

MINUTES OF THE HOUSE COMMITTEE ON COMMUNICATIONS, COMPUTERS AND TECHNOLOGY

The meeting was called to order by Representative Mike Meacham at
Chairperson

3:30 ~~am~~/p.m. on January 30, 1984 in room 522-S of the Capitol.

All members were present except:

Representative Friedeman (excused) Representative Rolfs (excused)
Representative Goossen (excused)
Representative Roper (excused)

Committee staff present:

Sherry Brown, Fiscal Staff, Research Department
James A. Wilson, III, Senior Assistant Revisor
Betty Ellison, Secretary to the Committee

Conferees appearing before the committee:

Representative Rochelle Chronister, one of the sponsors of House Bill 2652.

The meeting was called to order by Chairman Mike Meacham. Representative Chronister testified in favor of House Bill 2652. She explained how the bill would establish "incubator" facilities around the state, reading from her prepared testimony. (Attachment 1) She noted that a 50/50 match for the amount being used is required, whereby the businesses themselves, local government or other interests shall equal in cash or real estate value, any grant made by the Department of Economic Development. Several aspects of the bill were discussed, but action was postponed in order to give the Secretary of Economic Development an opportunity to testify.

Regarding the recommendation on the KBI message switcher, Chairman Meacham stated that the relevant agencies had reached a consensus opinion on the requirements at the federal level on the security requirements for the message switching operation. Representative Chronister stated that she was aware that the KBI did not feel that their request for the message switcher was based entirely on the access to the information from the FBI. However, it was on the basis of access to that information that her subcommittee made a recommendation in favor of that a year ago. In light of that, she made a motion that the Committee recommend to the Ways and Means Committee that the message switcher not be funded. Representative Dean seconded the motion. The motion carried.

Representative Green moved that the minutes of the meetings of January 18, 24 and 25 be approved. The motion was seconded by Representative Sallee. Representative Chronister asked that a notation be added to the minutes of January 18 regarding additional personnel for training, auditing, etc. The Highway Patrol was of the opinion that the personnel should be housed with them, but the KBI did not necessarily agree with that. The personnel might need to be divided between the two agencies, especially with regard to the trainers. There was no objection to making that notation. The motion carried.

The meeting was adjourned at 4:00 p.m.

The next meeting of the Committee will be held at 3:30 p.m. on Tuesday, January 31, 1984.



TOPEKA

HOUSE OF
REPRESENTATIVES

ROCHELLE CHRONISTER
ASSISTANT MAJORITY LEADER
REPRESENTATIVE, NINTH DISTRICT
WILSON-WOODSON COUNTIES
LIBERTY AND NEOSHO TOWNSHIPS
IN COFFEY COUNTY
ROUTE 2--BOX 321A
NEODESHA, KANSAS 66757

COMMITTEE ASSIGNMENTS
VICE CHAIRMAN COMMUNICATION, COMPUTERS,
AND TECHNOLOGY
MEMBER CALENDAR AND PRINTING
WAYS AND MEANS

House Bill 2652 which is before you today is an economic development bill. The economic recovery which is taking place in the country and in Kansas is welcome; however, not all areas are able to participate equally. HB 2652 which would establish "incubater" facilities around the state may help all parts of Kansas to share in the recovery.

Approximately 70% of new jobs created in Kansas are in new businesses which employ under 250 employees; only 50% of new businesses survive over 2 years; therefore, if Kansas can help insure survival past that critical first 2 years, we should be able to reduce that 50% failure rate.

HB 2652 would allow the Kansas Department of Economic Development (KDED) to make one-time grants of up to \$50,000 to local industrial development commissions in order to establish a building or buildings that provide space and support facilities for small business concerns which are beginning operations. The Secretary of KDED is to determine what areas shall have the sites by using these criteria, along with further rules which the Secretary may establish:

- 1) the unemployment rate
- 2) need for economic & industrial diversification
- 3) interest shown by the locality by ability to produce public and private resources and agreements which will demonstrate the probability of success of the facility.

Only non profit corporations which are affiliated with community industrial development committees or commissions established by counties or cities are eligible to receive grants. The committees or commissions shall:

- 1) Manage & maintain the facility.
- 2) Develop a means to provide technical, management and entrepreneurial expertise to the resident companies and to small businesses in the area.
- 3) Abide by any other rules and regs. of the Secretary

The managing agency may provide secretarial and other support facilities and utilities for which it may charge. No small business may remain in the facility for over two years.

Lines 0059 and 0060 contain the words that the state shall retain ownership; however, I believe that should be changed to allow ownership by the city or county which accepts the grant. I don't believe the state wants to be responsible for owning and repairing these facilities in years to come.

This bill is a compilation of ideas from two other states - Iowa and North Carolina. As you are aware, North Carolina has been engaged in a vigorous program of economic development for 20 years in the Golden Triangle area surrounding their three major research universities. This has been a highly successful program; however, the benefits have not filtered into the rural and mountainous areas of that state. Two years ago they initiated the "incubator" facilities to try to help development in those outlying areas. Information I have received indicates that their efforts are beginning to succeed.

Iowa's program is slightly different as they have established a single "incubator" facility at Iowa University where they have several small businesses working with university business and scientific professors trying to design ways to convert their dreams for new businesses into successful production lines.

The difference between the two programs is obvious - North Carolina has chosen to take its facilities to the outlying areas while Iowa is bringing its entrepreneurs into the university. I believe our university communities already provide similar types of expertise to Kansas business people, especially after enactment of HB 2311 last year which should help with transfer of research products to production lines; therefore, I believe it is time to help with the economic diversification of Kansas outside of our university areas. Economic development in any area of the state benefits the entire state through new taxes, jobs and helping keep Kansas children in Kansas; therefore, I ask for your help in passage of HB 2652.