

Approved

Jim Braden 5-7-86
Date

MINUTES OF THE Legislative COMMITTEE ON Kansas Economic Development

The meeting was called to order by Representative Jim Braden at
Chairperson

1:30 a.m./p.m. on February 13, 1986 in room 123-S of the Capitol.

All members were present except:

Committee staff present:

Tom Severn
Paul West

Conferees appearing before the committee:

Visitor's register, (See Attachment No. 1.)

The Chairman called the meeting to order and introduced Belden Daniels of the Council for Community Development, Boston, Massachusetts. Mr. Daniels will be the Consultant for the Commission.

Mr. Daniels presented the following outline and told the Commission that there is a window of opportunity for Kansas, and that within the next five weeks it will be possible to structure a "do-able" legislative package to iron out Kansas strengths, weaknesses, and problems. He asked that the Commission do it soundly.

Daniels said he was impressed that a gifted group of professionals exist in Kansas, and that these were the people to form a potential Team to act as consultants in making the structural changes necessary.

Mr. Daniels' outline:

I. Key Structural Change

1. KDED
2. Legislation
3. Kansas, Inc.

II. Daisy Chain

1. Pure research
2. Applied research
3. Seed capital
4. Venture capital
5. Mezzanine finance
6. Long term
7. Infrastructure

III. This Interim

1. Big issues - Agriculture
University capital.
2. Put flesh and blood on the skeleton.

CONTINUATION SHEET

MINUTES OF THE Legislative COMMITTEE ON Kansas Economic Development,
room 123-S, Statehouse, at 1:30 a/m./p.m. on February 13, 1986.

Mr. Daniels commented that KDED is not structured for the 1980's and 1990's. It is structured for the 1950's. He recommended this Commission be formalized as a permanent standing joint committee of the legislature.

Daniels felt that serious problems exist in the agricultural economy of the state, and major new investments are needed which would directly lead to commercial products and new jobs.

Daniels noted Kansas has done well investing in people and education, but he felt Kansas needed to have a better system of accountability of funds to the universities. He said that some key issues for the Interim might be a funding base for the universities, an incentive system rewarding researchers and professors and a patent policy.

Money is necessary for financing pure research. Daniels recommends a highly created center of excellence to be matched with private funds through tax incentives. Kansas needs products to make money. A patent policy and matching funds with the private sector and the universities is needed.

As far as venture capital is concerned KPERS is the largest investor in Kansas. KPERS is owned by beneficiaries. Kansas is poor in risk capital.

Daniels recognized that Kansas does not have a state-wide issuer of tax exempt bonds. He recommended a new approach with tax exemptions and expressed the need for specific legislation. He said the tax structure here in Kansas is not out of line but mentioned three areas that need attention. The property tax on inventories, the sales tax on manufacturing machinery and equipment, and the present requirement that the 10-year property tax exemption for new and expanding businesses is tied to industrial revenue bonds.

Mr. Daniels recommends that we go for a carefully constructed constitutional amendment regarding internal improvements which should be narrowly defined. He said he hopes to draft legislation within the next ten days.

The Chairman stated we are moving in the right direction. He was interested in formulating the Team and wanted Mr. Daniels to possibly set meetings around key issues with the Dean of Agriculture, people from the universities, Farm Bureau, etc., people to make up the Team, before another Commission meeting. It was also suggested that the subcommittees might possibly be abandoned and give the experts time to work together before coming before the Commission with their recommendations.

Senator Winter suggested the Commission meet at least once a week. He said a final draft of Mr. Daniels' contract and a memorandum of understanding would be available at the next meeting.

The Chairman adjourned the meeting at 4:52 P.M.

Approved by Commission on:

5-7-86
(date)

Feb. 13, 1986
E.C. Dev. Comm.

(1)

Name	Representing
Judy Brugger	14/DOA
CHARLES KRIORE	UNIV. KANSAS
Loretta Class	United Way
Norman Zechin	City of Lawrence
Cayale Morgan	KDED
John Bradley	KCC
Dwynne Johnson	LWV of Wichita
Marlene Hansen	LWV of Wichita
Gail Wright	LWV of Wichita
Mary Wehrheim	LWV of Wichita
Beth Garrison	LWV of Wichita
Chris Trammig	City of Topeka
Ronald Nicholas	Bratt -
LeRoy Schmidt	McPherson ODC
Larry James	Ks. Dept of Dev.
Merle Hill	KS Assn Community Colleges
Carol Worth	LWV of Lawrence
Lee Ketzal	LWV - Lawrence
Ed Reinert	LWV KS -

Attachment 1