

MINUTES OF THE SENATE COMMERCE COMMITTEE

The meeting was called to order by Chairperson Julia Lynn at 8:30 a.m. on Wednesday, January 28, 2015, 548-S of the Capitol.

All members were present except:

Senator Susan Wagle – Excused

Senator Jim Denning – 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:

Duane Cantrell, CEO, Kansas Bioscience Authority

Others in attendance:

[See Attached List](#)

Possible bill introductions

Chairperson Lynn asked if there were any bill introductions.

Luke Bell requested two bills be introduced on behalf of the Kansas Real Estate Commission. He said the first bill contains technical amendments for a bill concerning real estate brokers and salespersons, relating to licensure. There was no objection to the introduction of the bill.

Mr. Bell said the second bill concerns the request for a fee increase. He stated the current fees for a two year license are \$100 for a sales person and \$150 for a brokerage. The Real Estate Commission is requesting statutory authorization for an increase of up to \$50 for each type of license. He stated there has not been a fee increase since 1988. There was no objection to the introduction of the bill.

Presentation on:

Chairperson Lynn recognized Duane Cantrell, CEO, Kansas Bioscience Authority who presented an update on the Kansas Bioscience Authority. Mr. Cantrell introduced Kevin Lockett, Chief Operating Officer of the Kansas Bioscience Authority. ([Attachment 1](#))

Mr. Cantrell stated the Kansas Bioscience Authority (KBA) was created by the Kansas Economic Growth Act of 2004 with the sole purpose of advancing Kansas to be a global destination for bioscience innovation, commercialization, growth and economic development. He reviewed the following reasons as to why the state of Kansas invests in bioscience:

- Kansas has inherent strengths in key bioscience sectors: Agribusiness, Animal Health and Human Health.

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- Create bioscience sector jobs valued at \$70,000 annual salary or more.
- Bioscience has global interest, reach and impact.
- Bioscience investments produce the desired returns for KBA's invested capital.

Mr. Cantrell stated the KBA has recently implemented a strategic shift to a market-based, sustainable financial model through investment strategy (versus grants) with matching private capital invested in the state.

KBA's Key Objectives Include:

- Improve Return Of, and On, Invested Dollars
- Attract Private Equity Dollars into Kansas
- Attract and Grow Economic-based Jobs
- Increase Intellectual Property Commercialization
- Increase Export of Products, Goods and Technology to a Global Market

Information was included concerning KBA's investment strategy, investment performance, and investment vehicles.

Mr. Cantrell reviewed the following 2014 achievements:

- Reduced operating overhead by 10%.
- Execution of an investment harvest strategy that resulted in \$17.7 million of funds returned to KBA.
- Reduced underperforming KBA commitments by \$3.1 million.
- Established two investment structures that will result in \$420 million of future investment capital for Kansas based bioscience companies.
- Attracted more than \$95 million of outside investment capital to the state of Kansas.
- Increased Venture Accelerator occupancy from 46% to 76%.

He stated 2015 objectives include:

Unless specifically noted, the individual remarks recorded herein have not been transcribed verbatim. Individual remarks as reported herein have not been submitted to the individuals appearing before the committee for editing or corrections.

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- Balanced investment structure in place.
- Increase external capital invested in Kansas.
- Grow bioscience sector employment.
- Increase market access for global export.
- Increase KBA Net Asset Value and returns.

Senator Melcher expressed his support of the KBA, particularly since the KBA produces a return on investment to the state. He questioned Mr. Cantrell concerning succession planning to assure continuity of the organization and its strategic objectives. Mr. Cantrell replied the KBA has a strategic plan in place that is sustainable, and has an organization in place to achieve this plan. He stated an option might be to statutorily outline the authority of the KBA. Senator Melcher replied he thought taking a look at the KBA's authority limits statutorily might be a positive action toward ensuring the direction of future activities. There was discussion concerning technology to address mastitis in dairy cattle. A possible role of the KBA in the commercialization of university intellectual property was also discussed. Mr. Cantrell replied, at this time, KBA's expertise is in the field of bioscience.

At the conclusion of the question and answer session, Chairperson Lynn expressed her appreciation for the work being done by the Kansas Bioscience Authority. The meeting was adjourned 9:25 a.m. The next meeting is scheduled for January 29, 2015.