

MINUTES OF THE SENATE COMMERCE COMMITTEE

The meeting was called to order by Chairperson Nick Jordan at 8:35 A.M. on March 18, 2005 in Room 123-S of the Capitol.

All members were present except:

Karin Brownlee- excused  
Jean Schodorf- excused  
Susan Wagle- excused

Committee staff present:

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

Conferees appearing before the committee:

Representative Lana Gordon  
Representative Terrie Huntington  
Carol McDowell, Kansas Film Commission  
Matt Jordan, Department of Commerce  
Tracy Taylor, Kansas Technology Enterprise Corporation  
Clay Blair, Chairperson, Bioscience Authority  
Troy Findley, Legislative Liaison For Governor  
Diane Costello, Olathe Chamber of Commerce  
Brein Starner, Overland Park Economic Development Council

Others attending:

See attached list.

Chairperson Jordan opened the meeting by opening the hearing on **HB 2232**. Chairperson Jordan introduced Representative Lana Gordon to give her testimony as a proponent of **HB 2232**. Representative Gordon offered written testimony (Attachment 1) She gave a brief history of the bill. This Legislative session member of the House Economic Development Committee expressed interest in pursuing the film industry and what we might be able to do as a State to create a climate in which film making can grow. The result was several bills they passed out of their committee and **HB 2232** was one of those bills. Representative Gordon urged the Committee to pass it out favorably.

Chairperson Jordan introduced Representative Terrie Huntington to give her testimony as a proponent of **HB 2232**. Representative Huntington offered written testimony. (Attachment 2) Representative Huntington urged the Committee to support **HB 2232** and stated it is the hope of the film commission board that designated appointees will be committed to the mission and strategic plans of the Kansas Film Commission as they move forward with plans to broaden the film industry and bring full-time jobs and projects to Kansas.

Chairperson Jordan introduced Carol McDowell, Kansas Film Commission who presented the written testimony of Barbara Nash, Chairman of the Kansas Film Commission. (Attachment 3)

With no further testimony on **HB 2232**, Chairperson Jordan closed the hearing.

Chairperson Jordan opened the hearing on **HB 2448** by introducing Tracy Taylor, President and CEO of the Kansas Technology Enterprise Corporation, to give his testimony as a proponent of **HB 2448**. Mr. Taylor presented written testimony. (Attachment 4) Mr. Taylor stated the Angel Investor Tax Credit Act, which was legislation passed last session, has been so successful he is proposing changes to last year's legislation that would grant Kansas Technology Enterprise Corporation greater discretion to allocate this limited resources of the state to investors in the companies most likely to yield the greatest economic returns to the state. This change to the existing act removes the implicit understanding that these tax credits will be allocated on a "first come, first served" basis which, given the scarcity of these tax credits relative to the apparent market demand, does not lead to an optimal result for the state.

Chairperson Jordan recognized Representative Kenny Wilk. Representative Wilk stated that the House

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worked very hard on these bills and wanted to thank all parties involved for working so hard and would appreciate the consideration of the Committee for passage of these bills.

Chairperson Jordan opened the hearing on **Sub HB 2003** and introduced Clay Blair, Chairman of the Bioscience Authority to give his testimony as a proponent of **Sub HB 2003**. Mr. Blair took a few minutes to explain what the Bioscience has been doing since their inception. He discussed the board members and all the contributions which they have made and will be able to make in the future. Their focus so far has been identifying opportunities with existing companies within the state. They have also been approached from companies outside the state who have learned about the Kansas Bioscience Authority Act. He mentioned several projects within the state they have been working on. The greatest opportunities with this is working with the Universities. They have been very forthcoming and very accommodating. This bill is a clean up bill for clarification for the funding for the Bioscience Authority. Mr. Blair stated the Authority is comfortable with this legislation and are ready to move forward and urged the Committee to move on this legislation.

Chairperson Jordan called on Tracy Taylor to highlight the changes. Mr. Taylor stated that Kansas Economic Growth Act was a multi-faceted initiative intended to boost the biosciences industry in Kansas and support entrepreneurship throughout the state and encourage equity investments in startup technology businesses. The Kansas Economic Growth Act was innovative in part because of the unique funding mechanism that was employed. Without raising taxes or producing a current fiscal impact, a funding mechanism was conceived that would capture the incremental tax revenue growth from the biosciences industry in Kansas and use those incremental finances to accelerate the industry growth rate. The Kansas Technology Enterprise Corporation has been working on behalf of the Bioscience Authority at the request of the Chairman, Clay Blair. Mr. Taylor explained **Sub for HB 2003**. Mr. Taylor offered written testimony ([Attachment 5](#))

Chairperson Jordan referred the Committee to the written testimony from Troy Findley, Legislative Liaison for the Governor. ([Attachment 6](#))

A discussion followed with the Secretary of Revenue, Joan Wagon, Senator Barone, Chairperson Jordan, Senator Wyson, and Mr. Blair regarding the cash flow situation with the Bioscience Authority.

Chairperson Jordan asked all parties involved to discuss the cash flow issue and try to find a solution which will accommodate all parties concerned. Chairperson Jordan stated the bill would be worked on Monday.

Chairperson Jordan turned the Committee's attention to a suggested amendment to be offered. Chairperson Jordan introduced Matt Jordan, Department of Commerce to give his testimony. Mr. Jordan referred the Committee to written copies; "The Retention of High Wage Jobs in Kansas" ([Attachment 7](#)); "Investments in Major Projects and Comprehensive Training (IMPACT)" ([Attachment 8](#)); and "Amendment to **Sub HB 2003**" dated March 18, 2005, Department of Commerce. ([Attachment 9](#)) Mr. Jordan gave a review and explanation of the amendment.

Chairperson Jordan recognized Diane Costello representing the Olathe Chamber of Commerce as a proponent of the amendment presented by the Department of Commerce. Ms. Costello stated the State of Kansas needs more tools to retain jobs in the state and the Olathe Chamber of Commerce supports this amendment Ms. Costello presented written testimony. ([Attachment 10](#))

Chairperson Jordan introduced Brein Starner, Director of the Overland Park Economic Development Council representing the Overland Park Chamber of Commerce and the Overland Park Economic Development Council. Mr. Starner stated this amendment is very important to help retain companies and jobs through the state of Kansas. He encouraged the Committee to pass this amendment.

Chairperson Jordan referred to the written testimony in support of the amendment presented by the Department of Commerce; Marlee Carpenter representing the Kansas Chamber ([Attachment 11](#)); Blake Schreck representing the Lenexa Chamber of Commerce ([Attachment 12](#)); Christi Caldwell representing the Greater Topeka Chamber ([Attachment 13](#)); and Patrick French representing the Greater Wichita Area Economic Development Coalition and affiliated with the Wichita Area Chamber of Commerce. ([Attachment 14](#))

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Chairperson Jordan stated these bills from today would be worked on Monday. He feels this amendment fits well on Sub HB 2003 or even HB 2448.

Chairperson Jordan stated with no further testimonies or comments on HB 2448 and Sub HB 2003 the hearings are closed.

The meeting was adjourned at 9:30 a.m. with the next meeting scheduled for Monday, March 21, 2005 at 8:30 a.m. in room 123S.