

MINUTES OF THE HOUSE COMMITTEE ON NEW ECONOMY.

The meeting was called to order by Chairperson Representative William Mason at 3:30 p.m. on January 23, 2001 in Room 522-S of the Capitol.

All members were present except: Representative Annie Kuether - E

Committee staff present: Renae Jefferies, Revisor of Statutes
Lynne Holt, Legislative Research Department
April Holman, Legislative Research Department
Rose Marie Glatt, Secretary

Conferees appearing before the committee: Rich Bendis, President, KTEC

Others attending: See Attached List

Representative Beggs moved, seconded by Representative Compton that the minutes from the January 18 meeting be approved. The motion carried.

The Chairman provided the committee with a brief overview of the three agencies, Kansas, Inc., KDOC &H and KTEC and the importance of KTEC in the field of technology. He introduced Rich Bendis, KTEC, who distributed *draft* copies of their annual report. Included in the packet were two copies of KTECnology and a small informative brochure, copies of which are on file at KTEC. He briefed the committee on the make up of the Board of Directors and his background with the agency. He explained that the agency was completely funded by EDIF with no subsidy coming from the general fund.

KTEC is an investment vehicle rather than a granting agency. With appropriate investments they are able to leverage dollars from other partners or stakeholders who will co-invest in the programs. He reviewed the dollars invested by the state, industry, federal, venture-capital, totals and leverage amounts for year 2000 and the cumulative investments from 1984-2000. THE ROI's were reviewed by increased sales, company start-ups, jobs created or retained, technologies developed, patents issued, inventors assisted and royalties received for year 2000 and the cumulative results for 1984-2000. He stated that there are approximately 75,000 businesses in Kansas, with an average number of 19 employees. There are 65,000 businesses in Kansas with 19 or fewer employees and only 150 businesses that have 500 or more. Kansas is truly a small economy state. He pointed out the KTEC Chronology, page 42-44, affiliates and programs, page 45 and the summary report by the independent auditors, Ernst & Young, LLP.

He reviewed a summary, from a special edition of KTECnology, reflecting how KTEC has impacted communities across Kansas. The counties are listed according to the types assistance rendered: business, research or investment, as well as the selective companies with which they worked. He stated that a detailed summary on businesses within each committee members districts, had been sent to their offices. Discussion followed regarding the current awareness of KTEC's programs and vehicles used to heighten that awareness.

Mr. Bendis reviewed KTEC's five recommendations for sustainable development of their programs: (1) renewal of the Lottery to fund agencies and removal of the \$50 million cap to provide additional revenue for initiatives, (2) formation of at least \$100 million in new private seed and venture capital annual investments for new companies, (3) a budgetary priority must be funding for research in strategic technologies, (4) statewide broadband internet connectivity, and (5) strategic partnerships between academia, government and industry must be cultivated to promote and support workforce training.

In answer to questions about public/private companies Mr. Bendis gave two examples of companies, Knowledge, Inc. and Digital Archeology, that had failed to secure seed money to continue their research, thus they were forced to leave Kansas in order to continue their work. Other examples were discussed. He gave the

history of last years bill for venture capital that passed out of the House, but failed in the Senate Commerce Committee. The bill has been modified with only a 50% tax credit being discussed by the three agencies. The bill will be submitted before the deadline, probably by the Lt. Governor.

Vice Chairman Aday stressed the importance of the bill to the state's economy and urged the new representatives to learn more about the details of the bill, since it will play an integral part of the interim joint committee. Mr. Bendis answered questions regarding KTEC's staff.

The next meeting is January 25.

The Vice-Chairman adjourned the meeting at 4:35 p.m.

CONTINUATION SHEET