

MINUTES OF THE SENATE COMMERCE COMMITTEE

The meeting was called to order by Chairperson Karin Brownlee at 8:30 a.m. on January 28, 2004 in Room 123-S of the Capitol.

All members were present.

Committee staff present:

Kathie Sparks, Legislative Research
Susan Kanarr, Legislative Research
Helen Pedigo, Revisor of Statutes
Nikki Kraus, Committee Secretary

Conferees appearing before the committee:

Steve Kelly, Director of Business Development, Department of Commerce
Patty Clark, Director of Agriculture Marketing, Department of Commerce
John Watson, Director of Trade Development, Department of Commerce
Matt Jordan, Director of Community Development, Department of Commerce

Others attending:

See Attached List.

Chairperson Brownlee opened the informational hearing on the Department of Commerce.

Mr. Kelly reviewed several issues with the committee ranging from STAR bonds to venture capital. In response to a question from the Chair, he stated that at this time, the venture capital bill was not very effective and that groups with which he had spoken were advocating moving more to a seed venture and angel investor approach. At this point, he stated that the issue had been left up to KTEC, who had served as a lead on this issue. In response to committee questions, he recommended that transferrable income tax credits and other incentives be kept separate in legislation.

Senator Barone asked Mr. Kelly to explain the concept of saleable tax credits. Mr. Kelly responded that earned tax credits could be sold or transferred during a restricted period of time. The idea is to get away from long term trail of tax credits that are hard to budget for because there is no way for the department to know when they will arrive. This would allow companies to sell tax credits on a secondary market and turn them into money that can offset front end expenses. This would help to control the ebb and flow for budgeting and create a more flexible system to allow higher paying and higher quality jobs more than the current situation. In response to a follow up question from Senator Barone, Mr. Kelly stated that these would basically be an unfettered sale of the credits, but that they were basically tracked and monitored by the Department of Revenue in the past; one half of the credits could be sold, and the second half had to be given away.

Patty Clark presented the committee with "Testimony on Overview of the Ag Marketing Division". ([Attachment 1](#)) This included a description of several successful and ongoing projects such as the KSU Meat Science and Food Science Pilot Program, the Jason Wiebe Dairy in Marion County, and Prairie Pride, Inc. in Butler County. She also provided an article by Phyllis Jacobs Griekspoor entitled, "Two for tea Clyde women blend talents to brew successful business" from the website of the Wichita Eagle newspaper: <http://www.kansas.com/mld/kansas/business/7736121.htm?template=contentModules/printstory.jsp>.

Ms. Clark also submitted "Kansas Ethanol Plant Synopsis" to the committee. ([Attachment 2](#)) This submission states that "Kansas has five working ethanol plants in production that produce more than 80 million gallons of ethanol a year..." and proposed several new plants. Ms. Clark included handouts on the Kansas Ag Innovation Center ([Attachment 3](#)), Senior Farmers' Market Nutrition Program ([Attachment 4](#)), FY 2004 Projects ([Attachment 5](#)), Agriculture Products Development Division ([Attachment 6](#)), and the Kansas Department of Commerce Ag Marketing Division Statute Summary. ([Attachment 7](#))

Mr. Watson provided the committee "Testimony on Overview of the Trade Development Division". ([Attachment 8](#)) He encouraged the committee to consider Kansas' position in international trade and emphasized the import of export goods to the state's economy. In response to a question from Senator Kerr about what his division would do if given an additional \$200,000, Mr. Watson stated that the approach would

CONTINUATION SHEET

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be twofold, expanding Kansas' presence in China and in Central and South American markets.

Mr. Jordan provided the committee with "Testimony on Overview of the Community Development Division (Attachment 9), in addition to a publication from the Department of Commerce on the division. (Attachment 10) Some of the points he highlighted included the Mainstreet programs, which are focused on the creation of jobs in rural and small communities, enterprise facilitation, and rural entrepreneurship.

Chairperson Brownlee thanked the conferees and encouraged the committee to consider how these kinds of programs and how the Department and Legislature can compliment one another instead of being competitors.

Senator Steineger moved to introduce a bill regarding STAR bonds in Wyandotte county to remedy a threat posed to the repayment of the bonds because of Streamlined Sales Tax. Senator Emler seconded the motion. The motion to introduce the bill passed.

Chairperson Brownlee adjourned the meeting at 9:30 a.m. The next meeting will be at 8:30 a.m. on January 29, 2004 in Room 123-S of the Capitol.