

MINUTES OF THE HOUSE COMMITTEE ON NEW ECONOMY.

The meeting was called to order by Chairperson Mason at 3:30 p.m. on March 6, 2001 in Room 522-S of the Capitol.

All members were present except: All present

Committee staff present: Bob Nugent, Revisor of Statutes
Renae Jefferies, Revisor of Statutes
April Holman, Legislative Research Department
Lynne Holt, Legislative Research Department
Rose Marie Glatt, Secretary

Conferees appearing before the committee: Charles Ranson, President, Kansas, Inc.
Kevin Carr, Vice President of Investments and
Commercialization, KTEC

Others attending: See Attached List

HB 2505 - Relating to income taxation; concerning venture capital

The Chairman reminded the committee that the bill had been double referred to the House Tax and the New Economy Committees. There had been a hearing in New Economy on February 20, and he asked Charles Ranson, President, Kansas, Inc. to brief the committee.

Mr. Ranson, Kansas, Inc. spoke in support of **HB 2505** that offers a 50 percent tax credit against tax liability as an inducement to qualified investors to capitalize for investment firms authorized to do business as certified Capital Formation Companies (Attachment 1). He stated that they have agreed on a 50% tax credit, but the difference remains in the dollar amounts of the total investment (\$50 million or \$25 million). He believes the bill offers a solid framework with which to strengthen the Kansas economy. Mr. Ranson answered questions of Committee members.

Chairman Mason expressed appreciation for the three entities efforts in drafting **HB 2505**. He reviewed the process of the bill during the 2001 session, explaining how he had decided to set the amount at \$50 million instead of \$25 million. Discussion followed reviewing the pros and cons of that action.

Kevin Carr, explained the balloon addressing three amendments made by Dick West, Wichita Technology Ventures (Attachment 2). Chairman Mason read a letter from Lt. Gary Sherrer, acknowledging Mr. West's amendments, however due to time constraints he had not analyzed the amendments, therefore could neither support or oppose them. It was noted that further work was needed to clean up the language for clarification purposes.

It was moved by Representative Kuether to accept the amendments to HB 2505 suggested by Mr. West, as well as the technical changes. The motion to amend was seconded by Representative Cox and carried on a voice vote.

Concern was voiced about the broad authority, to make final decisions, that was given to the Secretary of Commerce in the bill. Discussion followed about qualified investments and staffing needs for the program.

It was moved by Representative Findley that HB2505 be passed out favorably as amended. Representative Kuether seconded and the motion passed by a voice vote.

Representative Long moved for the approval of the Committee minutes for February 15. Representative Compton seconded the motion which passed on a voice vote.

The meeting was adjourned at 4:30 p.m. The next meeting date is March 8, on call of the Chair.

Next meeting if on call of the Chairman

The Chairman adjourned the meeting at 4:40 p.m.