

Approved

3/15/84

Date

MINUTES OF THE SENATE COMMITTEE ON AGRICULTURE AND SMALL BUSINESS

The meeting was called to order by Senator Fred Kerr at _____
Chairperson

10:00 a.m./~~p.m.~~ on Wednesday, March 14, 1984, 19__ in room 423-S of the Capitol.

All members were present ~~except~~

Committee staff present: Raney Gilliland, Research Department
Jim Wilson, Revisor's office

Conferees appearing before the committee:

Representative Rochelle Chronister

Senator Arasmith moved the March 13, 1984 minutes be approved, seconded by Senator Karr. Motion carried.

HOUSE BILL 2652 - Senator Kerr called on Representative Chronister one of the sponsors of this bill. She read her testimony as contained in Attachment 1. She stated a community could ask for a grant from KDED not to exceed \$50,000 which the community would match. Such facility could be leased rather than built. This would not apply to a retail business but a production line type of business. She referred to two states--North Carolina and Iowa --as having such a program which applies only to nonprofit corporations. Representative Chronister stated the bill had been discussed with KDED and they support the concept.

There was considerable discussion of item (2) on Page 3 relative to reimbursement to the state should the facility be sold after an operational period of six years. Senator Gannon moved, seconded by Senator Montgomery, that a conceptual amendment be adopted which would allow the state to recoup its share of a sale after six years provided such sale is large enough to repay the state. If the sale was not large enough, then the state would be reimbursed up to the amount of the sale. Motion carried.

Senator Arasmith and others stated they would welcome a term other than "incubator" in describing the facility, and Senator Kerr instructed Revisor Jim Wilson to suggest more suitable terms, if possible.

Senator Kerr informed committee members at the Joint Committee Meeting on Thursday, March 22, seven conferees have been invited to present their views as to where Kansas agriculture is at the present time compared to the past and their predictions for the future.

The meeting was adjourned.

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STATE OF KANSAS



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 "incubator" 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

Atch. 1

The managing agency may provide secretarial and other support facilities and utilities for which it may charge.

In the first six years no small business may remain in the facility for more than two years unless they buy out the facility with the total amount of the state grant money being returned to the state, and the local government money being returned to use in economic development.

After six years the local government may sell the facility and use the proceeds of the sale for economic development within the locality of the body.

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 feel 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.