

MINUTES OF THE SENATE COMMERCE COMMITTEE.

The meeting was called to order by Chairperson Karin Brownlee at 8:30 a.m. on January 23, 2003 in Room 123-S of the Capitol.

All members were present except: Senator Dave Kerr, excused

Committee staff present: April Holman, Legislative Research
Deb Hollon, Legislative Research
Mitch Rice, Revisor of Statutes
Jodie Anspaugh, Secretary

Conferees appearing before the committee: Mark Drabenstott, Vice President and Director, Center for the Study of Rural America, Federal Reserve Bank of Kansas City

Others attending: See attached list.

Chairperson Brownlee mentioned that the appointees from Kansas, Inc. and KTECH that are being voted on in the Senate today. Jodie Anspaugh has information on the appointees, if anyone is interested.

Chairperson Brownlee announced that Chuck Banks from USDA will speak about the Farm Bill and rural economic development at the joint meeting of the Senate Commerce and Agriculture Committees.

Mark Drabenstott from the Federal Reserve Bank of Kansas City is head of the Center for the Study of Rural America and spoke to the committee about rural economic issues (Attachment 1).

Mr. Drabenstott brought a copy of the Center for the Study of Rural America's 2002 Annual Report and a copy of the proceedings from the 2002 national conference hosted in Kansas City on rural policy issues (both are available from the Federal Reserve Bank of Kansas City), to help identify the best strategies for developing regional economic development nationwide. He brought a copy of their monthly publication called "The Main Street Economist," a newsletter that highlights one economic issue facing rural America each month (Attachment 2).

Mr. Drabenstott stressed a need to focus more on product agriculture, rather than commodities agriculture. Many farmers cannot survive in a commodities-based agriculture system when the largest farms are so big. The newest opportunity in farming is known as "Pharmaceuticals." In Iowa, a group of farmers is working to grow a plant that creates an enzyme needed for cystic fibrosis drugs. An \$80 million processing plant to extract the enzyme will be built. This will create high-skill, high-wage jobs. To improve the Iowa project, ISO-9000 standards are needed and farmers from many different communities and counties must be willing to work together to ensure identical growing conditions.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMERCE COMMITTEE at 8:30 a.m. on January 23, 2003 in Room 123-S of the Capitol.

E-commerce is an area with much potential. Broadband should be seen as the beginning, not the end or final goal. A two-pronged attack is needed to develop new businesses: the right infrastructure and entrepreneurial support. Good rural policy will consider three things: place, partnering between rural firms, and regional competitiveness.

Mr. Drabenstott had a question and answer period. ISO 9000, economic growth indicators, regional partnering, and broadband were discussed.

The meeting was adjourned at 9:30 a.m.

The next meeting is scheduled for January 24, 2003 at 8:30 a.m.