

SESSION OF 2008

**SUPPLEMENTAL NOTE ON  
SUBSTITUTE FOR SENATE BILL NO. 453**

As Amended by House Committee of the Whole

**Brief\***

Sub. for SB 453, as amended, 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 which 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;
- Developing entrepreneurship;
- Retaining youth in rural communities; or
- Health care.

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\*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

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.

Kansas, Inc., is 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 State 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 would increase the Rural Housing Incentive Act population limits as follows:

- Cities with a population less than 40,000 (current law) to 60,000 in a county with a population less than 60,000 (current law) to 80,000;
- Counties with a population less than 40,000 (current law) to 60,000.

### **Background**

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 no new Rural Development Division would be created within the Department of Commerce.

The bill was introduced at the request of the Kansas Farm Bureau. At the hearing before the Senate Committee on Commerce, the bill was supported by Senate President Steve Morris and representatives from the Kansas Farm Bureau, the Pottawatomie County Economic Development Corporation, the Kansas Association of Counties, the Center for Rural Entrepreneurship, St. Francis Community Services, Sunflower Electric Power Corporation, the League of Kansas Municipalities, and the Western Kansas Rural Economic Development Alliance.

The bill was opposed in writing by the Department of Agriculture and the Kansas Downtown Development Association. The Kansas Small Business Development Center,

Kansas Center for Entrepreneurship, Kansas Preservation Alliance, Northwest Kansas Planning and Development Commission, Kansas Small Business Development Center, and Kansas, Inc. submitted neutral testimony. The Department of Commerce also submitted neutral testimony and proposed amendments.

The bill, as introduced, would create the Kansas Commission on Rural Policy. The Senate Committee on Commerce adopted a substitute bill that would create the Commission with more detailed responsibilities, establish qualifications for membership on the Commission's Board of Directors, clarify reimbursement amounts for Board members attending meetings, and create the Division of Rural Development headed by the Deputy Secretary of Rural Development within the Department of Commerce. The 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, staff costs, and the amount of funds to finance the grant fund are still unknown.

On March 27, 2008, the House Committee of the Whole amended the bill on the motion of Representative Horst to insert several amended definitions as they pertain the Rural Housing Incentive Act by amending KSA 2007 Supp. 12-5242. The subject matter of this amendment is the same as SB 363 and the Division of Budget estimates that it would have no fiscal impact on the state budget.