

SESSION OF 2008

**CONFERENCE COMMITTEE REPORT BRIEF
SUBSTITUTE FOR SENATE BILL NO. 453**

As Agreed to April 3, 2008

Brief*

Sub. for SB 453 would create the Kansas Commission on Rural Policy. The Commission would be tasked with developing recommendations for rural economic development based on four pillars:

- Fostering leadership;
- Youth retention;
- Promote and finance rural entrepreneurship through the coordination of existing programs; and
- Wealth retention and generation.

The Commission would have a Board of Directors consisting of nine voting members, subject to confirmation by the Senate, each of whom would have outstanding knowledge and leadership in one of the following areas:

- Agriculture;
- Oil and gas;
- Aviation;
- Finance and banking;
- Tourism;
- Any other primary, job creating, value-added business sector;
- Fostering leadership;
- Encouraging wealth retention and generation;

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- Developing entrepreneurship;
- Retaining youth in rural communities; or
- Health care.

The Governor would appoint three members, the Speaker of the House of Representatives and President of the Senate would each appoint two members, and the minority leaders of the House and Senate would each appoint one member. Each member would serve a four-year term. The Secretary of Commerce, the Secretary of Agriculture, and the President of Kansas, Inc. would serve as *ex officio* members of the Board.

The Commission, as a centralized point of contact between various agencies and programs, would be charged with developing recommendations for improving rural development efforts. The Commission would not duplicate or compete with the functions of other state or federal agencies.

The Department of Commerce would be authorized to provide administrative assistance to the Commission until September 1, 2010. By that date, it is anticipated that the Commission would find its own funding either through a direct appropriation or through the acceptance of grants. The Commission would sunset on July 1, 2011.

During its first year, the Commission would:

- Develop a comprehensive plan for the Commission, which would include an evaluation of current programs, to be presented to the Legislature during the 2009 Session; and
- Develop partnerships with federal, state, and private entities providing programs in rural areas.

The Commission also would be charged with:

- Developing and recommending a strategic mission for the Office of Rural Opportunity within the Department of Commerce;
- Connecting organizations and agencies with available resources;
- Reviewing existing programs and recommending improvements; and
- Reporting activities and recommendations to the Legislature.

The bill also would require regional foundations to administer a regional business development fund to carry out their economic development projects. The funds would be created to hold the contributions the foundations already are receiving. The bill also would limit how those funds can be allocated. At least 60 percent would have to be spent on job creation or retention and no more than 10 percent would be allowed for administrative costs. These limits could be waived at the discretion of the Secretary of Commerce. The unallocated funds could be utilized for the following activities:

- Business start-ups;
- Business expansion;
- Business retention;
- Business support services;
- Regional leadership development;
- Technology improvements; or
- Administrative services.

The bill also would specify that its provisions on allocation also would apply to interest earned on idle funds.

Conference Committee Action

The Conference Committee on April 3, 2008, agreed to transfer responsibility for assisting the Commission from Kansas, Inc. to the Department of Commerce. The Conference Committee stripped out provisions relating to the Rural Housing Incentive Act. The Conference Committee also agreed to insert the provisions of SB 489, as it left the Senate, which dealt with regional foundations.

Background

The bill was originally introduced at the request of the Kansas Farm Bureau. The Senate Committee on Commerce adopted a substitute bill that contained detailed responsibilities for the Commission, established qualifications for membership on the Commission's Board of Directors, clarified reimbursement amounts for Board members attending meetings, and created the Division of Rural Development headed by the Deputy Secretary of Rural Development within the Department of Commerce.

The House Budget Committee on Agriculture and Natural Resources amended the substitute bill so as to create a Rural Policy Commission that would be solely advisory in nature. There would be no Rural Community Grant Program for the Commission to administer, and the new Rural Development Division would not be created.

The House Committee of the Whole amended the bill to insert several amended definitions as they pertain to the Rural Housing Incentive Act.

The original fiscal note prepared by the Division of Budget indicated the fiscal impact from the enactment of the introduced bill could not be determined because several factors, including the number of Board meetings, are still unknown.

rural development