

MINUTES OF THE SENATE COMMERCE COMMITTEE

The meeting was called to order by Chairperson Karin Brownlee at 8:30 a.m. on January 14, 2004 in Room 123-S of the Capitol.

All members were present.

Committee staff present:

Kathie Sparks, Legislative Research
Helen Pedigo, Revisor of Statutes
Nikki Kraus, Committee Secretary

Conferees appearing before the committee:

Lew Ebert, President, Kansas Chamber of Commerce and Industry

Others attending:

See Attached List.

Chairperson Brownlee called the meeting to order. The Chair discussed with the committee members some of the past goals the committee had set for itself in 2001. She evaluated its progress as being positive, stating that the committee had successfully been able to focus on a variety of topics without limiting themselves only to large-scale issues. Chairperson Brownlee mentioned that both the Rural Economic Development subcommittee and speaker Mark Drabenstott, Federal Reserve Bank of Kansas, had both confirmed that the committee was heading in the right direction.

The Chair introduced the new committee staff, including Kathie Sparks of Kansas Legislative Research, Helen Pedigo of the Office of the Revisor of Statutes, and Nikki Kraus, committee secretary.

Chairperson Brownlee introduced Mr. Lew Ebert, President of the Kansas Chamber of Commerce and Industry and welcomed him to the committee.

Mr. Ebert discussed the ongoing changes in the Kansas Chamber. He outlined one project currently underway as being an extensive tour of 30 cities in the state; the goal of the research is to learn about Kansas businesspeople at the grassroots level. He stated that through public opinion polls, the KCCI sought to identify some of the greatest concerns of the Kansas business community. The first ever CEO poll is currently in production, and will serve as another tool to help determine how business leaders feel about the Kansas economy and business climate.

Mr. Ebert provided the committee with a presentation entitled "The Kansas Chamber's Annual Competitiveness Index". (Attachment 1) The presentation emphasized many of Kansas' positive qualities for business including: good roads, skilled labor, natural resources, high quality schools, and solid economic development; it went on to analyze reasons for losing ground including: loss of population, more economic development in competing states, and a growth deficit. The presentation offered the solutions of other states to similar problems and then covered a variety of studies consistently illustrating Kansas' mediocre ranking relative to other states in the nation.

Mr. Ebert also provided the committee with a sheet entitled "Business Climate, State Taxes and Economic Growth: Executive Summary" which concisely presents the findings of the thirteen studies referred to in the larger presentation. (Attachment 2)

Chairperson Brownlee thanked Mr. Ebert for his presentation and thoroughness in presenting a number of different studies; she then requested questions from the committee.

Senator Buntent thanked the presenter and asked if there would be a substantial change if additional monies from gaming went to economic development. He commented that Topeka is an example of a city that has not grown in the past two decades.

Mr. Ebert stated that in North Carolina and some other states, there have been a variety of successful tools; he emphasized that Kansas is *good* in quite a few areas, but that "good" was the enemy of "great". He stated

CONTINUATION SHEET

MINUTES OF THE SENATE COMMERCE COMMITTEE at 8:30 a.m. on January 14, 2004 in Room 123-S of the Capitol.

that ultimately, success for business is dependent upon driving down costs.

Senator Barone pointed out that the majority of economic development in the state has focused on large companies such as Boeing, Waddell and Reed, the speedway, and Nebraska FurnitureMart, among others. He questioned if past bill language has ignored small businesses.

Mr. Ebert stated that while specific legislation does help specific businesses, there are hundreds of small businesses that support their large counterparts. While he suggested that there is more that might be done in support of small business, he stated that what Kansas is doing now, by focusing efforts on driving down costs, would be of key importance, in addition to increasing incentives.

Senator Kerr stated that this approach seemingly abandoned last year's focus on taxes and that it seemed to him that healthcare costs would dwarf tax expenses. He commented that the committee should focus on studies that look at returns, as opposed to those that ignore how marginal rates are used.

Chairperson Brownlee announced that there would be no meeting tomorrow because of an upcoming agricultural field trip that some of the committee members would be attending. The Chair suggested that if the committee had additional questions or wanted more information, Mr. Ebert might visit again later in the session. She concluded by noting the consistency among the studies' rankings of Kansas; this consistency through so many studies makes the conclusion both more valid and reliable.

The meeting adjourned at 9:20 a.m. The next meeting will be at 8:30 a.m. on January 16, 2004 in Room 123-S.