

Senator Jay Emler

Kansas Senate District 35

Thoughts from the Capitol

March 10, 2002

Jay Scott Emler, Kansas State Senator, 35th District

This past week was a short week because of "turn around" day. That was actually Saturday and it is when the bills from the House must be sent to the Senate and the bills from the Senate must be to the House. Committees started again on Tuesday.

UTILITIES

In Utilities Committee we heard testimony on SB 547, known as the Rural Self Help Bill. Several farmers testified that they had difficulty securing natural gas to run irrigation motors and their homes. They would like to establish non-profit utilities to provide that service. This bill should help them accomplish their goal. During the week of March 11th, the Committee will be hearing testimony on security issues for utilities.

EDUCATION

The Education Committee received reports on violence in schools, charter schools and the status of the Kan-Ed project.

COMMERCE

The Commerce Committee heard testimony on reorganization of the Department of Commerce and Housing, KTEC and Kansas, Inc. All three entities have some responsibility for economic development in Kansas. Unfortunately, there is a lack of coordination among them. The Committee also heard testimony on a "prompt pay" bill for construction projects.

REDISTRICTING

Redistricting continues to be a problem for the Senate. While the Senate passed the House redistricting bill, the Senate redistricting bill was vetoed by the governor and a new plan must be developed. Hopefully, all parties will work together this time. Congressional redistricting will not be completed for another few weeks (I think!).

BUSINESS DEVELOPMENT PROGRAMS

A few weeks ago, I mentioned economic development programs that are available in Kansas. The following are summaries of different programs run by the Department of Commerce and Housing, which are available to current and potential businesses in Kansas and designed to promote economic development. For more information, please visit www.accesskansas.org and go to the Department of Commerce and Housing's link.

Business Appreciation Month (BAM)

-Gives the State of Kansas and local organizations an opportunity to honor businesses for their contribution to the economy. Any businesses that have positively impacted their

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communities are eligible for nomination. On June 4, one nominated Kansas business will receive the Governor's Award of Excellence, the highest honor presented to a business by the State of Kansas. Nominations will be accepted through April 2, 2002.

Business Recruitment

-Assists out-of-state companies who are considering Kansas for new manufacturing, distribution or office facilities. Assistance includes recommending the best Kansas communities based on the company's criteria; developing incentive proposals including tax exemptions and workforce training grants; coordinating in-state site visits; serving as a liaison with other state agencies; and serving as your single Kansas contact point to ensure project confidentiality. Business Recruitment project managers represent the entire state of Kansas and are dedicated to find their clients the best possible location.

Note: This program assists out-of-state companies, which will end up bringing in more job offerings for Kansas residents.

Investments in Major Projects and Comprehensive Training (IMPACT)

-Employers who seek to relocate or expand their business operations within the state of Kansas are offered with financial assistance to train employees hired to fill the new jobs. To be eligible, enterprises must create a large number of new jobs and they must be paying higher than average wages. There are two components within the IMPACT program: the State of Kansas Investments in Lifelong Learning (SKILL) and the Investments in Major Projects (MPI). SKILL provides eligible companies funds to train the new jobs created under the relocation or expansion. MPI provide assistance to companies to defray costs associated with the relocation or expansion.

Kansas Economic Opportunity Initiative Fund (KEOIF)

-Provides loans for projects that create and maintain jobs or invest new capital in the state. Eligible projects include those which: 1) generate new jobs and capital investment through business recruitment; 2) generate new jobs and capital investment through major expansions; 3) prevent the loss of jobs brought by potential closure or out-of-state relocation of an existing business; 4) mitigate the effects of the closure of major state or federal facilities; or 5) require matching funds for significant grants.

Kansas Existing Industries Expansion Program (KEIEP)

-Provides loans for existing business projects that create or maintain jobs and invest new capital in the state. KEIEP applications must be made by the supporting city or county on behalf of the business. Eligible projects include those which generate new jobs and capital investment through the expansion or renovation of an existing business.

Enterprise Zone (EZ)

-Provides potential Kansas sales tax exemption and Kansas income/privilege tax credits to businesses creating net new jobs in Kansas through major capital investment projects. Enterprise Zone incentives are available to manufacturing businesses that create a minimum of two net new jobs. Retail businesses are only eligible for the Kansas sales tax exemption, unless they create at least two net new jobs and are located in a city of less than 2,500 in population or in the unincorporated area of a county of less than 10,000 in population.

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High Performance Incentive Program (HPIP)

-Offers 5 potential benefits: 1) a 10% income tax credit for capital investment that exceeds \$50,000 at a company's qualified business facility 2) a sales tax exemption to use in conjunction with the company's capital investment at its qualified business facility 3) a training tax credit of up to \$50,000 4) priority consideration to other business assistance programs offered by the State 5) grant funding for half of consulting costs, up to \$12,500, to help accelerate the growth of the business.

-To be eligible, businesses must satisfy the following requirements:

1) are for-profit entities 2) must be categorized by the Kansas Dept. of Human Resources in two-digit SIC category 20-51 or 60-89, or the work site must be a regional headquarters or back-office operation of a national or multi-nationals corporation in any SIC/NAICS category 3) pay a higher-than-average wage 4) spend at least 2% of payroll on employee training 5) must generate more than half its revenues from sales to some combination of customers made up of out-of-state businesses, and/or out-of-state government agencies, and/or Kansas manufacturers 6) must submit a one-page description of anticipated capital investment at the qualifying work site. HPIP is an incentive program, not a retroactive entitlement.

Business Retention and Expansion Section (BRE)

-Assist in-state manufacturing companies, distribution or office headquarters. Such assistance includes developing incentive proposals including tax exemptions and workforce training grants, serving as a liaison with other state agencies, and serving as a single Kansas contact point to ensure project confidentiality. Business Retention and Expansion works with local county and city economic development representatives; and they also work with companies who are in a growth mode.

Certified Development Company Assistance (CDC)

-Kansas Certified Development Company (CDC) is authorized by the Small Business Administration (SBA) to market and service SBA loan guarantees, including 7a and 504 business loans. This program gear to assist small businesses with financing for expansion and growth.

Kansas Industrial Retraining (KIR)

-A job retention tool to assist employees of restructuring industries who are likely to become displaced because of inadequate job skills or knowledge. Eligible industries include basic enterprises that are restructuring their operations through incorporation of new technology, diversification production, or the development and implementation of new activities. This grant is offered to companies sustaining a change in production or technology that plan to retrain five existing positions in a twelve-month period.

Kansas Industrial Training (KIT)

-A flexible workforce-training program designed to respond to the specific needs of new and expanding companies. The KIT program may be used to assist firms involved in both pre-employment and on-the-job training. This grant is offered to companies planning to add five new positions, excluding the jobs of recalled workers, replacement workers, or jobs that formerly existed. The new positions must pay an average wage of at least \$7 per hour.

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Kansas Match Program (MATCH)

-Developed to match Kansas companies who are currently purchasing products, materials, and services from out-of-state companies, with Kansas-based businesses who provide the same products, materials, and services. Companies who are currently utilizing out-of-state services may benefit from this program by utilizing geographically closer companies, thus reducing cost and other long distance charges associated with conducting business.

Note: Kansas purchasing dollars are kept in Kansas, which will help boost our state and local economy.

Kansas Partnership Fund (KPF)

-Provides loans to Kansas cities or counties for infrastructure improvements directly related to specific business projects creating new jobs and capital investment. Interest rates are adjusted annually based on the Federal Funds Rate.

School To Careers (STC)

-Provides an education that empowers students to make confident choices that will ensure economic independence and a successful career. Kansas School to Careers money is spent to address the individual needs of each community.

First Stop Clearinghouse (FSC)

-To serve as a link between the business owner and state government. The Clearinghouse representative will answer basic questions concerning legal structure, employment, taxes, licensing, and some federal requirements.

Training Equipment Grant Program (TEG)

-Funding mechanism that provides community colleges, area technical schools, and area technical colleges an opportunity to purchase instructional equipment to train or retrain the Kansas workforce. Grant awards are based on the need for equipment potential for stimulating economic growth, and enhancing employment opportunities.

Minority and Women Business Development (MWBD)

-Promotes business developments focusing on minority and women owned businesses. The office provides information and referrals in the following areas: procurement, contracting, subcontracting, financing, and business management. The office also partners with other business advocates to sponsor business education workshops and seminars. This office also administers the Single Source Certification Program where women and minority businesses can be certified as a Disadvantaged Business Enterprise (DBE). This increases opportunities for women and minority businesses to gain contracts and subcontracts from governmental and private entities committed to the inclusion of minority and women owned businesses.

Kansas Ranked In Top Ten For Business Projects and Expansions

A prominent national publication, called Site Selection recognized Kansas in its March 2002 issue for success in economic and business development. Kansas was ranked number nine in the 2001 Governor's Cup Top Ten States list. The Site Selection Governor's Cup awards

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are awarded annually to states scoring the most number of points in a ten-part process designed to measure business expansion success during the previous calendar year. In addition, Kansas also ranks in the top ten in the following categories: Total New Jobs Created in New & Expanded Facilities Per One Million Population; Total Capital Investment, New & Expanded Facilities Per One Million Population; Percentage Growth in New & Expanded Facilities, 2000 to 2001; and Three-Year Growth in New & Expanded Facilities, 1998 to 2001.

In recent months, Kansas has had the sixth best job growth rate in the nation according to Demographics Daily, and tied for first place in the National 2001 Digital State Survey.

OTHER ACTIONS OF INTEREST

KANSAS SPORTS HALL OF FAME

Founded in 1997, the Kansas Sports Hall of Fame Museum in Abilene is in jeopardy of closing its doors. Traditionally, the state has contributed a subsidy of \$50,000 a year to its operation and the remaining operating costs were to be raised through donations. The museum struggles to raise enough money to stay open. This year, Governor Graves, faced with budget challenges, has eliminated the \$50,000 state subsidy from his budget. In an effort to raise money to keep the Kansas Sports Hall of Fame open, the House of Representatives has passed a bill requiring a \$1.00 surcharge on athletic ticket sales at state universities. The money would then be donated to the museum. House Bill 2896 is now in the Senate Ways and Means Committee.

SENATE ENABLES UTILITIES TO COLLECT COSTS

The Kansas Senate passed SB 545 allowing a public utility to collect extra costs incurred due to a city ordinance from the residents of that city. The bill was the direct result of the City of Wichita's new ordinance mandating a certain amount of tree trimming in the city that would cost the public utility, Westar Energy, in excess of those normal and reasonable costs for tree trimming that are currently included in its rate structure. The bill allows Westar Energy to collect its extra costs from residents of Wichita, instead of having to charge citizens of other areas for the expenses incurred as a result of the Wichita ordinance. SB 545 is now in the House Utility Committee.

CHILD PASSENGER SAFETY

The Kansas Senate voted to strengthen state law to help ensure child passenger safety. Current law requires children under 4 to ride in child passenger safety seats and children from 4 through 13 to wear seat belts. Public safety advocates feel that seat belts do not provide adequate protection for young children. SB 411, which passed 23-17, would require children ages 4 through 6, or who weigh 40 pounds to 80 pounds, to ride in booster seats; and children 7 through 15 would have to wear seat belts. The fine would be \$60 for each incident. A provision of the bill would allow \$50 of a \$60 fine to be waived should proof of purchase or ownership of a child safety seat be provided. The bill now goes to the House Transportation Committee, which has endorsed a bill of its own on child passenger safety. The house bill requires children from ages 4 through 7, weighing less than 80 pounds or less than 4 feet 9 inches tall, to ride in booster seats. All other children younger than 16 would

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be required to wear seat belts. Ultimately, it is expected differences between the Senate and House bills will be worked out in conference committee.

WORKFORCE DEVELOPMENT BILL ADVANCES

Sub HB 2872, passed by the House 108 - 14, is a proposal to set up a work force development loan program for Kansans working toward new job skills. The bill would set aside \$1 million in federal funds to start the program geared for students at state community colleges and vocational technical schools. For each year recipients stayed and worked in Kansas, one-quarter of the loan would be forgiven. They would not have to pay anything back after working four years in the state. Having a skilled pool of labor is important to businesses and training and retaining Kansans is key to maintaining and building that pool of labor in the state. The work force training bill is designed to help invigorate the state's economy. Currently, Sub HB 2872 is in the Senate Commerce Committee.

SENATE JUDICIARY COMMITTEE PASSES TELEMARKETING BILL

Sub SB 296 passed out of the Senate Judiciary Committee and is headed for debate on the Senate floor. The substitute bill would require the Information Network of Kansas (INK) to set up and maintain a state no-call list for telemarketing companies. The Attorney General's office would have investigation and prosecution responsibilities. Kansans could add their names to the no-call list free of charge in one of three ways: by telephone, by mail or by Internet. The no-call list program would not require funding from the state general fund, or from any taxpayers' dollars. The program would be self-funded through fees to telemarketing companies to access the no-call lists and fines for violations. Telemarketing companies would have to pay \$25 per area code per quarter to gain access to no-call lists; and should telemarketing companies violate the law, fines could be levied of up to \$10,000. Once the database for the no-call list was established, all excess fees collected and all fines collected would finance the investigation and prosecution responsibilities of the Attorney General's office. Sub SB 296 is similar to laws in a number of other states, including Missouri.

I appreciate hearing from you. There are three convenient ways to contact me. You may write to me at:

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For those of you who want to write to me at my McPherson office or home, feel free to do so. It takes me a little longer, however, to respond because the letters and e-mail are forwarded to my Topeka office.