

MINUTES OF THE SENATE COMMERCE COMMITTEE

The meeting was called to order by Chairperson Karin Brownlee at 8:10 A.M. on February 14, 2008 in Room 123-S of the Capitol.

All members were present except:  
Nick Jordan

Committee staff present:  
Jennifer Thierer, Kansas Legislative Research Department  
Norm Furse, Revisor of Statutes  
Jason Long, Revisor of Statutes  
Jackie Lunn, Committee Assistant

Conferees appearing before the committee:  
Jeff Conway, Kansas Department of Commerce  
Wally Kearns, Kansas Small Business Development Center  
Steve Radley, Kansas Center of Entrepreneurship

Others attending:  
See attached list.

To read testimony submitted by conferees go to  
<http://skyways.lib.ks.us/government/KansasSenateCommerceCommittee>.

**SB 489--Regional foundations; limits on use of regional foundation funds**  
**SB453--Creating the Kansas commission on rural policy**

Chairperson Brownlee called on Jason Long, Revisors Office, to explain **SB 489**. Mr. Long stated the bill amends one statute K.S.A. 2007 Supp. 74-50,154, which is the statute that allows a tax credit or contribution to a regional foundation. It sets limits and restrictions on spending by those regional foundations on funds they receive from contributions.

Upon the conclusion of Mr. Long's explanation of the bill, Senator Brownlee announced there aren't any proponents or opponents on **SB 489** and introduced Jeff Conway, Department of Commerce, as a neutral party to give his testimony. Mr. Conway presented written testimony (Attachment 1) Mr. Conway called the Committee's attention to his testimony and stated the Department of Commerce has changed their rules and regs regarding regional foundations and they are similar to the bill. He also stated they changed the contracts and the new foundation contracts will contain language to make the foundations think wisely in the use of these funds. In closing, Mr. Conway stated the Department of Commerce wanted the Committee to know what their response has been to the testimony regarding regional foundations during the interim.

Chairperson Brownlee recognized Secretary Kerr, Department of Commerce, and he stated he commended the Committee for a bill which puts definition into the statute and it gives the Department of Commerce more direction in terms of the intent of the legislation. He also stated the Department of Commerce was in favor of the bill.

There was discussion on 75% for job creation in the bill versus the 60 % job creation in the rules and regs for the Department of Labor. The Committee also discussed changing the language from may to shall.

With no further discussion, Chairperson Brownlee closed the hearing on **SB 489**.

**Senator Schodorf made a motion on page 4, line 10 (2) to change "may" to "shall" making (2) to read "not more than 10% of such funds "shall" be allocated for administrative costs in overseeing a particular project." Seconded by Senator Reitz. Motion carried**

**Senator Reitz made a motion to pass the bill out favorably as amended. Senator Schodorf seconded. Motion carried.**

## CONTINUATION SHEET

MINUTES OF THE Senate Commerce Committee at 8:30 A.M. on February 14, 2008 in Room 123-S of the Capitol.

Chairperson Brownlee opened the continued hearing on **SB 453** and introduced Wally Kearns, Small Business Development Center, to give his testimony as a neutral party on the bill. Mr. Kearns presented written testimony ([Attachment 2](#)) which can be found in its entirety on the link shown on page 1 of these minutes.

Upon the completion of Mr. Kearns testimony, Chairperson Brownlee introduced Steve Radley, Center for Entrepreneurship, to give his testimony as a neutral party of **SB 453**. Mr. Radley presented written testimony ([Attachment 3](#)) which can be found in its entirety on the link shown on page 1 of these minutes.

Chairperson Brownlee called the Committee's attention to the written only opponent testimony of the Kansas Downtown Development Association ([Attachment 4](#)) which can be found in its entirety on the link shown on page 1 of these minutes. She also called the Committee's attention to the written only neutral testimony of Janine E. Joslin, Kansas Preservation Alliance, Inc. ([Attachment 5](#)) which can be found in its entirety on the link found on page 1 of these minutes.

Chairperson Brownlee called on Secretary Polansky, Department of Agriculture, and asked he had any comments regarding the bill. Secretary Polansky stated that his written testimony given in the hearing last week was intended to be neutral rather than an opponent. He has some concerns that the bill needs clarification of the responsibilities of the Commission on Rural Policy to make sure there are not any duplications.

Chairperson Brownlee ask if there was anyone else that wished to testify on **SB 453**, being none, she closed the hearing.

A discussion followed regarding funding and compensation for travel. Chairperson Brownlee asked Farm Bureau how they envision the startup of this commission. Terry Holdren representing Farm Bureau was recognized and he stated the startup was outlined in section 3, page3, line 28 of the bill which lists the commissions first year activities.

Chairperson Brownlee asked how they would interface with the Office of Rural Opportunity. Mr. Holdren stated that the Commission would not be a service delivery organization, they would be a strategic thinking and planning group. Senator Kelly asked what authority the commission would have. Mr. Holdren stated there were amendments from the Department of Commerce that clarify how the commission interacts with the Department of Commerce and other agencies. The Committee has concerns regarding the Commission being charged with getting grants. Mr. Holdren stated there are significant federal funds that are available and also, private and non-profit funds that could flow through this kind of program to communities on the ground that are trying to implement a plan for rural development. Farm Bureau wanted to create a mechanism to help collect this money.

Chairperson Brownlee called on Stan Ahlerich, Kansas, Inc., asking what he saw that was working and what was the weak link while compiling information for the Kansas Inc. strategic plan. Mr. Ahlerich stated he looked at it in depth this year and found there are good people doing good things across the state but there needs to be connectivity connecting all programs together. He stated there are federal dollars that are being left on the table because help is needed in pursuing these grants and with the new initiative presented by Kansas, Inc. that can be done. It was determined that the marketing of the programs that have been set up by the state has not been successful. Steve Radley, Kansas Center for Entrepreneurship, joined the discussion stating that initially when the Center for Entrepreneurship got started it would have been helpful if they had known what programs were available to them. They now have a marketing program for the Center that has been quite successful. Wally Kearns, Kansas Small Business Development Center, joined the discussion. He stated that the existing programs in the state are working and the connectivity is getting better. He endorsed the program that Kansas Inc., is presenting and stated that since the Kansas Economic Growth Act was passed the state has been moving forward. Chairperson Brownlee called on David Kerr, Secretary, Department of Commerce, asking what the Department of Commerce is doing to let people in the rural areas of the state know about the Office of Rural Opportunity. He stated that each one of the entities does a good job of promoting individually but there is a need to find a way to pull all the programs of the state together, whether it be websites, through marketing pieces or advertising.

The discussion continued. It was noted by Terry Holdren, Farm Bureau, they looked at five other states that

## CONTINUATION SHEET

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have a Rural Policy Commission which allows a focused level on rural development.

Secretary Kerr stated at the appropriate time he had a friendly, amendment to offer on the bill. The discussion continued and how the commission would work and who it would report to. The role and responsibilities of the commission were also discussed. Mr. Holdren, Farm Bureau, stated they would like for the commission to be independent from an agency so they could think independently and make creative recommendations to the entire state government.

Next, Chairperson Brownlee called the Committee's attention to the amendments offered by Secretary Kerr, Department of Commerce. Secretary Kerr presented written copy of his amendments. (Attachment 6) Secretary Kerr stated that with the amendments they are offering, the Department of Commerce could support the bill. Secretary Kerr explained the amendment to the Committee. He stated the biggest change would be that the Commission not duplicate, compete with, assume responsibilities or functions of existing federal or state funded programs or organizations. He stated that the Commission would not develop strategies for other organizations only recommendations. The Committee has some concerns with some of the wording of the amendments.

Chairperson Brownlee asked the Committee to read through the amendments and the bill and they would work the bill another day. She stated the joint meeting with tax for tomorrow is cancelled because the feedback from the business community is that they are not happy with the bill. She stated the Committee will meet at their regular time and work the E911 bill and discuss this bill more. With that, Chairperson Brownlee adjourned the meeting at 9:30 a.m. with the next scheduled meeting February 15, 2008 at 8:30 a.m. in room 123 S.