

MINUTES OF THE HOUSE ECONOMIC DEVELOPMENT COMMITTEE

The meeting was called to order by Chairperson Lana Gordon at 3:30 P.M. on March 7, 2006 in Room 526-S of the Capitol.

All members were present except:

Tom Burroughs- Absent
Carl Krehbiel- excused

Committee staff present:

Kathie Sparks, Kansas Legislative Research Department
Rena Jefferies, Revisor of Statutes
Helen Pedigo, Revisor of Statutes
Carlene Maag, Committee Secretary

Conferees appearing before the committee:

Steve Radley, Director, Kansas Center for Entrepreneurship
Patty Clark, Director of Ag Marketing & Community Development
Wally Kearns, State Director, Kansas Small Business Development Center

Others attending:

See attached list.

Chairperson Gordon welcomed Steve Radley, Director of the Kansas Center of Entrepreneurship to the Committee who gave an update on the Center.

The Kansas Center for Entrepreneurship was created in 2004 through the Kansas Economic Growth Act with a mission of strengthening the entrepreneurial culture of Kansas. The Center is launching the NetWork Kansas call center, networkkansas.com website, and the StartUp Kansas fund.

NetWork Kansas launches with more than 240 resources participating as NetWork Kansas partners. NetWork Kansas provides the following services specific to the vision of the Kansas Economic Growth Act of 2004 including the following:

- A seamless integrated network of small business service providers in Kansas
- Access through one central portal
- Database tools for client tracking and statistical measurement to facilitate evaluation

The mission of StartUp Kansas is to partner with business support providers who assist in providing or obtaining funding for Kansas entrepreneurs in for-profit business startups and expansions in rural and distressed communities.

The Kansas Center for Entrepreneurship will begin an ongoing process of connecting entrepreneurs and small business owners with the education, expertise, and economic resources they need when they need them. (Attachment 1)

A motion was made by Representative Huntington and seconded by Representative Horst to approve the minutes from the meetings of 2-14 and 2-16. A vote was taken, motion passed.

SB 324 Abolishing the Kansas community entrepreneurship fund

Staff gave a briefing of **SB 324**. The bill would increase the Rural Business Development Tax Credit and the Kansas Community Entrepreneurship Tax Credit from 50 percent to 75 percent; however, the total amount of credits allowed under each program would not exceed \$2,000,000 in FY 2007 which is current law.

The bill would move the Kansas Community Entrepreneurship Fund from the Kansas State Treasury to the Kansas Center for Entrepreneurship.

The bill would delete the language that requires Kansas Department of Commerce to reimburse the Kansas Center for Entrepreneurship for the costs of administration of the program.

CONTINUATION SHEET

MINUTES OF THE House Economic Development Committee at 3:30 P.M. on March 7, 2006 in Room 526-S of the Capitol.

The bill was requested by the Kansas Department of Commerce.

Patty Clark, Director of Community Development for the Kansas Department of Commerce presented testimony as a proponent for **SB 324**. **SB 324** improves the functionality of useful tools provided in the Kansas Economic Growth Act of 2004. Amendments to **SB 324** provide for greater flexibility in management of the StartUp Kansas Fund. The Department of Commerce supports the deletion of the language calling for Commerce to reimburse the Center for the costs of administration of this act. (Attachment 2)

Wally Kearns, State Director, Kansas Small Business Development Center gave testimony as a proponent for **SB 324**. The changes associated with **SB324** are associated with service offerings provided by the Kansas Center for Entrepreneurship.

The change from a 50% to a 75% tax credit is vital for the seven Rural Business Development Tax Credit foundations.

Having the flexibility of loans vs. grants is vital to the long term sustainability of the StartUp Kansas Fund.

It is believed the changes to **SB 324** provide the flexibility required to work effectively in a dynamic entrepreneurial environment. (Attachment 3)

Discussion followed the testimony. The meeting was adjourned at 4:50 pm. The next meeting is scheduled for Thursday, March 9.