

MINUTES OF THE HOUSE COMMERCE, LABOR AND ECONOMIC DEVELOPMENT
COMMITTEE

The meeting was called to order by Chairperson Mark Hutton at 1:30 pm on Thursday, January 21, 2016, 346-S of the Capitol.

All members were present except:

Representative Brandon Whipple – Excused
Representative Will Carpenter – Excused
Representative Les Mason – Excused

Committee staff present:

Linda Herrick, Kansas Legislative Committee Assistant
Reed Holwegner, Legislative Research Department
Chris Courtwright, Legislative Research Department
Chuck Reimer, Office of Revisor of Statutes

Conferees appearing before the Committee:

Antonio Soave, Acting Kansas Secretary of Commerce

Others in attendance:

[See Attached List](#)

Possible bill introductions

Chairperson Hutton asked if there were any bills to be introduced.

Representative Kleebe moved, seconded by Representative Patton, that a bill be introduced regarding court reporters. The motion passed.

Presentation on: Vision for the Department of Commerce

Antonio Soave, Acting Secretary of Commerce, gave a presentation ([Attachment 1](#)). He noted one of the things Commerce is doing, and he has spoken to representatives and senators as well as other stakeholders about this, is to pursue a path in the Department of Commerce of proactive and positive messaging. Acting Secretary Soave has a sales and marketing background, and it is his intent to bring business to the state.

As a result, a number of tools have been implemented that are used by the private sector. Companies are now referred to as "clients" that need to be taken care of and handled properly. One tool is strategic marketing analysis, which includes state to state relocation, elements and components of foreign direct investing, and exports. This tool provides a complete and comprehensive market overview and analysis of all the positive elements and benefits in the state, including incentive programs.

CONTINUATION SHEET

MINUTES of the Committee on Commerce, Labor and Economic Development at 1:30 pm on Thursday, January 21, 2016 in Room 346-S of the Capitol.

Acting Secretary Soave said his stance has been to not lead with incentives because Kansas really is a great place to live and work. He decided seven years ago to put his business here, and he did not need an incentive. By the same token, it is a very competitive environment. This requires to some degree a level playing field, and that means some of the incentives in place are very important. For instance, as entrepreneurial and small business bases are built in the state, it is necessary to extend the angel investor tax credit. Acting Secretary Soave added it is his contention, after being an angel investor, after doing transactions the last 27 years, there is a lot of financing on the sidelines including areas in metro Wichita and metro Kansas City. If an incentive of this nature were marketed more aggressively, more money can be moved off the sidelines to continue to build and lift up entrepreneurial and small business bases. Early stage money becomes important to companies that need a little more cash to move on to the next level of operation.

The Department of Commerce is preparing a list of slides that assess the ROI of most of our incentive programs, including Sales Tax and Revenue (STAR) Bonds, High Performance Incentive Program (HPIP), and Promoting Employment Across Kansas (PEAK). He added there needs to be a return on investment (ROI) orientation inside the Department of Commerce. It is the Department of Commerce's job to determine what is working, what is not working, what is producing more jobs, what has produced economic impact, what should move out of our scope of attention, and what should be exulted within. There are a number of silos many of which are producing a positive economic impact for the state. He added that it is his job to not only try to offer effective tools that can be utilized but to also understand what those incentive programs can do and whether they are paying for the state.

Another element is metrics and how to measure. He believes there should be an objective set of standards in order to measure effectively on an ongoing basis what the Commerce Department is doing. That means any significant project or any significant client that expresses interest needs to know the viability and how to measure it. Those objective measurement tools are very important and provide credibility throughout the business community. If the Department of Commerce is the primary interface with business, then business has to respect the Department and the information provided.

If businesses want to export, contact lists for leads for marketing can be generated. Also, a new website is being launched. Much of the material has been eliminated so it is no longer a repository of documents, but it is very operational and very easy for small and large businesses to utilize.

The Department of Commerce is also launching a marketing and media campaign including a newsletter. A social media campaign is being launched to reach many segments of the population. By cross marketing, there are greater possibilities and even a probability of greater success, and greater success means greater economic impact for the state.

Acting Secretary Soave provided responses to questions. Some programs are effective in keeping large and small employers in Kansas such as PEAK and HPIP. He does not know the programs well enough, but there is room for improvement. Better training is needed to retain workers, particularly young

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CONTINUATION SHEET

MINUTES of the Committee on Commerce, Labor and Economic Development at 1:30 pm on Thursday, January 21, 2016 in Room 346-S of the Capitol.

graduates. To encourage persons to stay in Kansas for quality of life, a collaborative effort is needed to make areas more attractive to young people. To keep large manufacturing facilities in Kansas and to know before the decision is announced the company is leaving is the Department of Commerce's job. By working with other state agencies, struggling manufacturing companies can be identified and it can be determined how they might be retained. State taxpayers invest millions a year in post secondary education and workers go outside Kansas to seek employment and build businesses. More needs to be done to identify these persons and expanding businesses and bring them back to Kansas. Acting Secretary Soave concluded by saying he would like to pick up the pace, be proactive. The Department of Commerce will work to enhance the economic impact for the state.

Adjournment

The meeting adjourned at 2:18 p.m.