

MINUTES OF THE SENATE COMMERCE COMMITTEE

The meeting was called to order by Chairperson Nick Jordan at 8:30 A.M. on February 1, 2006 in Room 123-S of the Capitol.

All members were present.

Committee staff present:

Kathie Sparks, Kansas Legislative Research Department
Helen Pedigo, Revisor of Statutes
Jackie Lunn, Committee Secretary

Conferees appearing before the committee:

Scott Heidner-Self-Insurers Association
Mary Ellen Conlee-Via Christi Health Systems
Patty Clark-Department of Commerce
Steven Radley-Director, Kansas Center for Entrepreneurship
Wally Kearns-Kansas Small Business Development Center
Tracy Taylor-Kansas Technology Enterprise Corporation

Others attending:

See attached list.

Chairperson Jordan opened the meeting by calling on Scott Heidner representing the Self-Insurers Association to request a bill. Mr. Heidner request introduction of a bill that impacts excess insurance requirements for self funded work comp pools in Kansas that would cure an inconsistency between private and public requirements that currently exists.

Senator Brownlee moved to introduce the bill. Senator Kelly seconded. Motion carried.

Next Chairperson Jordan introduced Mary Ellen Conlee, Via Christi Health Systems to request a bill. She stated she was re-introducing a bill for a pay card which passed out of the Commerce Committee last year but failed on the floor and they had made changes on the bill from last year. (Attachment 1)

Senator Kelly moved to introduce the bill. Senator Emler seconded. Motion carried.

Chairperson Jordan requested the Committee to introduce a bill regarding eminent domain that raises the threshold for cities in claiming eminent domain, it raises the threshold on court review and changes the means of compensation for property owners.

Senator Brownlee moved to introduce the bill. Senator Emler seconded. Motion carried.

Chairperson Jordan opened the hearing on **SB324-Abolishing the Kansas community entrepreneurship fund** by introducing Patty Clark, Department of Commerce, to testify as a proponent for the bill. She is offering two amendments to the bill. (Attachment 2) (Attachment 3) Ms. Clark explained both amendments. One relating to offering 75% tax credits instead of 50%, as in the bill and the second relates to management and sustainability.

Chairperson Jordan introduced Steve Radley, Director of the Kansas Center for Entrepreneurship to give his testimony as a proponent for SB 324. Mr. Radley offered written testimony. (Attachment 4) Mr. Radley stated the changes associated with the bill are largely with one of the 4 service offerings provided by the Kansas Center for Entrepreneurship, StartUp Kansas Entrepreneurship fund. The goal of the StartUp Kansas is to provide seed capital to entrepreneurs who are looking to start a new business or expand an existing business. He stated he is in favor of the 75% tax credits to better achieve the 100% utilization of the tax credits. The second amendment is having the flexibility of loans vs. grants. Loans will allow StartUp Kansas to recoup funds as the entrepreneur pays the local organization back so that they can get the money into another entrepreneur's hands. This also reduces the dependence on and effort required for fund raising and optimizes the use of staff resources. In some cases, the local organization does not need a grant, they simply need a loan. He believes the changes would provide the flexibility required to work effectively in a dynamic entrepreneurial environment. In conclusion, he stated the NetWork Kansas Call Center and website will

CONTINUATION SHEET

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launch publicly on March 9 with an enrollment of more than 190 public sector organizations that provide business building services to entrepreneurs and small business owners throughout the state.

Chairperson Jordan introduced Wally Kearns, State Director, Kansas Small Business Development Center, to testify as a proponent for **SB 324**. Mr. Karns offered written testimony. (Attachment 5) Mr. Karns stated he agreed with both amendments and feels they will improve access to capital for new and existing business at the local and regional level. He also feels it is important for the Center and the Board of Directors to have the flexibility to not only grant the funds but also lend the funds.

Chairperson Jordan called the Committee's attention to written testimony provided by Senator Lee from the North Central Regional Planning Commission in Beloit Kansas a proponent of the bill with the amendments. (Attachment 6)

The Chair opened the floor for discussion. The seven regional foundations were discussed; where they were located; and how they were organized.. The amount of tax credits to date was also discussed along with the additional incentive of 25% more.

Being no other questions or discussion Chairperson Jordan closed the hearing on **SB 324**.

Chairperson Jordan recognized Senator Barone, he made a motion to amend the bill page 3, line 27 to delete the word services. Senator Wysong seconded. Motion did not carry. The Committee decided to hold the bill and work another day.

Chairperson Jordan introduced Tracy Taylor, President and CEO, Kansas Technology Enterprise Corporation (KTEC). Mr. Taylor presented written testimony. (Attachment 8) Mr. Taylor gave a brief history of KTEC stating KTEC was created by Legislation in 1986. The "Redwood-Krider Report" articulated need for entrepreneurship and technology economic development and is funded by the Economic Development Initiatives Fund which consists of revenues from the Kansas Lottery & Gaming Commission. KTEC's areas of focus are research, investments and business assistance. Upon completion of Mr. Taylor's presentation, Chairperson Jordan opened the floor for questions.

The Committee discussed how they appreciate an organization moving ahead and feels that KTEC is doing a great job and constantly responding to the markets.

Chairperson Jordan announced there would be a planning meeting with Senator Brownlee, Senator Kelly, Senator Jordan and staff at 3:45 p.m. today in conference room 192E.

He also called the Committee's attention to the proposed amendment on **SB 319—An Act regarding eminent domain; concerning excess land; amending K.S.A. 2005 Supp. 12-1773 and repealing the existing section.** (Attachment 9) and asked them to review and stated **SB 319** would be worked in a few days.

Meeting adjourned at 9:30 a.m. with the next meeting scheduled for February 2, 2006 at 8:30 a.m. in room 123S.