

MINUTES OF THE HOUSE NEW ECONOMY COMMITTEE.

The meeting was called to order by Chairman Mason at 3:37 p.m. on March 12, 2002 in Room 522-S of the Capitol.

All members were present except:

Representative Kuether - E
Representative Findley - E
Representative Winn - E

Committee staff present:

April Holman, Legislative Research Department
Bob Nugent, Office of Revisor of Statutes
Renaë Jefferies, Office of Revisor of Statutes
Rose Marie Glatt, Committee Secretary

Conferees appearing before the committee:

David Moore, IMPACT Program Manager, KDOC&H
Christy Caldwell - Greater Topeka Chamber of Commerce
Dennis D'Orvilliers - Goodyear Tire and Rubber Co.
Terry Leatherman - Kansas Chamber of Commerce and Industry

Others attending:

See attached list

Representative Cox moved, seconded by Representative Compton that the February 19 and March 7 minutes be approved. The motion carried.

The Chairman opened the hearing on **SB 565**. Staff explained the bill (similar to HB 2962), changes the language in the IMPACT act by reducing thresholds and increasing the percent from 1% to 2% of withholding to pay off the bonds issued for the program. The fiscal note was explained as well as the differences between **SB 565** and the bills previously passed by the Committee. The Department of Revenue is currently in the process of creating a new fiscal note and the Chairman stated they would not work the bill until they have a full understanding of its impact.

David Moore, KDOC&H appeared in support of **SB 565** (Attachment 1). His testimony included his talking points, IMPACT Retraining statutory language and two testimonial letters from companies that have benefitted from the IMPACT Program. A Program summary of the performance of the program since its inception in 1992 was given. He provided historical information, assumptions and suggested two additional points for the Committee's consideration. The rationale behind the IMPACT Retraining Statutory Language is to provide an retraining incentive program, in order to become competitive and retain business in Kansas.

He spoke of the fiscal note language regarding reduction of general funds and explained why they believe the figures are inaccurate. In conclusion, he stated that their primary objective, with this enhanced capacity request, is to allow KDOC&H to continue to be as aggressive as they have been as a state and a department in creating new jobs in Kansas.

Discussion followed regarding the current bond issuances. The Chairman stated that before further action would be taken, a fiscal note that is consistent between KDOC&H and Revenue must be brought to the Committee. Mr. Moore acknowledged that he would pursue that objective.

Christy Caldwell, Greater Topeka Chamber of Commerce expressed their support of **SB 565** (Attachment 2). She spoke of the importance of the passage of this bill or HB 2962 to Goodyear's continued success in Topeka. The current status of HB 2962 was discussed.

Dennis D'Orvilliers, Goodyear introduced Will Leiker, President of Local 307. He spoke in support of the bill and described the impact it would have at Goodyear, by providing incentives for modernization that would allow the Topeka plant to remain competitive with sister plants located in other states.

Terry Leatherman, Kansas Chamber of Commerce & Industry appeared in support of SB 565, stating the IMPACT program has been the state's primary tool to encourage business operations with potential to

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bring a large number of high paying jobs to locate or expand in Kansas (Attachment 4).

Discussion followed regarding the frustration of the lack of consistency in fiscal notes presented to the Committee. Several Representatives stated that fiscal notes should also reflect probable revenue income as well as revenue drain. The definition of the maximum capacity was explained and in response to questions Mr. Moore stated that the Goodyear program would be taken care of with existing bonds. The issue was what would happen to the existing obligations if new bonds were not issued somewhere down the line. KDOC&H's ability to bargain in good faith with companies considering moving to Kansas would be decreased significantly. Discussion followed regarding the pros and cons of a phase in program after 2003. The cost and length of time of an average project was described. The urgency of the immediate passage of the bill versus the long-term effect of the program was discussed.

The Chairman closed the hearing of **SB 565**.

The Chairman asked Steve Kelly to explained the fiscal notes attached to **HB 2988**, **HB 2989** and **HB 2990**. Mr. Kelly stated that through no fault of the Committee, the way they came out of the Committee, expanded the bills far beyond what was originally anticipated and increased the fiscal notes significantly. Currently there is a task force working on modifications that would reduce that liability. The Chairman requested that new information for Thursday's meeting and Mr. Kelly stated that they would try to meet that deadline.

The next meeting will be on Thursday, March 14, 2002.

The meeting adjourned at 4:25 p.m.