

MINUTES OF THE HOUSE ECONOMIC DEVELOPMENT COMMITTEE

The meeting was called to order by Chairman Kenny Wilk at 3:30 p.m. on January 27, 2004, in Room 526-S of the Capitol.

All members were present except:

Representative Valdenia Winn- excused

Committee staff present:

Kathie Sparks, Office of Legislative Research
Susan Kannarr, Office of Legislative Research
Renaë Jefferies, Office of Revisor of Statutes
Helen Pedigo, Office of Revisor of Statutes
Fulva Seufert, Secretary

Conferees appearing before the committee: John Moore, Lt. Governor and Secretary, Kansas
Department of Commerce
Steve Kelly, Deputy Secretary, Business Development
Division, Dept. Of Commerce
Patty Clark, Agriculture Marketing Division, Dept. Of
Commerce
Matt Jordan, Director, Community Development Division,
Dept. Of Commerce

Others attending:

See Attached List.

Chairman Wilk opened the meeting at 3:30 p.m., January 27, 2004, by making several announcements. He explained to the committee that all activity in the room was being sent out over the internet. He invited members to attend the Senate Commerce Committee meeting on Monday, Feb. 2nd at 8:30 a.m. in Room 134-N where U.S. Senator Roberts will speak on rural economic development and life science issues.

Chairman Wilk welcomed Lt. Governor John Moore, who gave an overview of the State Revitalization Plan. He said their Mission Statement is to empower businesses and communities through bold leadership using strategic resources to realize prosperity in Kansas. The Kansas Department of Commerce is made up of the following divisions:

- Agriculture Marketing - Director, Patty Clark
- Business Development - Deputy Secretary, Steve Kelly
- Community Development - Director, Matt Jordan
- Trade Development - Director, John Watson
- Travel & Tourism - Director, Scott Allegrucci
- Administration - Key organizational change when Housing Division moved to Kansas Development Finance Authority

Governor Moore said that the three key open positions are Director of Administration, Director of Business Development Division, and Star Bonds Analyst. Economic Development efforts are focused regionally on job retention and creation. His testimony included a listing of the regions, their chairs and coordinators. The regional priorities consisted of the following 12-point revitalization plan that was developed from the statewide prosperity summit in Wichita on October 1, 2003:

- Continued Commitment to Statewide Priorities
- Business Retention & Recruitment
- Energy Policy
- Value Added Agriculture
- Workforce Development
- Seed Financing & New Business Assistance
- Life Sciences
- Rural Business Development
- Inventory of Support Programs

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- Image & Marketing
- Tourism
- Ad Astra Strategy

Governor Moore said that as a result of the statewide economic revitalization plan, seven regional economic development plans are in place, and a Governor's economic policy council has been created. He also said that through legislation or proposals in the Governor's budget, all twelve points in the plan will be addressed. Statewide priorities include the Governor's educational plan and completion on time of all projects promised in the 1999 Comprehensive Transportation Plan. Legislation will be introduced to revise the following incentives:

1. Transferable Tax Credits
2. Differentiate between companies creating \$8.00/hour jobs and companies creating \$30.00/hour jobs.
3. Differentiate between jobs created in counties with declining populations and jobs created in growth areas.
4. Improve recruitment of corporate offices, research centers and professional firms.
5. Treat existing firms for retention.

Gov. Moore also said that legislation will be introduced to the Senate Commerce Committee to create tax credits for individuals or organizations who contribute to regional foundations chartered to foster rural economic development. This will encompass value added agriculture and other initiatives in agritourism and renewable energy sources. In addition, legislation will be introduced by Representative Wilk and Senator Jordan to do the following:

- Create a biosciences authority and an emerging industry investment act
- Create an Angel Investor Network
- Create a Center of Entrepreneurship with a statewide foundation for entrepreneurship

He said his great passion was the Workforce Development which included the following:

- Executive Reorganization Order No. 31 issued January 14, 2004
- Move education and training division and all related workforce development programs from Kansas Department of Human Resources to the Department of Commerce.
- Legislation creating "Kansasfirst" will be introduced in the Senate Commerce Committee. (This is modeled after Quickstart in Georgia and South Carolina programs.)

Gov. Moore said the Workforce Development program is made up of the Board of Regents, 19 Community Colleges, 10 Technical Colleges/Schools, 5 Local Workforce Investment Boards, Workforce Network of Kansas, Kansas Department of Human Resources and Kansas Department of Commerce, which all have responsibility for some facets. The long range objective is to move from a granting state to a state that invests in its educational infrastructure and guarantees qualified employees. This would result in paying companies to invest in the educational infrastructure. He also spoke about the Kansas Technical Training Initiative (KTTI) and Kansas Institute for Technical Excellence (KITE). He pointed out that the two points that received the most interest in the summit were Image and Marketing and Tourism because of their tremendous potential for economic growth in Kansas. Other important actions in 2004 include the following:

- Base realignment and closure (BRAC)
- Star bonds applications
- Cuban market opportunities
- Integration of KDHR functions
- Commerce, Kansas Technical Enterprise Corporation (KTEC) and Kansas, Inc. Synergism
- The Collins Strategy
([Attachment 1](#))

Chairman Wilk thanked Lt. Gov. Moore for his thorough presentation and welcomed Steve Kelly, Deputy Secretary and Director of Business Development for the Department of Commerce. He said their mission is "To Stimulate the Kansas Economy Through the Creation/Retention of Jobs and Increased Capital Investment."

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Mr. Kelly's testimony addressed Workforce training, business finance, and business recruitment and retention. He said that many good things are already in place, but current plans are to augment those currently productive efforts with new initiatives to increase Kansas' economic potential. These initiatives include a consolidation of the workforce training sections of the Kansas Department of Human Resources and the Kansas Department of Commerce. He mentioned the Star Bonds legislation that was passed last year which offers a vehicle to aid unique destination projects which will maximize the state's opportunities. (Attachment 2)

Chairman Wilk thanked Mr. Kelly and welcomed Ms. Patty Clark, Director of the Marketing Division of the Department of Commerce, who provided the committee with interesting "goodie bags." The Chair told the members they could look into their bags and view the Kansas treats inside. Inside the bags were the following: Cheese from Jason Wiebe Dairy in Durham, Kansas; tea from Cloud County Tea Company; Jalapeno microwave popcorn from Original Juan Specialty Foods in Kansas City, Kansas; chocolate sunflower nuts from Sunflower Food Company in Lenexa, KS; and raspberry jalapeno fiesta sauce from Original Juan Specialty Foods, K.C. Ms. Clark provided an overview of current value added projects, initiatives for the Trademark Program, international trade activities, a review of the Ag Innovation Center Grant, the joint agri-tourism strategy, and an overview of how the Economic Revitalization Plan positively impacts agriculture and rural communities. She said that in Kansas, agriculture is commerce, agriculture is business, and agriculture is industry. Ms. Clark's remarks included information on the following:

- KSU Meat Science and Food Science Pilot Plants
- Jason Wiebe Dairy - Marion County
- Prairie Pride, Inc. - Butler County
- Davenport Orchards & Vineyard - Douglas County
- Smoky Hill Vineyard & Winery - Saline County
- Dinah's Noodles - Cloud County
- Rainbow Organic Farms - Franklin, Johnson & Bourbon Counties
- Cooperative Agricultural Services, Inc. - Gove County
- "From the Land of Kansas Trademark Program"

Ms. Clark also addressed the agri-tourism initiative, Ag Innovation Center, International Trade, and the Economic Revitalization Plan. (Attachment 3)

Chairman Wilk thanked Ms. Clark for her presentation and the fun "goodie bags." He next welcomed Mr. Matt Jordan, Director of Community Development, Kansas Department of Commerce, who said their mission is to partner with Kansas communities to help enhance their livability by providing financial, technical, and business assistance. He said their "Division employs 20 community development professionals who over the past five years have allocated 141-million dollars in grants for small and rural communities across Kansas." These grants, matched with local resources, accounted for 465-million dollars for community development programs which included the following:

- Entrepreneurship and small business assistance
- Funding for improvements to community facilities
- Leadership development training for small communities
- Strategic planning resources for community betterment
- Downtown revitalization strategies

Mr. Jordan's testimony included reference to financial assistance to the following programs:

- Small Cities Community Development Block Grant (CDBG)
- Community Service Tax Credits
- Flood Mitigation Assistance (FMA) Grants
- Community Capacity Building (CCB) Grants

He also referred to the following Technical Assistance to small communities:

- Professional development and technical training sessions
- The PRIDE program (volunteer grassroots effort to improve quality of life)

The following Business Assistance to entrepreneurs was explained:

- Economic Development grants
- The Main Street program
- IWW program
- The Micro-loan program

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- Enterprise Facilitation

Mr. Jordan said that the importance of entrepreneurs to the Kansas economy cannot be overlooked or overstated. Over the past 20 years, job creation and innovation have been the driving force behind the overall US economy. This is especially true in Kansas in the small communities and rural areas. He stated that Community Development programs truly strengthen rural communities and promote economic growth and prosperity in Kansas. (Attachment 4)

Chairman Wilk thanked Mr. Jordan for sharing this information with the committee and for organizing the Department of Commerce's presentations.

Representative Wilk made a motion to introduce the Bio Science bill, and Representative O'Malley seconded. Motion passed.

Representative Burroughs made a motion to approve the minutes of the January 22, 2004, meeting, and Representative Boyer seconded. Motion passed.

The meeting adjourned at 5:05 p.m.