

MINUTES OF THE SENATE COMMERCE COMMITTEE.

The meeting was called to order by Chairperson Alicia Salisbury at 8:00 a.m. on February 2, 2000 in Room 123-S of the Capitol.

All members were present except: Senator Feleciano

Committee staff present: Lynne Holt, Legislative Research Department  
Jerry Ann Donaldson, Legislative Research Department  
Bob Nugent, Revisor of Statutes  
Betty Bomar, Secretary

Conferees appearing before the committee:  
Ashley Sherard, Overland Park Chamber of Commerce  
Randy Allen, Kansas Association of Counties  
Kim Gulley, League of Kansas Municipalities  
Christy Caldwell, Topeka Chamber of Commerce  
Marlee Berthoff, Kansas Chamber of Commerce and Industry  
Dana Fenton, Johnson County, Kansas  
Michael T. White, Polsinelli, White, Vardeman & Shalton, Kansas City, Mo  
Blake Scheck, President, Lenexa Chamber of Commerce  
John H. Shore, Fellowship of Christian Athletes  
Donald K. DeHaven, Mayor, City of Sedgwick  
John Carder, City Administrator, City of Hesston  
Dan Schenkein, President, Kansas City Kansas Area Chamber of Commerce  
Marge Vogt, Olathe City Councilmember

Others attending: See attached list

**SB 308 - Tax credits for contributions to public works**

Ashley Sherard, Government Relations Manager, Overland Park Chamber of Commerce, testified in support of **SB 308**, stating the analysis presented by Mikel Miller, Kansas, Inc., is helpful and has created a better bill. The Chamber supports the boarder definition of “eligible projects”, inasmuch as tax credits are limited and every project that could be eligible should not be approved. The Secretary of the Department of Commerce and Housing has the discretion under the proposed substitute bill to approve projects that meet the “definable benefit to the state” criteria. (Attachment 1)

Ms. Sherard reported that Missouri, which has an active program in place, approves approximately 85% of its applications. To benefit from the program, projects must be 1) eligible, 2) satisfy the approval criteria, and 3) be a project that private investors are willing to contribute money to. **SB 308** is an opportunity for more private investment in public projects for which the state and general public will benefit and for economic development practioners in a better position when competing for projects and dollars.

The question was asked of Shirley Sicilian, Office of Policy & Research, Department of Revenue, as to the possibility of deferring the tax credit to the next fiscal year. Ms. Sicilian indicated this was possible.

The Chair advised that the Committee, in considering a program involving \$10 million in tax credits during this period of budget vulnerability, should focus its attention on the merits of the program as an incentive to attract new business to the state. Should the Committee conclude it has sufficient value to the state’s economic development strategy to recommend its favorable passage, the President will refer **SB 308** to the Senate Assessment and Taxation Committee to consider the tax credit issues.

Randy Allen, Executive Director, Kansas Association of Counties, testified in support of **SB 308**, stating the legislation provides an incentive for individuals and businesses in Kansas to contribute to

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qualified infrastructure projects with wide public benefit. A state infrastructure development fund adds one more potential source or tool to make a project financially feasible. ([Attachment 2](#))

Kim Gulley, Director of Policy Development & Communications, League of Kansas Municipalities, testified in support of **SB 308**, stating economic development is vital to the continued growth and sustainability of Kansas cities. The bill provides an innovative public/private partnership for the financing of certain public infrastructure projects. ([Attachment 3](#))

Christy Caldwell, Vice President Government Relations, Topeka Chamber of Commerce, testified in support of **SB 308**, stating the income tax credits to private entities is an excellent incentive to further enhance private giving for public-use projects. The Topeka Chamber urges the enactment of this type of legislation to assist in leveraging private dollars for Kansas public projects. ([Attachment 4](#))

Marlee Bertholf, Director of Taxation & Small Business, The Kansas Chamber of Commerce and Industry, testified in support of **SB 308**, stating that under the proposed program, projects are not limited to a certain region of Kansas. The project benefits not only large Kansas communities, but projects statewide are eligible and cities and towns of any size would be able to receive benefits. ([Attachment 5](#))

The Committee discussed whether an economic development program as described in **SB 308** is more beneficial to economic development than the lowering or cutting of the property tax on machinery and equipment or the lowering of commercial property taxes. Senator Steffes stated the City of McPherson has utilized the economic development programs presently in place, and as a result, has one of the lowest unemployment rates and highest wage rates in the state.

The Chair recognized Lynne Holt who suggested an option of requiring the commitment of local government resources for a project as a criteria for approval of a tax credit application.

The following persons submitted written testimony attached to these Minutes supporting the passage of **SB 308**: Dana Fenton, Intergovernmental Relations Coordinator, Johnson County ([Attachment 6](#)); Michael T. White, Polsinelli, White, Vardeman & Shalton, Kansas City, Missouri ([Attachment 7](#)); Blake Schreck, President, Lenexa Chamber of Commerce ([Attachment 8](#)); John H. Shore, Sr. Vice President, Fellowship of Christian Athletes ([Attachment 9](#)); Donald K. DeHaven, Mayor, City of Sedgwick ([Attachment 10](#)); John Carder, City Administrator, City of Hesston ([Attachment 11](#)); Dan Schenkein, President, Kansas City Kansas Area Chamber of Commerce ([Attachment 12](#)); and Marge Vogt, Olathe City Councilmember ([Attachment 13](#)).

The hearing on **SB 308** concluded.

The meeting adjourned at 9:00 a.m.

The next meeting is scheduled for February 3, 2000.