

MINUTES

JOINT COMMITTEE ON ECONOMIC DEVELOPMENT

December 12, 2007
Room 313-S—Statehouse

Members Present

Representative Lana Gordon, Chairperson
Senator Nick Jordan, Vice-Chairperson
Senator Jim Barone
Senator Karin Brownlee
Senator Laura Kelly
Representative Don Hill
Representative Terrie Huntington
Representative Don Myers
Representative Annie Tietze
Representative Jerry Williams

Members Absent

Senator David Wysong
Representative Barbara Craft
Representative Valdenia Winn

Staff Present

Kathie Sparks, Kansas Legislative Research Department
Jason Long, Office of the Revisor of Statutes
Dianne Rosell, Office of the Revisor of Statutes
Ann Deitcher, Committee Secretary

Conferees

Stan Ahlerich, President, Kansas, Inc.
Dr. Art Hill, Executive Director, Center for Applied Economics, KU School of Business
Dick Carter, Kansas Tourism Initiative
David Kerr, Secretary, Kansas Department of Commerce
Steve Weatherford, President, Kansas Housing Resource Corporation
Mark A. Burghart, Wal-Mart Stores, Inc.

Morning Session

The meeting was called to order by Chairperson Lana Gordon.

Stan Ahlerich addressed the Committee regarding the strategic plan, Leveraging our Foundations and Designing the Future: A Kansas Economic Renaissance. He offered the 2007 strategic plan for Kansas economic development (Attachment 1). He reminded the Committee that this should be considered a comprehensive study.

Mr. Ahlerich gave a brief history of strategic planning in Kansas, the importance of strategic planning, and how Kansas, Inc. attempts to formulate the strategic plan approximately every five years. He referred specifically to pages 18, 19, and 20 of the report.

Mr. Ahlerich explained that the mission was to promote the ongoing competitiveness and growth of the manufacturing industry in Kansas.

Dr. Hall spoke to the Committee on the implementation of expensing in Kansas (Attachment 2). He called his report "A Primer on the Expensing Proposal in the Kansas, Inc. Strategic Plan." The report gave an explanation of what expensing is; what Kansas, Inc. proposes; and tax credits being replaced by a universal expensing proposal.

Stan Ahlerich again addressed the Committee in regard to State Image/Branding, saying the agency's mission was to enhance the marketing/branding of Kansas. He said that Kansas is a good place to be; however, perception was everything. We need to market our state better – figure out what needs to be done and do it.

Senator Jordan spoke of his appreciation for Kansas, Inc., especially for the time and effort that was put into the creation of the report and for the final plan. The Senator asked that his comments be added to the minutes of the Committee meeting and recommended if any further revisions are made to the plan, that the appropriate committees be provided with copies of the amended report.

The Committee recessed the meeting until 1:30 p.m.

Afternoon Session

Dick Carter offered a comparison study by per capita of heartland states tourism budgets compiled by the Kansas Tourism Initiative (KTI) (Attachment 3). The average for nine heartland states tourism budgets was \$4.02 while the average (per capita) for Kansas based on the KTI proposed budget of \$15 million was \$5.43.

Addressing the Committee, Dave Kerr spoke regarding KANSASWORKS of the Department of Commerce (Attachment 4).

Secretary Kerr explained how the Department continually looks for new and innovative methods to ensure the highest quality of service, but that the Division's primary mission was emergency response to events impacting the Kansas workforce. These events include disasters, economic events affecting businesses, and job candidates within a community or region.

Information also was provided regarding the total impact for FYs 2003, 2004, 2005, 2006, and 2007 (Attachment 5).

It was suggested by the Committee that the Joint Committee on Administrative Rules and Regulations be asked to determine what the original intent was in the establishment of KANSASWORKS. They also wanted more focus to be placed on putting the money where it was most needed.

A copy of the 2008 Department of Commerce/Department of Revenue listing of economic development legislative priorities was distributed (Attachment 6).

A request was made by Senator Barone that there be a follow-up study to determine why companies are leaving the state.

Mr. Kerr said that one of the suggested solutions was that steps be taken to create better paying jobs in rural Kansas.

Senator Brownlee asked what the Office of Rural Opportunity was. The Secretary explained that the Office's primary function was to help communities work through the red tape of government. Sterling College has provided office space, as well as staff, to provide this service and plans to offer rural opportunities as part of their curriculum. Two other colleges are planning to offer this same service to the state while including it in their curriculum.

Information was provided regarding The Workforce Partnership and the mobile career unit business plan (Attachment 7).

The number one priority for the mobile unit is serving the employers with such activities as on-site recruitments, outplacement services to companies with lay-offs, job fairs with multiple employers, on-site training for business customers, on-site assessment services for business customers, and attendance at customer interest development activities such as Chamber of Commerce. Another priority is services to job seekers.

Steve Weatherford offered testimony and a memorandum regarding the Rental Housing Division of Kansas Housing Resources Corporation (KHRC) (Attachments 8 and 9).

Mr. Weatherford spoke of the legal issues regarding point preference for in-state developments which included:

- Background;
- Dormant commerce clause;
- Privileges and immunity clause; and
- Conclusion.

He said that taken together, a point preference for in-state developers could subject KHRC to litigation under both the commerce clause and privileges and immunity clause of the *U.S. Constitution*. In closing, Mr. Weatherford stated unless there is a substantial and compelling reason for this preference, the agency recommends against enacting it.

A copy of KHRC tax credit allocations for 2004-2008 was included.

A memorandum was provided by Mark Burghart to clarify previously submitted testimony from the Committee meeting of October 22, 2007 (Attachment 10).

A motion was made by Senator Brownlee and seconded by Senator Jordan that Mr. Burghart's proposal be accepted as a Committee bill. The motion passed on a voice vote.

Regarding page 8, paragraph 3, of the Committee minutes of November 7, 2007, Representative Tietze requested a correction. The request for a corrections facility housing bill to be addressed was made by Senator Brownlee and not Representative Tietze. This correction was made.

A motion was made by Senator Brownlee and seconded by Representative Huntington that during the 2008 Session that the Department of Commerce report to the standing committees on the use of the mobile career units owned by the Department and Area III. The motion passed on a voice vote.

Representative Gordon made the motion that a show of appreciation be given by the Committee to Westar for its generosity in hosting a lunch. The motion was seconded by Representative Hill and passed on a voice vote.

The Committee offered kudos for the article written in *The New York Times* regarding the "baby boomers" and their choice of Manhattan, Kansas as the place to retire. Reasons offered were, the cost of living, low crime rate, numerous arts and entertainment offerings, and the availability of good health care.

A motion was made by Senator Brownlee and seconded by Senator Jordan to introduce a bill that would endorse the concept of expensing. The motion passed on a voice vote. Senators Barone and, Kelly, and Representative Tietze wished to be recorded as abstaining from this vote.

The Committee accepted the Department of Commerce and Department of Revenue's 2008 economic development legislative priorities: Investments in Major Projects and Comprehensive Training (IMPACT) enhancement; discounted cash refunds; and modify definition and address the concerns of unitary groups (Attachment 11).

The meeting was adjourned at 3:30 p.m.

Prepared by Ann Deitcher
Edited by Kathie Sparks

Approved by Committee on:

January 18, 2008

(Date)