

MINUTES OF THE SENATE COMMERCE COMMITTEE

The meeting was called to order by Chairperson Julia Lynn at 8:30 a.m. on Tuesday, January 20, 2015, 548-S of the Capitol.

All members were present except:

Senator Susan Wagle – Excused

Committee staff present:

Reed Holwegner, Legislative Research Department

Debbie Bartuccio, Kansas Legislative Committee Assistant

Edward Penner, Legislative Research Department

Chuck Reimer, Office of Revisor of Statutes

Conferees appearing before the Committee:

Secretary Pat George, Kansas Department of Commerce

Others in attendance:

[See Attached List](#)

Possible bill introductions

Chairperson Lynn asked if there were any bill introductions and there were none.

Presentation on:

Chairperson Lynn recognized Secretary Pat George, Kansas Department of Commerce, who presented an overview and special initiatives of the Kansas Department of Commerce. ([Attachment 1](#)) He said as the state's lead economic development agency, the Kansas Department of Commerce strives to empower individuals, businesses and communities to achieve prosperity in Kansas. To this end, the Department comprises a variety of programs and services that create jobs, attract new investment, provide workforce training, encourage community development and promote the state as a great place to live and work.

He stated this is accomplished through the Department's two major Divisions:

- **Business and Community Development** focuses on growing the Kansas economy and strengthening the state's communities.
- **Workforce Services** links businesses, job candidates and educational institutions to ensure that employers can find skilled workers.

The Department also oversees two Commissions:

- The **Kansas Athletics Commission** promotes and regulates the state's combat sport industry by regulating and facilitating high-quality competitive sporting events.
- The **Kansas Creative Arts Industries Commission** is focused on leveraging the potential of the

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creative industries sector to create jobs and grow the Kansas economy.

The testimony included charts illustrating the FY 2015 budget, business development successful projects for FYs 2011 through 2015, and ten key successful projects for FY 2014. Information on key media accolades and rankings was included.

Secretary George stated Kansas exports for 2013 were \$12.45 billion, an increase of 6.46 percent compared to 2012 and the highest figure observed since 2008. Over the last several years, Kansas exports have grown steadily, and 2013's total was nearly 26 percent higher than 2010. While final export totals were not yet available for calendar year 2014, through November, Kansas exports had reached \$10.99 billion for the year. That is \$2.07 billion more than the regional average of \$8.92 billion during the same period (for the five state region of Kansas, Colorado, Missouri, Nebraska and Oklahoma).

Information was provided concerning the following special initiatives:

- Career and Technical Education
- Innovation Growth Partners
- Kansas Edge
- KanVet
- Keeping Kansas Competitive Engineering Initiative
- Rural Opportunity Zones
- University Research Grants
- Workforce Services Division Inter-Agency Collaboration

In closing, Secretary George referred to the Legislative Post Audit that had been completed on Economic Development. Chairperson Lynn said a presentation on this audit has been scheduled for the Committee.

Senator Faust-Goudeau stated she had had a conversation with Governor Brownback regarding a pilot program that would soon kick-off in her district in zip code 67214 and inquired if this was an example of the Department's business and community development initiatives. Secretary George indicated the business and community development program is a work in progress, and the administration is looking for urban zones.

Chairperson Lynn reminded Committee members of the young man from Senator Faust-Goudeau's district who presented testimony to the Committee concerning opportunities to assist businesses in the urban core. She reflected that while it is important to build communities, it is also important to keep the more mature areas vibrant.

Secretary George referred to the concept of individual development accounts (IDAs) and invited

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Committee members to provide their thoughts on this topic. He explained people who meet certain criteria are provided money in an account to be used toward the purchase of a home or to acquire additional education. He said the interest level in this program has recently increased, and some private, non-profit entities are being pursued to partner with.

Senator Olson asked, taking into consideration all the housing problems that exist, what types of federal tax credit projects were available for those with low to moderate incomes. Secretary George responded the Kansas Housing Authority could provide information on this topic. He said there have been several programs combining both state and federal dollars to assist in providing affordable housing. Senator Olson referred to the state of Missouri, which he understood to have \$150 million in federal tax credits for redevelopment. Secretary George indicated the Commerce Department is working to compile information concerning the various programs available in Kansas.

Chairperson Lynn requested Secretary George to share some comments concerning meetings that have occurred between members representing the border states. He stated a boarder challenge advisory committee was established about a year ago to meet and address issues affecting the states. There have been several meetings with a goal of seeking information and identifying issues of concern as well as opportunities for collaboration. Chairperson Lynn related there has been some discussion concerning determining the criteria for what equates to a new job.

Senator Denning requested additional data on the rural opportunity zones. Secretary George stated the 2014 report concerning rural opportunities zones was close to completion and would be shared with Committee members. Interest was expressed by Committee members to have a presentation concerning this report.

Senator Melcher, referring to page two of the presentation which listed ten key successful projects for FY 2014, inquired as to what percentage of the capital investment funds were lease payments. Secretary George responded he would need to determine the answer and would provide it to the Committee. Senator Melcher then stated there had been an interest in targeting specific cities and having individuals who were familiar with the businesses in those cities make contacts to pursue economic development. He inquired as to what had been happening in this arena. Secretary George replied the Department is open to the idea, but commented there are challenges concerning funding and the criteria that would be used when targeting companies.

Chairperson Lynn referred the Committee to an article in today's Kansas City newspaper regarding the pursuit of economic development in the area.

Senator Baumgardner questioned what was being done to focus on leveraging the potential of the creative industry. Secretary George replied there have been some grants available for the arts and gave the example of the NOTO Arts District in Topeka. She specifically asked about the film making industry and he said there were some film credits available several years ago, which had expired. Since

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then, a focus on film making has not been a priority.

At the conclusion of the question and answer session, Chairperson Lynn adjourned the meeting at 9:23 a.m. The next meeting is scheduled for January 21, 2015.