This was our second straight Top 10 finish.

SITE
Selection

Business Development Division

FY2011 YTD recruitment results:

- 7,331 jobs
- \$153M in capital investment

FY2011 YTD recruitment highlights:

- Key Bank (600 jobs, \$10M)
- Draka (25 jobs, \$1M)
- Plastikon (126 jobs, \$7.3M)
- Bombardier Learjet (300 jobs, \$600M)

Business Development Division

FY2011 YTD retention/expansion results:

- 732 jobs
- \$227M in capital investment

FY2011 YTD retention/expansion highlights:

- Zeolyst International (33 jobs, \$83M)
- KOCH-Glitch, LP (40 jobs, \$8.1M)
- Snow Hill Rock Co. (27 jobs, \$15M)
- Philips Lighting Company (10 jobs, \$1.3M)
- WAFFLE-CRETE International (100 jobs, \$2M)

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Rural Development Division

Goal:

- To elevate the focus on rural development and encourage collaboration among rural groups.

Sub-Divisions:

- Agriculture Marketing
- Community Development
- Office of Rural Opportunity

Programs and services:

- Simply Kansas
- Value Added Loan
- CDBG
- Agritourism development
- Main Street
- Tax credits

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Rural Development Division

FY2011 YTD highlights:

- Continue to advance Connect Kansas, a Recovery Act-funded initiative to increase broadband Internet adoption statewide.
- Conducted two mission trips to Russia to promote the sale of Kansas animal genetics.
- Helped Royal Farms Dairy of Garden City present a virtual farm tour at the World Dairy Expo.
- Hosted agritourism workshops statewide.
- Attended the Kansas State Fair to promote Kansas ag producers.

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Rural Development Division

FY2011 YTD highlights:

- Continuing partnerships with the 25 communities in our Kansas Main Street Program, which saw a significant increase in projects between Fiscal Year 2009 and 2010.

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Trade Development Division

Goal:

- To help Kansas companies expand sales to foreign markets and recruit foreign companies to set up facilities in Kansas.

Programs and services:

- Organize trade delegations to foreign countries
- Provide export data and foreign market research
- Provide funds for firms to attend trade shows
- Connect Kansas companies with foreign buyers through our international trade offices
- Recruit international companies to locate in Kansas

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Trade Development Division

FY2011 YTD highlights:

- Arranged for Governor Parkinson to meet with key aviation executives at the Farnborough Air Show in England in July.
- Attended HUSUM WindEnergy 2010, Europe's largest wind energy trade show, next month. Staff will also visit key companies in Denmark and attend a global wind supply chain conference in Germany.

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Trade Development Division

FY2011 YTD highlights:

- Organized an October animal health mission to China, enabling eight Kansas companies to exhibit at the first national convention of the Chinese Veterinary Association in Beijing.
- Working with KSU in their bid to establish a China-U.S. Animal Health Center facility in Kansas.

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Travel & Tourism Division

Goal:

- To increase tourism expenditures in Kansas

Programs and services:

- Marketing
- Product development
- Research
- Industry outreach and education

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Travel & Tourism Division

FY2011 YTD highlights:

- Led fall hunting travel campaign with print ads, e-blasts, website revisions and partnership with Ks. Sport Hunting Association
- Expanded digital marketing to highly targeted leisure travel market deploying 10 e-blasts to 226,137 consumers
- Assisting Flint Hills Tourism Coalition in efforts to develop network of Equestrian Trails
- Launched Scenic Byway marketing campaign and secured grant funding to expand future digital marketing

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Travel & Tourism Division

FY2011 YTD highlights:

- Fulfilled 26,400 Visitor Inquiry packets FY '11 YTD – an increase of 3% over FY '10
- Generated 155,000 unique website visitors since July 1.
- Completed Tourism Satellite Account for 2009
 - Kansas attracted 30.2 million person stays
 - Tourism injected \$7.2 billion in economy
 - Tourism is 3rd largest private sector employer in Ks, with 125,000 direct FTE jobs
 - Every 203 visitors/travelers create a new job in Ks.
 - Tourism generated 27.4% of all state & local tax revenue
 - Out of state visitation grew from 50% to 56% of total

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Workforce Development Division

Goal:

- To link businesses, job seekers and educational institutions to ensure a pool of skilled Kansas labor

Programs and services:

- KIT, KIR and IMPACT programs
- Workforce Centers
- KANSASWORKS.com
- Registered Apprenticeship
- Trade Adjustment Assistance and Rapid Response

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Workforce Development Division

FY2011 YTD highlights:

- Collaborated with key industry and agency partners to secure an additional \$26 million in funding to support job growth and training, such as:
 - Green-related training
 - Health professionals training
 - Employment opportunities for hard to serve ex-offenders, veterans, and those with disabilities.
- Recognized nationally as a top 10 state for workforce services by business developers and site locators for the first time ever – ranked number 3.

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Workforce Development Division

FY2011 YTD highlights:

- Partnered with the Kansas Departments of Labor, Education, Corrections and the Board of Regents to integrate web services to better serve users.
- Fully implemented video conferencing throughout the workforce system to better serve customers and saved nearly \$270,000 in travel costs over the past year.
- Partnered with the Kansas Board of Regents to increase the awareness of business and industry-focused training, credentials and certifications.

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