

## MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE

The meeting was called to order by Chairperson Ty Masterson at 1:00pm on Monday, May 18, 2015, 548-S of the Capitol.

All members were present except:

Senator Tom Arpke – Excused

Committee staff present:

Jill Wolters, Office of Revisor of Statutes

Daniel Yoza, Office of Revisor of Statutes

David Wiese, Office of Revisor of Statutes

J G Scott, Legislative Research

Justin Carroll, Legislative Research

Bobbi Mariani, Legislative Research

Ben Wilhelm, Legislative Research

Debbie Luper, Chief of Staff

Dee Heideman, Committee Assistant

Conferees appearing before the Committee:

Duane Cantrell, President and CEO, Kansas Bioscience Authority

Terrence Dunn, Chair, Greater Kansas City Chamber of Commerce

Matthew Condon, CEO, Bardavon Health Innovations and ARC Physical Authority

Wayne Carter, Board Chairman, BioKansas

Matt Wilson, President and CEO, Health Outcomes Sciences (HOS)

Nick Franano, MD, President and CEO, Flow Forward Medical, Inc and Metactive Medical, Inc

Mark Remmert, CEO, Green Dot

Dale Rodman, Board Chairman, Kansas Bioscience Authority

Lee Borck, Chairman, Innovative Livestock Services

Steve Anderson, Former Kansas Budget Director

Others in attendance:

[See Attached List](#)

### **Bill introductions**

There were no bill introductions.

### **Hearing on: SB305 — Transferring functions of the Kansas bioscience authority to the department of commerce.**

Jill Wolters, 1st Assistant Revisor, briefed the committee on **SB305** and said it abolishes the Kansas Bioscience Authority (KBA). The powers, duties, and functions of the KBA would be transferred to the Department of Commerce and the Secretary of Commerce ([Attachment 1](#)).

Senator Francisco asked if the legislature would have to authorize additional employees if the KBA was merged into the Department of Commerce. She questioned whether the additional employees

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would be classified or unclassified.

Senator Melcher expounded on Senator Francisco's question and asked if there would be compensation caps if the KBA was moved to the Department of Commerce. Ms Wolters stated there would be no salary caps and the employees would be under the umbrella of the Secretary of Commerce.

### **PROPOSERS:**

There were no proponents to come before the committee.

### **OPPOSERS:**

Duane Cantrell, President and CEO of the KBA said by divesting the KBA, an opportunity for Kansas to lead, to be a global destination for bioscience companies, innovation and quality jobs would be lost ([Attachment 2](#)).

Terrence Dunn, Chair, Greater Kansas City Chamber of Commerce said the KBA and our organizations have worked together, with many other stakeholders and leaders, to grow the biosciences in Kansas ([Attachment 3](#)).

Matt Condon, CEO, Bardavon Health Innovations said he is on his second startup in the healthcare and biosciences sector in Kansas which wouldn't have been possible without the KBA ([Attachment 4](#)).

Wayne Carter, DVM, PhD, President and CEO of the Kansas City Area Life Sciences Institute said abolishing the KBA would effectively eliminate the Kansas Bioscience Authority ([Attachment 5](#)).

Matt Wilson, President and CEO, Health Outcomes Sciences, said he believes if this bill passes we are killing an economic treasure ([Attachment 6](#)).

Nick Franano, MD, President and CEO, Flow Forward Medical, Inc, and Metactive Medical, Inc, reported the KBA, as currently organized is focused on growing the life sciences industry in the State of Kansas ([Attachment 7](#)).

Mark Remmert, CEO, Green Dot, said the expertise of the KBA, plays a critical role in the growth of this sector of our state's economy by actively working to bring additional jobs, businesses, and investments to Kansas ([Attachment 8](#)).

Dale Rodman, Chairman of Board, Kansas Bioscience Authority, said he finds it ironic that terminating the KBA is being contemplated, while other states are following our lead and pursuing similar structures and efforts to attract this coveted economic sector ([Attachment 9](#)).

Lee Borck, Investment Committee Chairman, KBA, said if this entity is made a part of the Department of Commerce, he is assured, the return and investment process will suffer greatly ([Attachment 10](#)).

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### **NEUTRAL:**

Robert North, Chief Counsel, Kansas Department of Commerce, said if the Legislature deems it appropriate to move the management of KBA under the Department of Commerce, then the Department will work to fulfill the Legislature's wishes. He said the Department takes very seriously its responsibility to protect the investment of Kansas' taxpayers and to maximize the benefit they receive through the state's economic development programs ([Attachment 11](#)).

Steve Anderson, Former Kansas Budget Director, said a big thanks goes to Duane Cantrell and Dale Rodman because when they came on board the Bioscience Authority was in a mess. However on the other hand, he said Oklahoma was in the same situation as Kansas with their Capital Investment Board and was told their investments would dry-up if the Board was dissolved. The result turned out to be exactly the opposite. Mr Anderson did not provide the committee with written testimony.

Senator Kelly asked for the net worth of the KBA and what will be transferred to the Department of Commerce if the bill passes. Mr Cantrell said there is approximately \$98 million in obligations, \$25 million in cash which leaves a deficit of \$73 million. He said they have equity assets of \$30 to \$40 million with a market value of approximately \$10 to \$15 million.

Senator O'Donnell asked for a list of employees and the salaries and compensation of each who are employed at the KBA. Mr Cantrell said he would provide that information to the committee.

Senator Fitzgerald stated that Kansas has had a problem with capitalizing on intellectual property and asked how the KBA solves that problem. Mr Cantrell said the KBA does not deal in grant money. He said they are directly behind the startup of a business. He said he does not think the Department of Commerce can move a newly started business forward as well as the KBA.

Senator Melcher asked about the \$60 million Starr Fund Investment and if there is an option to close the Fund. Mr Cantrell said there is a contractual obligation with the Starr Fund and the State of Kansas would assume the obligation if the KBA is moved to the Department of Commerce.

### **PROPOSERS WRITTEN:**

Earl Roemer, President, President, Nu Life Market, ([Attachment 12](#));

Jim Oldebeken, Taxpayer, Gladstone, MO, ([Attachment 13](#)) ;

### **OPPOSERS WRITTEN:**

Shayne Brookshire, President, SmartVet Holdings, Inc, ([Attachment 14](#));

Lee Harris, President and CEO, Cohen-Esrey, ([Attachment 15](#));

Joy Parr Drach, President and CEO, Advanced Animal Diagnostics, ([Attachment 16](#));

Mike Peck, President and CEO, Innara Health, ([Attachment 17](#));

Kansas Research Nexus, ([Attachment 18](#)).

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**Possible action on bills previously heard**

No action was taken on any bills previously heard.

The next Ways and Means Committee meeting is scheduled for Tuesday May 19, 2015, at 9:00 am, in Room 548-S at the Capitol.

The Chairperson adjourned the meeting at 2:32 PM