

Approved April 9, 1986
Date

MINUTES OF THE Senate COMMITTEE ON Assessment and Taxation

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

11:00 a.m./~~xxx~~ on Monday, April 7, 1986 in room 519-S of the Capitol.

All members were present except:

Senators Frey (Excused), Hayden (Excused) and Mulich (Excused)

Committee staff present:

Melinda Hanson, Research Department
Don Hayward, Revisor's Office
LaVonne Mumert, Secretary to the Committee

Conferees appearing before the committee:

Representative Henry Helgerson
David Barclay, Department of Economic Development
Representative Jim Braden
Senator Wint Winter
C. J. "Jamie" Schwartz, Department of Economic Development

H.B. 2960 - State economic development policy committee, continuing
formulation of plan

Representative Henry Helgerson said he originally introduced the bill which was then amended by the Legislative Economic Development Commission. The bill provides for Kansas, Inc., a non-profit public entity, similar to the Turnpike Authority. It is made up of 15 members, 4 of which are legislators. Representative Helgerson said the purpose of the corporation is for long and short range planning with regard to economic development, statistical analysis of economic development issues and crisis management of specific problems.

David Barclay stressed the importance of the need and mission statements. He gave an explanation of the various sections of the bill. He noted that the intent is for Kansas, Inc. to have its own staff.

Representative Jim Braden provided information on the bill (Attachment 1). He told the Committee that Belden Daniels feels very strongly that the need and mission statements are essential to the bill and mentioned a problem Nebraska is experiencing because they did not include this language.

Senator Wint Winter agreed with Representative Braden's comments and observed that Kansas, Inc. is a brand new entity and it is important to set out exactly its duties. He talked about the current advisory commission to the Department of Economic Development and its lack of action.

Mr. Barclay said he feels Kansas, Inc. would have some similarities to the Kansas Water Authority.

Senator Karr asked about the budget of Kansas, Inc. He was advised that the projections are \$300,000 for the first year. After the first year, Kansas, Inc. would be funded two-thirds by the Legislature and one-third by the private sector. Senator Winter said he thinks the staff of Kansas, Inc. would likely consist of a director and two staff persons.

In answer to Chairman Kerr's questions, Senator Winter replied that he feels it is important that this organization be in place as soon as possible. It is anticipated that they will be assisting interim commissions dealing with various economic development issues.

Representative Braden characterized H.B. 2960 as "tying together all of the other initiatives". He said Kansas, Inc. is a quasi-public corporation but is predominantly composed of the private sector.

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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CONTINUATION SHEET

MINUTES OF THE Senate COMMITTEE ON Assessment and Taxation,
room 519-S, Statehouse, at 11:00 a.m./~~pm~~ on April 7, 1986

Senator Parrish questioned the exemption from the state purchasing laws and bidding requirements. Mr. Barclay answered that Mr. Daniel's feeling was that Kansas, Inc. is supposed to be primarily a private sector organization and should be removed from governmental restrictions.

The Committee discussed whether the members of Kansas, Inc. should receive per diem and mileage expenses. There was discussion about the two-thirds - one-third funding percentage. Jamie Schwartz talked about the problems of raising private funds.

There was discussion about the bill anticipating funding of an econometric model. The \$180,000 cost associated with the model would be appropriated through the Regents' budget process.

C. J. "Jamie" Schwartz said that his agency and the administration support the bill. He mentioned the difficulty of the current advisory commission or KDED doing long-term planning. He feels that Kansas, Inc. would have the ability to address long-term planning and would be the policy board for economic development for the state. Mr. Schwartz said Kansas, Inc. is needed to oversee the accountability requirements for the other initiatives.

Chairman Kerr noted that it will really be up to the governor to see that Kansas, Inc. is effective because of the structure of the corporation outlined in the bill. Mr. Schwartz agreed.

Mr. Barclay said that H.B. 2960 is modeled after an Indiana statute.

Senator Allen moved that the minutes of the April 3, 1986 meeting be approved. Senator Karr seconded the motion, and the motion carried.

Meeting adjourned.

INITIATIVE NO. 9: ESTABLISH KANSAS, INC.

REDWOOD/KRIDER REC. NO.: 10

BILL NO.: HB 2960

A. Statement of Need

It is not enough to reform the public sector through a completely restructured KDED and the creation of new permanent legislative committees on economic development. The private sector is the engine of the Kansas economy. A new, powerful statewide institution must be created which brings the Kansas business community, agricultural community, financial community, universities and workers into ongoing collaboration for continuing short and long term strategic economic analysis and planning.

A continuation of existing economic trends will result in an erosion of the state's economic base and its ability to provide quality services for Kansas. The state has an opportunity to influence these trends in a positive direction by fostering timely adaptation to change and transition. A comprehensive economic development strategy for Kansas must be formulated and modified on a continuing basis. Such a program should be based substantially on the recommendations for economic development in Kansas, as outlined in the Kansas Economic Development Study prepared for the legislature by the Institute for Public Policy and Business Research. The legislature's commitment to coordinate an economic development effort will be reflected in the establishment of an economic development policy committee representing the legislature, the executive branch, the business community and educational institutions.

B. Mission Statement

Kansas, Inc. will give Kansas the capability to analyze the economic impact of gaining or losing a major industry, the potential benefits of a particular economic policy and the ability to identify and implement new opportunities and strategies for economic growth and diversification.

Kansas, Inc. will make permanent the ad hoc steering committee which oversaw the creation of the Redwood/Krider report in much the same way that the standing legislative committees on economic development make permanent this Legislative Commission on Kansas Economic Development.

In formulating economic development policy for the state, Kansas, Inc. will:

1. Undertake ongoing strategic analysis in order to determine the state's potential areas of continuing competitive advantage.
2. Undertake continuing strategic planning of improvements in state tax, regulatory and expenditure policy to enhance the state's potential comparative advantages.
3. Oversee crisis management and opportunity management of short term potential gains or losses in economic activity through impact analysis.

C. Bill Provisions

1. The bill creates a Kansas, Inc., a quasi-public, not-for-profit corporation. The corporation which is run by a board of 15 predominately private sector members, is charged with the responsibility for:

- a. Coordinating the activities of all parties having a role in the state's economic development through evaluating, overseeing, and appraising those activities on an ongoing basis.
 - b. Overseeing the implementation of the state's economic development plan and monitoring the updates of that plan.
 - c. Educating and assisting all parties involved in improving the long range vitality of the state's economy.
 - d. Kansas, Inc. will replace the existing advisory commission to the department of economic development.
2. The Corporation is empowered to:
- a. Update, revise, and manage the state's strategic planning process to adapt to changes in society and in the economy, and to thereby combat community deterioration by assuring that effective methods are developed for improving the state's economy.
 - b. Establish and coordinate the operation of programs commonly available to all citizens of Kansas to implement a strategic plan for the state's economic development and enhance the general welfare.
 - c. Evaluate and analyze the state's economy to determine the direction of future public and private actions, and report and make recommendations to the governor with respect to the state's economy.
3. Kansas, Inc. will have a small permanent staff and continuing access to the kinds of Kansas university resources which made the Redwood/Krider report possible.

D. Other States:

Based on the best state model, Indiana.