

MINUTES OF THE SENATE COMMITTEE ON COMMERCE.

The meeting was called to order by Chairperson Senator Karin Brownlee at 8:30 a.m. on March 21, 2002 in Room 123-S of the Capitol.

All members were present except:

Committee staff present: Sherman Parks, Revisor of Statutes
Norman Furse, Revisor of Statutes
April Holman, Legislative Research
Debra Holon, Legislative Research
Lea Gerard, Committee Secretary

Conferees appearing before the committee: Jack Brier, President, KDFFA
John Houlihan, Director of Purchases

Others attending: See attached list.

SB 611—Concerning the redevelopment of the sunflower army ammunition plant in Johnson County.

Senator Jordan offered an amendment to **SB 611** that if a business is approved for STAR Bonds, the business must generate at least \$10M in sales annually. This amendment would address the concerns regarding the use of STAR Bonds, the openness of the bonds and the combined use of TIF and STAR Bonds.

Senator Jordan moved, seconded by Senator Steineger, that the threshold for STAR Bonds be at least \$10M in sales. Motion carried.

Jack Brier, President, KDFFA, responded to the question if TIF and STAR Bonds are offered and limited to five years, what would the impact be? Jack Brier stated he understood what the committee was trying to do and that is to achieve the absolute perfect balance between not over enriching developers and a stimulus that encourages development. He commented on how revenues and interests rates would tie to TIF and that if a developer borrowed \$1M at 5% interest over five years, the annual debt service (principle and interest) would be \$226,455 a year. A million dollars would effectively not buy much more than one 10,000 square foot building and probably without the ground. The point he was making is that five years does not create an economic opportunity that would work on the TIF alone. To take that one step further, use the same million dollars, the same 5% and spread out over 25 years and the debt service would be \$70,000 a year. This is how the difference works for a developer.

Senator Jordan moved, seconded by Senator Steineger to move **SB 611** as amended out favorably for passage. Motion carried.

The committee discussed the concern regarding potential liability and the risk involved for Johnson County and/or the State of Kansas regarding environmental clean-up. It was decided to reinstate language in **SB 611** that would address the committee's concern.

Senator Kerr moved, seconded by Senator Emler to make a substitute motion to reinstate the language on **SB 611**, Page 11, Line 4, after the word "the", to read "written opinion of a competent attorney, specializing in environmental law and maintaining professional liability insurance and"; and to move the substitute bill out favorably for passage. Motion carried.

HB 2676—Electronically printed credit card receipts, restrictions.

Chairperson Brownlee commented on the amendment she offered regarding signature verification and decided she might pursue this next year.

Senator Jordan moved, seconded by Senator Emler to amend **HB 2676** by inserting on Page 1, Lines 21 and 22 after the word "card", "debit card". Motion carried.

Senator Wagle moved, seconded by Senator Emler to amend **HB 2676** on Line 23, strike "2003" and

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insert "2004"; Line 26, strike "2003" and insert "2004"; and Line 28 strike "2003" and insert "2004". Motion carried.

Senator Emler moved, seconded by Senator Wagle to amend **HB 2676** on Line 14 and 15, Section 1, Subsection (a) to strike after the word "No", "~~person, firm, partnership, association or corporation~~", and insert after the word "No", "supplier". Motion carried.

Senator Jordan moved, seconded by Senator Brungardt to move **HB 2676** out favorably for passage. Motion carried.

HB 2719—Amendments to state purchasing.

Sherman Parks, Revisor of Statutes, explained the two major amendments would be integrating **SB 481** and **SB 620** into **HB 2719** (Attachment 1).

Senator Jenkins moved, seconded by Senator Wagle to adopt all the balloon amendments for **HB 2719**. Motion carried.

The committee discussed the detailed report that is provided by the Director of Purchases and the threshold for contracts to be included in the report.

Senator Barone moved, seconded by Senator Jenkins to amend **HB 2719**, Page 2, Line 28 to read "all contracts over \$5,000". Motion carried.

Chairperson Brownlee introduced a free-standing amendment for **HB 2719** (Attachment 2). This is a request from a House member and would allow the state to make purchases from a vendor other than the contracted vendor for a lower price.

Senator Kerr made a request that John Houlihan, Director of Purchases, prepare the language for **HB 2719** Page 4, subsections (j) and (k) regarding the detailed report of purchases over \$5,000 and a brief explanation of why the language should read as presented.

Meeting adjourned at 9:30 a.m.

The next meeting is scheduled for Friday, March 22, 2002.